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Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)

(Stock Code: 01375)

CONTINUING CONNECTED TRANSACTIONS

REVISION OF THE ANNUAL CAPS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE SECURITIES AND FINANCIAL PRODUCTS TRANSACTIONS AND SERVICES FRAMEWORK AGREEMENT WITH HENAN INVESTMENT GROUP

Reference is made to the announcement of the Company dated 27 March 2019 in relation to the Securities and Financial Products Transactions and Services Framework Agreement entered into between the Company and Henan Investment Group as well as the annual caps for the three financial years ending 31 December 2021 set up with respect to the continuing connected transactions of the Group contemplated under the Framework Agreement.

The Board hereby announces that the Board had, at the meeting held on 27 August 2019, resolved to revise the annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions between the Group and Henan Investment Group and its associates under the Framework Agreement from RMB12.43 million, RMB12.43 million and RMB12.43 million for each year of the three financial years ending 31 December 2021 to RMB34.00 million, RMB18.00 million and RMB15.00 million, respectively.

As at the date of this announcement, Henan Investment Group is a substantial shareholder of the Company and holds approximately 21.27% of the issued share capital of the Company, thus it is a connected person of the Company. Therefore, the securities and financial products transactions between the Group and Henan Investment Group and its associates contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the revised annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions contemplated under the Framework Agreement for each year of the three financial years ending 31 December 2021, is/are more than 0.1% but all of them are less than 5%, such revision of annual caps shall be subject to the reporting, announcement and annual review requirements, but exempted from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. Background

Reference is made to the announcement of the Company dated 27 March 2019 in relation to the Securities and Financial Products Transactions and Services Framework Agreement entered into between the Company and Henan Investment Group as well as the annual caps for the three financial years ending 31 December 2021 set up with respect to the continuing connected transactions of the Group contemplated under the Framework Agreement.

As disclosed in the announcement of the Company dated on 27 March 2019, the Group has been, in the ordinary and usual course of its businesses, engaged in continuing transactions with Henan Investment Group and its associates including, securities and financial products transactions and provision of securities and financial services. The Company estimated then that the annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions between the Group and Henan Investment Group and its associates contemplated under the Framework Agreement for the three financial years ending 31 December 2021 as follows:

Securities and Financial Products Transactions	Annual cap for the year ending		
	31 December		
	2019	2020	2021
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Total net cash inflow to the Group*	12.43	12.43	12.43

* The figure represents gains to be derived from subscriptions by the Group of the relevant securities and financial products set up by Henan Investment Group and its associates.

II. Revision of the annual caps for the continuing connected transactions under the Framework Agreement

1. The actual transaction amount of the continuing connected transactions under the Framework Agreement

To the best knowledge of the Directors, the actual amount of total net cash inflow to the Group in respect of the securities and financial products transactions between the Group and Henan Investment Group and its associates under the Framework Agreement for the six months ended 30 June 2019 was RMB11.8553 million.

2. Revision of the annual caps for the three financial years ending 31 December 2021

As the Company has not included the relevant gains for the three financial years ending 31 December 2021 to be derived from subscriptions by the Group before the signing of the Framework Agreement of some securities and financial products set up by Henan Investment Group and its associates that have not yet expired, into the above-mentioned annual caps for the total net cash inflow to the Group for the three financial years ending 31 December 2021, the Board had, at the meeting held on 27 August 2019, resolved to revise the annual caps of the total net cash inflow to the Group in respect of the securities and financial products transactions between the Group and Henan Investment Group and its associates under the Framework Agreement for each year of the three financial years ending 31 December 2021 as follows:

Securities and Financial Products Transactions	The revised annual cap for the year ending 31 December		
	2019	2020	2021
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Total net cash inflow to the Group*	34.00	18.00	15.00

* The figure represents gains to be derived from subscriptions by the Group of the relevant securities and financial products set up by Henan Investment Group and its associates.

3. Basis of determination of the revised annual caps

When estimating the revised annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions, the Company has taken into account the amount (approximately RMB370 million) of the trust products set up by Zhongyuan Trust Co., Ltd.* (中原信託有限公司) which have been subscribed by the Group before the signing of the Framework Agreement but have not yet expired, and expected gains of such products for each year of the three financial years ending 31 December 2021.

III. Hong Kong Listing Rules implications

As at the date of this announcement, Henan Investment Group is a substantial shareholder of the Company and holds approximately 21.27% of the issued share capital of the Company, thus it is a connected person of the Company. Therefore, the securities and financial products transactions between the Group and Henan Investment Group and its associates contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the revised annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions contemplated under the Framework Agreement for each year of the three financial years ending 31 December 2021, is/are more than 0.1% but all of them are less than 5%, such revision of annual caps shall be subject to the reporting, announcement and annual review requirements, but exempted from independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding Mr. Li Xingjia who has abstained from voting on the relevant Board resolution but including the independent non-executive Directors) are of the view that the revised annual caps for the total net cash inflow to the Group in respect of the securities and financial products transactions contemplated under the Framework Agreement for each year of the three financial years ending 31 December 2021 are fair and reasonable, and are in the interests of the Company and its shareholders as a whole. Save for Mr. Li Xinjia, none of the Directors has a material interest in the above-mentioned continuing connected transactions contemplated under the Framework Agreement and thus had to abstain from voting on the relevant Board resolution.

IV. Information on the Company and Henan investment group

The Company

The Company is a leading securities firm in Henan Province with a full-service business platform and strategic presence in the PRC, which principally engages in, among others, the brokerage, investment banking, investment management and proprietary trading businesses.

Henan Investment Group

Henan Investment Group is a wholly state-owned enterprise, which is a provincial government investment and financial entity established under the approval of the Henan Provincial Government for promoting economic development in the Henan Province in order to conform with the investment and financing systems reform requirements in the PRC. It is the largest substantial shareholder and a connected person of the Company.

V. Definitions

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Shares”	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Shanghai Stock Exchange
“associate(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors
“Company”	Central China Securities Co., Ltd. (中原证券股份有限公司) (carrying on business in Hong Kong as “中州证券”, a joint stock company incorporated on 8 November 2002 in Henan Province, the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01375) and the Shanghai Stock Exchange (stock code: 601375) respectively)

“connected person”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“connected transaction”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange
“Henan Investment Group”	Henan Investment Group Co., Ltd.* (河南投資集團有限公司), a limited liability company incorporated in the PRC which, as at the date of this announcement, is the largest shareholder of the Company, holding approximately 21.27% of the issued share capital of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China (excluding, only for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

“Securities and Financial Products Transactions and Services Framework Agreement” or “Framework Agreement”	the securities and financial products transactions and services framework agreement entered into between the Company and Henan Investment Group on 27 March 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“%”	per cent.

By order of the Board of
Central China Securities Co., Ltd.
Jian Mingjun
Chairman

Henan, the PRC
27 August 2019

As at the date of this announcement, the Board comprises executive Directors Mr. JIAN Mingjun and Mr. CHANG Junsheng, non-executive Directors Mr. LI Xingjia, Mr. WANG Lixin, Mr. TIAN Shengchun, Mr. ZHANG Xiaoqi and Mr. LU Benson Cheng, and independent non-executive Directors Mr. YUEN Chi Wai, Mr. NING Jincheng, Mr. YU Xugang and Ms. ZHANG Dongming.

* *For identification purpose only*