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Notice to Hong Kong investors: *The Issuer confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*



Shanxi Securities Co., Ltd.

(a joint-stock company incorporated in the People's Republic of China with limited liability)
(the “Issuer”)

U.S.\$200,000,000 3.40 per cent. Bonds due 2024
(the “Bonds”)
(Stock Code: 40673)

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

Please refer to the offering circular dated 27 April 2021 (the “**Offering Circular**”) appended hereto in relation to the Bonds. As disclosed in the Offering Circular, the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

5 May 2021

As at the date of this announcement, the directors of the Issuer are Mr. Hou Wei, Mr. Wang Yili, Mr. Xia Guisuo, Mr. Liu Pengfei, Ms. Li Xiaoping, Mr. Zhou Jinxiao, Mr. Li Haitao, Mr. Xing Huiqiang, Mr. Zhu Qi, Ms. Guo Jie and Mr. Qiao Junfeng

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the “**Offering Circular**”). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The Offering Circular is in form and is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act of 1933, as amended and is solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

Confirmation of Your Representation: You have accessed the Offering Circular on the basis that you have confirmed your representation to Shanxi Securities Co., Ltd. (the “**Issuer**”) and Shanxi Securities International, Limited, CLSA Limited, Bank of China Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB International Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited and Huatai Financial Holdings (Hong Kong) Limited (collectively, the “**Joint Lead Managers**”) that (1) you and any customers you represent are not in the United States, the electronic mail address that you provided and to which this electronic mail has been delivered is not located in the United States and, to the extent you purchase the bonds described in the Offering Circular (the “**Bonds**”), you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **The Joint Lead Managers will upon request provide a hard copy version to you.**

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Restrictions: The Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Bonds described in the Offering Circular. You are reminded that the information in the Offering Circular is not complete and may be changed.

THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT. THE BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF BONDS FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer or the Joint Lead Managers to subscribe for or purchase any of the Bonds described therein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers and their respective affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Bonds described therein.

Actions that You May Not Take: You should not reply by e-mail to this electronic transmission and you may not purchase any Bonds by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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STRICTLY CONFIDENTIAL



SHANXI SECURITIES CO., LTD.

山西證券股份有限公司

(a joint-stock company incorporated in the People's Republic of China with limited liability)

U.S.\$200,000,000 3.40 per cent. Bonds due 2024

Issue Price: 100.0 per cent.

The 3.40 per cent. Bonds due 2024 in the aggregate principal amount of U.S.\$200,000,000 (the “**Bonds**”) will be issued by Shanxi Securities Co., Ltd. (山西證券股份有限公司)(the “**Issuer**”).

The Bonds will bear interest on their outstanding principal amount from and including 4 May 2021 at the rate of 3.40 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear in equal instalments on 4 May and 4 November in each year, commencing on 4 November 2021. Payments on the Bonds shall be made free and clear of set-off or counterclaim and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or authority therein or thereof having power to tax to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (*Negative Pledge*) of the terms and conditions of the Bonds (the “**Terms and Conditions**”)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer will undertake to register or caused to be registered within the prescribed period after the Issue Date (as defined in the Terms and Conditions) with the State Administration of Foreign Exchange or its local branch (“**SAFE**”) the Bonds pursuant to the Administrative Measures for Foreign Debt Registration, its operating guidelines issued by SAFE (effective as at 13 May 2013), the Circular of the People's Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(the “**Foreign Debt Registration**”) and as soon as practicable, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(the “**PBOC Circular**”). The Issuer shall use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in the Terms and Conditions) and shall comply with all applicable PRC laws and regulations in relation to the Foreign Debt Registration.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 4 March 2021 evidencing such registration and will undertake to file or cause to be filed with the NDRC the requisite information and documents, within the prescribed timeframe after the Issue Date (as defined in the Terms and Conditions) and in accordance with the NDRC Circular (the “**Post-Issuance Filing**”) and comply with all applicable PRC laws, rules and regulations in connection with the Post-Issuance Filing.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 4 May 2024. At any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued up to but excluding the date fixed for redemption, if the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 April 2021, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Bonds (each a “**Bondholder**”) will have the right, at such Bondholder’s option, to require the Issuer to redeem all but not some only of that Bondholder’s Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with interest accrued to but excluding such Put Settlement Date. See “*Terms and Conditions – Redemption and Purchase*”.

The denomination of the Bonds will be U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Investing in the Bonds involves risks. See “*Risk Factors*” beginning on page 11 for a discussion of certain considerations to be taken into account in connection with an investment in the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, or the “Securities Act”, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act, or “Regulation S”.

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). There are risks inherent in the holding of the Bonds. See “*Risk Factors*” beginning on page 11 for a discussion of certain considerations to be taken into account in connection with an investment in the Bonds.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) (“**Professional Investors**”) only. This document is for distribution for Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds will be represented initially by interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Shanxi Securities International

CLSA

Bank of China

Joint Bookrunners and Joint Lead Managers

China Minsheng Banking Corp., Ltd.,
Hong Kong Branch

CMB International

Industrial Bank Co., Ltd. Hong Kong Branch

Guotai Junan International

CMBC Capital

Huatai International

Offering Circular dated 27 April 2021

IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer having made all reasonable enquiries confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (the “**Group**”), the Issuer and to the Bonds which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and the information which, according to the particular nature of the Issuer and of the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attaching to the Bonds); (ii) the statements included in this Offering Circular, in each case, relating to the Issuer, the Group and the Bonds are in every material respect true and accurate and not misleading in the form and context in which they are included; and (iii) there are no other facts in relation to the Issuer, the Group or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material aspect.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, Shanxi Securities International, Limited, CLSA Limited, Bank of China Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB International Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited and Huatai Financial Holdings (Hong Kong) Limited (collectively, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. None of the Issuer or the Joint Lead Managers represents that this Offering Circular may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Singapore, the PRC and Hong Kong, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in “*Subscription and Sale*”.

No person has been or is authorised in connection with the issue, offer or sale of the Bonds to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee (as defined in the Terms and Conditions) or the Agents (the principal paying agent, the registrar, the transfer agent and any other agent or agents appointed from time to time with respect to the Bonds, collectively, the “**Agents**”) or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a

change in the affairs of the Issuer or the Group since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer solely for use in connection with the proposed offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular and the Issuer has not authorised its use for any other purpose. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each person into whose possession this Offering Circular comes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them have independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, true or complete.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Certain facts and statistics relating to the PRC and its economy have been extracted from third party sources: the websites of the National Bureau of Statistics of China, the National Development and Reform Commission, the Central People's Government of the People's Republic of China and the People's Bank of China (the "PBOC"). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, such information is able to be ascertained from information published by such third parties, and no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information however has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISATION MANAGER TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital market products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Each of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds including the risk that holders could lose their entire investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

To the fullest extent permitted by law, the Joint Lead Managers, the Trustee and the Agents and each of their respective directors, employees, representatives, advisers, officers, agents and affiliates and each person who controls any of them do not accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them or on their behalf in connection with the Issuer, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and each of their respective directors, employees, representatives, advisers,

officers, agents and affiliates and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them undertakes to review the financial condition or affairs of the Issuer after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them.

This Offering Circular contains the audited consolidated and company financial statements of the Group (with the notes thereto) as at and for the years ended 31 December 2019 (the “**2019 Financial Statements**”) and 31 December 2020 (the “**2020 Financial Statements**”), respectively. These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in the PRC (the “**PRC GAAP**”), which differs in certain respects from the International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Differences between PRC GAAP and IFRS*”. As the Issuer has never prepared consolidated and company financial statements in accordance with IFRS, this Offering Circular does not contain a reconciliation of the PRC GAAP consolidated and company financial statements to any IFRS consolidated and company financial statements of the Issuer. The 2019 Financial Statements and 2020 Financial Statements have been audited by KPMG (as defined below), as independent auditors of the Issuer, who has acknowledged to the issue of this Offering Circular with the inclusion herein of, and all reference to its name and audit reports in the form and context in which they are respectively included in this Offering Circular.

The 2019 Financial Statements and the 2020 Financial Statements (which are included elsewhere in this Offering Circular) have only been prepared in Chinese (the “**Chinese Financial Statements**”) and such Chinese Financial Statements have been translated into English (the “**English Translated Financial Statements**”) for the purposes of inclusion into the Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the English Translated Financial Statements, the Chinese Financial Statements shall prevail. The English Translated Financial Statements, which do not themselves constitute audited or (as the case may be) reviewed financial statements, are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in the Chinese Financial Statements that are included in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective officers, employees, affiliates, advisers, representatives, directors or agents or any person who controls any of them has independently verified or checked the accuracy of the English Translated Financial Statements and can give no assurance that the information contained in the English Translated Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Issuer.

The consolidated financial information of the Group as at and for the years ended 31 December 2018, 2019 and 2020 as set forth in this Offering Circular is extracted from the English Translated Financial Statements. Such financial information is qualified in their entirety by, are subject to and should be read in conjunction with, the Chinese Financial Statements together with the auditor’s report in respect of the financial statements of the Group as at and for the years ended 31 December 2019 and 31 December 2020 prepared in Chinese, which are included in this Offering Circular.

Unless otherwise stated, all financial data contained herein which is stated as relating to the Issuer are referring to the consolidated data of the Group.

Unless otherwise specified or the context requires, references herein to the “**Group**” and words of similar import are to Shanxi Securities Co., Ltd. itself and its subsidiaries, as the context requires; all references to the “**Issuer**” and words of similar import regarding the description of the Bonds are to

Shanxi Securities Co., Ltd. itself; “**Hong Kong dollars**”, “**HK\$**” and “**HKD**” are to the lawful currency of Hong Kong, references herein to “**CNY**”, “**RMB**” and “**Renminbi**” are to the lawful currency of the PRC, references to “**U.S.\$**”, “**USD**” and “**U.S. dollars**” are to the lawful currency of the United States and “**Pound**” are to the lawful currency of the UK.

This Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.5250 to U.S.\$1.00 (the noon buying rate in New York City on 31 December 2020 as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System). No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, or *vice versa*.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

References to “**China**”, “**Mainland**”, “**Mainland China**” and the “**PRC**” in this Offering Circular mean the People’s Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, the Macau Special Administrative Region of the People’s Republic of China and the Hong Kong Special Administrative Region of the People’s Republic of China; references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; references to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China; references to “**U.S.**” and the “**United States**” are to the United States of America; and references to the “**UK**” are to the United Kingdom.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the Group's financial position, future expansion plans, prospects, business strategy and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. These forward-looking statements are based on the Issuer's current expectations about future events. Although the Issuer believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things: risks associated with international global business activities; general economic and political conditions; possible disruptions to commercial activities due to nature and human induced disasters, including terrorist activities and armed conflicts; fluctuations in foreign currency exchange rates; and those other risks identified in "*Risk Factors*".

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Issuer undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Group's actual results could differ materially from those anticipated in these forward-looking statements.

These forward-looking statements speak only as of the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

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SUMMARY

The overview below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is an overview, it does not contain all the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this overview. Prospective investors should therefore read this Offering Circular in its entirety.

OVERVIEW

The Group is a comprehensive securities firm with national presence, increasing business operations overseas and strong risk management system and strength. The Issuer was incorporated in 1988 and was listed on Shenzhen Stock Exchange in November 2010 with stock code of 002500 and, as at 31 December 2020, has a registered capital of RMB3,589.8 million. The Group provides a wide range of high quality and comprehensive financial services and products, and its principal business lines comprise (i) securities brokerage, (ii) fixed income business, (iii) stock and other proprietary investment, (iv) entrusted asset management, (v) investment banking, (vi) futures brokerage, and (vii) bulk commodity trading and risk management.

The Group is based mainly in the PRC and its headquarters is located in Taiyuan, Shanxi province. For the three years ended 31 December 2018, 2019 and 2020, the Group's total operating income was RMB6,851.1 million, RMB5,102.2 million and RMB3,342.0 million, and the Group's net profit was RMB219.2 million, RMB519.9 million and RMB762.3 million, representing a continual increase.

Leveraging on the abundant client and financial resources, since its incorporation, the Group has developed a comprehensive and balanced combination of businesses and its principal businesses rank at the top of the industry. In addition, the Group is committed to achieving quality growth and maintaining a balance between business scale, profitability and risk management. The Group was granted the industry's regulatory rating of "A" from the CSRC, which represents a solid pillar for the Group to build on when seeking regulatory policy support, seizing significant opportunities for new investment projects, responding to the volatile capital markets and facing peer competition. The Group also has strong capability in providing comprehensive services to institutional clients and maintains a stable position for providing whole industry chain services to corporate clients. The Group's vision is to become an integrated financial service provider rooted in Shanxi province with nationwide coverage and strong influence, and the Group is expanding its overseas business and aims to increase its global coverage.

The Group's business primarily comprises the following business segments:

- *Securities brokerage:* providing (i) securities brokerage trading, (ii) capital-based intermediary services mainly including margin financing and securities lending, margin refinancing, stock-pledged repurchase and securities repurchase, and (iii) institutional services including prime brokerage. In return, the Group earns fee and commission income from securities trading and interest income from capital-based intermediary services.
- *Fixed income business:* engaging in investment activities such as bonds and bills and holds relevant financial assets by using self-owned deposits.
- *Stock and other Proprietary Investment:* engaging in investment activities such as stock and beneficial right investments and holds relevant financial assets by using self-owned deposits, including the trading of equity and equity-linked securities with the Group's own funds or as a counterparty to institutional clients; offering OTC financial products to, and trade with, its customers to meet customers' needs for investment, financing and risk management.

- *Entrusted Asset Management*: mainly consisting of asset management and public funds management services. For asset management services, the Group provides comprehensive asset management services for clients and offering a range of products and strategies to cover different asset classes, markets and industries. In return, the Group mainly earns management fees and investment income.
- *Investment Banking*: providing equity underwriting and sponsorship, debt underwriting, and financial advisory services on reorganisations and restructurings, merger and acquisition, and equities exchange business. In return, the Group principally earns underwriting and sponsorship fees and financial advisory fees.
- *Futures Brokerage*: engaging in futures brokerage business primarily through its subsidiaries, Gelin Dahua Futures Co., Ltd. (格林大華期貨有限公司) (“GLDH”) and SSIF (山證國際金融控股有限公司). In return, the Group earns fee and commission income.
- *Bulk Commodity Trading and Risk Management*: engaging in purchase and sale of warehouse receipts and hedging and arbitrage trading business and providing risk management services to the Group’s clients.

Over 30 years of development, the Group has built up certain key competitive advantages. For example, the Group has stable operations. Also the Group has benefited from its full-service platform and a whole industrial chain with competitive service capability, a relatively balanced business structure and solid development foundation. In addition, the Group has strong capability in providing comprehensive services to institutional clients and maintains stable position for providing whole industry chain services to corporate clients.

BUSINESS STRATEGIES

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies.

- *Promoting a comprehensive differentiation strategy around wealth management and serving the real economy.* (圍繞財富管理和服務實體經濟，全面推進差異化戰略)
- *Strengthening the construction of financial technology, establishing an agile middle and back office, injecting technology genes and optimizing organizational structure.* (加強金融科技建設，建立敏捷中後台，注入科技基因，優化組織架構)
- *Returning to its roots and improving the service of the real economy ecosystem while developing international business.* (回歸本源，完善服務實體經濟生態圈; 發展國際業務)
- *Implementing risk control priorities and consolidating compliance foundation.* (落實風控重點，夯實合規基礎)
- *Reasonable debt structure and diversified financing channels.* (合理的負債結構及多元的融資渠道)
- *Entrenching company values and building strong corporate culture.* (深化公司價值觀，打造文化軟實力)

COMPETITIVE STRENGTHS

The key competitive strengths of the Group are as follows:

- *Diversified business coverage and leading comprehensive financial service capabilities* (多元化業務覆蓋，整體盈利能力優於行業平均)
- *Strong support from shareholders* (控股股東金融領域牌照齊全，協同效應助力公司發展)
- *Comprehensive government support with regional advantageous resources* (深耕山西，依托區域優勢，持續提升服務實體經濟生態圈)
- *Robust risk management system and prudent corporate governance* (不斷健全內控機制，全面提升合規水平)
- *Experienced and motivated management team* (行業經驗豐富的管理團隊)

RECENT DEVELOPMENTS

The outbreak of COVID-19

The recent outbreak of COVID-19 has caused substantial disruptions in the PRC and international economies and markets as well as additional uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of the outbreak and continued escalation of COVID-19 on the Group's businesses and will keep its contingency measures and risk management under review as the situation evolves. In order to reduce the impact of COVID-19 on the Group's business and operations, the Group diversified its service and improved its online business systems by developing its CRM system and further improving its Huitong Qifu mobile app. The Group also encouraged its customers to have business processed through WeChat and its customer hotline. As at the date of this Offering Circular, there is no material impact of COVID-19 on the Group's financial conditions or results of operations.

Changes in Shareholding

In August 2020, Shanxi State-owned Capital Investment Operation Co. Ltd. (山西省國有資本運營有限公司) agreed to transfer its shareholding of 51.00 per cent. equity interest of Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司), being a substantial shareholder of the Issuer, to China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司). Further to the completion of the transfer in December 2020, China Baowu Steel Group Corporation Limited consequently holds 51.00 per cent. of equity interest of Taiyuan Iron & Steel (Group) Co., Ltd. and therefore indirectly holds 344,418,616 shares or 9.59 per cent. equity interest of the Issuer as at 31 December 2020.

Bond Offerings

On 9 February 2021, the Issuer issued subordinated corporate bonds in the aggregate principal amount of RMB1.0 billion with annual coupon rate of 4.68 per cent. and a tenor of three years.

THE OFFERING

The following overview contains some basic information about the Bonds and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Terms and phrases used in this overview and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds”. The following is an overview of the terms and conditions of the Bonds (the “Conditions” or the “Terms and Conditions”). Prospective investors should refer to “Terms and Conditions of the Bonds” in this Offering Circular for a detailed description of the Terms and Conditions of the Bonds.

Issuer	Shanxi Securities Co., Ltd. (山西證券股份有限公司).
Issue	U.S.\$200,000,000 3.40 per cent. Bonds due 2024.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 4 May 2021 at the rate of 3.40 per cent. per annum, payable semi-annually in arrear in equal instalments on the Interest Payment Dates, commencing on 4 November 2021.
Issue Price	100.0 per cent.
Issue Date	4 May 2021.
Maturity Date	4 May 2024.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions, at all times rank at least equally with all its other present or future unsecured or unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (<i>Notices</i>) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their principal amount together with interest accrued up to but excluding the date fixed for redemption if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (<i>Taxation</i>) of the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction) and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, as further described in Condition 6(b) (<i>Redemption for Taxation Reasons</i>) of the Terms and Conditions. See “<i>Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons</i>”.
Redemption for Relevant Events	At any time following the occurrence of a Relevant Event (as defined in Condition 6(c) (<i>Redemption for Relevant Events</i>) of the Terms and Conditions), a Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the Put Settlement Date (as defined in Condition 6(c) (<i>Redemption for Relevant Events</i>) of the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in Condition 6(c) (<i>Redemption for Relevant Events</i>) of the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No-Registration Event (as defined in Condition 6(c) (<i>Redemption for Relevant Events</i>) of the Terms and Conditions)) of their principal amount, together in each case with interest accrued up to but excluding the Put Settlement Date. See “<i>Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events</i>”.
Events of Default	The Bonds will contain certain events of default provisions, including a cross acceleration provision as further described in Condition 9(c) (<i>Cross Acceleration</i>) of the Terms and Conditions. See “<i>Terms and Conditions of the Bonds – Events of Default</i>”.
Taxation	All payments of principal, premium (if any) and/or interest by or on behalf of the Issuer in respect of the Bonds will be made free and clear of set-off or counterclaim and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 27 April 2021 (the “Applicable Rate”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer shall pay such Additional Tax Amounts (as defined in Condition 8 (*Taxation*) of the Terms and Conditions) as will result in the receipt by the Bondholders of such amounts as would have been received by them if no such withholding or deduction had been required, subject to certain exceptions as set out in Condition 8 (*Taxation*) of the Terms and Conditions.

Use of Proceeds	See section entitled “ <i>Use of Proceeds</i> ”.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for (i) submission of the Post-Issuance Filing, (ii) making and completing the Foreign Debt Registration and (iii) making any filing with SAFE pursuant to the PBOC Circular (if applicable)) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. See “ <i>Terms and Conditions of the Bonds – Further Issues</i> ”.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent. .	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent.	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Notices and Payment . . .	So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by Euroclear and Clearstream, notices to Bondholders shall be given by delivery of the relevant notice to Euroclear and Clearstream, for communication by it to entitled accountholders in substitution for notification as requested by the Terms and Conditions.
Listing	Application will be made for the listing of the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 5 May 2021.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the courts of Hong Kong.
ISIN	XS2337998152.
Common Code.	233799815.
Legal Entity Identifier of the Issuer.	300300E1007214000085.

Clearing Systems The Bonds will be represented initially by the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The summary consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is extracted from the 2019 Financial Statements and the 2020 Financial Statements, which were prepared and presented in accordance with PRC GAAP and have been audited by KPMG, its independent auditor. Historical results of the Issuer are not necessarily indicative of results that may be achieved for any future period.

The 2019 Financial Statements and the 2020 Financial Statements, which are included in this Offering Circular have only been prepared in Chinese and such Chinese Financial Statements have been translated into English for the purposes of inclusion into the Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the English Translated Financial Statements, the Chinese Financial Statements shall prevail. The English Translated Financial Statements, which do not themselves constitute audited financial statements, are qualified in their entirety by, and are subject to the more detailed information and the financial information set out or referred to in the Chinese Financial Statements included in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective officers, employees, affiliates, advisers, representatives, directors, or agents or any person who controls any of them has independently verified or checked the accuracy of the English Translated Financial Statements and can give no assurance that the information contained in the English Translated Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Issuer.

The consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020 as set forth in this Offering Circular is extracted from the English Translated Financial Statements. Such financial information is qualified in their entirety by, are subject to and should be read in conjunction with, the Chinese Financial Statements together with the auditor's report in respect of the consolidated financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2020 prepared in Chinese that are included in this Offering Circular.

The Group has adopted certain revised accounting standards issued by the MOF from 1 January 2019. Please refer to Note III-32 of the 2019 Financial Statements for the impact of such changes in accounting policies and accounting estimates. Comparative financial information for the year ended 31 December 2018 has not been restated and continues to be reported under the previous applicable accounting policies and accounting estimates.

PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences between PRC GAAP and IFRS".

The summary consolidated financial statements as set forth below should be read in conjunction with, and is qualified in their entirety by reference to, the relevant consolidated financial statements of the Issuer and the notes thereto included elsewhere in this Offering Circular.

Consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December		
	2018	2019	2020
	RMB		
Operating income			
Net fee and commission income	827,727,320	1,173,916,736	1,460,542,805
From: Securities brokerage business	287,483,024	347,651,347	520,392,525
Investment banking business	308,062,389	572,460,829	651,757,095
Asset management business	84,458,791	91,085,810	78,343,995
Futures brokerage business	93,701,916	83,841,343	128,293,829
Fund management business	49,951,302	62,918,817	63,426,702
Investment consulting business	4,069,898	15,958,590	18,328,659
Net interest income/(expense)	(193,100,548)	(142,572,076)	6,714,315
including: Interest income	1,066,324,045	1,082,769,356	1,048,750,442
Interest expense	(1,259,424,593)	(1,225,341,432)	(1,042,036,127)
Investment income	1,498,620,595	1,063,569,409	1,695,573,140
Net gains/(losses) from changes in fair value	(137,075,568)	256,937,470	(226,606,949)
Foreign exchange (losses)/gains	462,966	(9,866,941)	1,301,949
Other operating income	4,840,937,568	2,725,971,207	371,936,759
Other income	13,906,867	30,348,871	32,734,974
Gains/(Losses) from disposal of assets	(342,574)	3,876,061	(224,952)
Total operating income	6,851,136,626	5,102,180,737	3,341,972,041
Operating expenses			
Taxes and surcharges	(18,307,820)	(22,604,650)	(26,688,174)
Operating and administrative expenses	(1,406,946,117)	(1,567,386,381)	(1,820,967,194)
Asset impairment losses	(95,613,203)	–	–
Credit impairment losses	–	(176,544,789)	(104,890,631)
Reversal of other impairment losses	–	17,941,901	1,979,159
Other operating expenses	(5,044,402,096)	(2,685,981,550)	(381,977,626)
Total operating expenses	(6,565,269,236)	(4,434,575,469)	(2,332,544,466)
Operating profit	285,867,390	667,605,268	1,009,427,575
Add: Non-operating income	4,274,891	3,110,431	4,943,840
Less: Non-operating expenses	(3,484,284)	(4,937,394)	(8,836,614)
Profit before income tax	286,657,997	665,778,305	1,005,534,801
Less: Income tax expense	(67,422,394)	(145,855,829)	(243,231,262)
Net profit for the year	219,235,603	519,922,476	762,303,539
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations	219,235,603	519,922,476	762,303,539
2. Net profit from discontinued operations	N/A	N/A	N/A
(2) Net profit classified by ownership:			
1. Attributable to shareholders of the Company	221,763,054	510,183,708	750,927,346
2. Attributable to non-controlling interests	(2,527,451)	9,738,768	11,376,193
Other comprehensive income, net of tax			
Other comprehensive income (net of tax) attributable to shareholders of the Company			
I. Items that not be reclassified to profit or loss:			
1. Changes in fair value of other equity instrument investments	–	(117,559,431)	1,261,660
II Items that may be reclassified to profit or loss:			
1. Changes in fair value of other debt investments	–	(37,471,770)	73,132,930
2. Credit losses of other debt investments	–	29,736,510	(18,319,140)
3. Translation differences arising from translation of foreign currency financial statements	36,207,049	17,112,181	(44,340,519)
4. Gains or losses arising from changes in fair value of available-for-sale financial assets	(62,089,985)	–	–
5. Other comprehensive income recognised under equity method	109,193	–	–
Other comprehensive income (net of tax) attributable to non-controlling interests	(48,072,544)	(498,933)	3,367,304
Other comprehensive income, net of tax	(73,846,287)	(108,681,443)	15,102,235
Total comprehensive income for the year	145,389,316	411,241,033	777,405,774
Attributable to:			
Shareholders of the Company	195,989,311	402,001,198	762,662,277
Non-controlling interests	(50,599,995)	9,239,835	14,743,497
Earnings per share:			
(1) Basic earnings per share	0.08	0.18	0.23
(2) Diluted earnings per share	0.08	0.18	0.23

Consolidated statement of financial position

	As at 31 December		
	2018	2019	2020
		<i>RMB</i>	
Assets			
Cash and bank balances	12,681,464,251	15,734,010,625	17,221,704,814
– Cash held for brokerage clients	6,984,996,649	8,460,155,123	10,752,989,736
Clearing settlement funds	2,323,843,791	2,620,361,716	5,212,171,280
– Cash held for brokerage clients	996,866,389	1,281,863,152	1,377,001,845
Receivables from margin clients	4,435,571,620	5,468,405,079	7,237,799,738
Derivative financial assets	50,153,341	18,351,897	25,399,386
Financial assets held under resale agreement	3,976,462,481	2,742,426,644	2,909,890,823
Accounts receivable	213,912,303	100,204,889	110,334,334
Interest receivable	403,710,586	–	–
Refundable deposits	2,556,538,862	2,940,672,900	3,266,499,930
Financial investments:	28,400,031,688	23,685,130,840	24,482,913,220
Financial assets at fair value through profit or loss	22,240,168,027	–	–
Financial assets held for trading	–	22,247,491,671	22,521,225,349
Debt Investments	–	32,520,311	50,144,943
Available-for-sale financial assets	6,159,863,661	–	–
Other debt investments	–	1,165,745,108	1,693,438,010
Other equity instrument investments	–	239,373,750	218,104,918
Long-term equity investments	61,616,403	421,754,695	295,210,881
Fixed assets	383,164,837	384,302,724	376,978,614
Intangible assets	114,708,680	117,553,798	143,246,203
Goodwill	476,939,901	476,939,901	476,939,901
Deferred tax assets	90,589,967	174,961,762	191,483,677
Other assets	1,075,905,312	810,699,711	501,476,023
Total assets	57,244,614,023	55,695,777,181	62,452,048,824
Liabilities and equity			
Liabilities			
Short-term loans	–	183,832,245	224,453,083
Short-term debt securities issued	6,112,580,000	4,323,301,803	5,520,485,844
Placements from financial institutions	6,650,000,000	5,511,784,061	10,022,257,097
Financial liabilities at fair value through profit or loss	1,712,809,520	–	–
Financial liabilities held for trading	–	2,132,321,710	730,528,365
Derivative financial liabilities	84,039,710	19,615,860	20,883,097
Financial assets sold under repurchase agreements	15,007,619,444	12,200,643,294	6,799,897,076
Customer brokerage deposits	8,376,478,762	10,149,086,367	12,817,075,071
Employee benefits payable	133,968,410	150,267,996	220,586,623
Taxes payable	110,104,124	93,071,311	142,252,957
Accounts payable	451,201,456	25,186,640	90,780,258
Interest payable	409,466,345	–	–
Long-term debt securities issued	4,075,084,151	6,251,917,663	7,654,291,213
Deferred tax liabilities	4,723,337	33,049,056	6,421,703
Other liabilities	1,119,678,364	1,405,958,569	750,692,966
Total liabilities	44,247,753,623	42,480,036,575	45,000,605,353
Equity			
Share capital	2,828,725,153	2,828,725,153	3,589,771,547
Capital reserve	6,713,296,178	6,713,296,178	9,723,419,390
Other comprehensive income	1,225,975	(54,799,201)	(41,830,649)
Surplus reserve	507,232,749	556,740,074	650,431,550
General risk reserve	564,673,545	628,719,120	730,222,510
Trading risk reserve	538,877,528	599,220,321	696,137,095
Retained earnings	1,289,250,284	1,382,574,910	1,557,284,480
Total equity attributable to shareholders of the Company	12,443,281,412	12,654,476,555	16,905,435,923
Non-controlling interests	553,578,988	561,264,051	546,007,548
Total equity	12,996,860,400	13,215,740,606	17,451,443,471
Total equity and liabilities	57,244,614,023	55,695,777,181	62,452,048,824

RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to making any investment decision, potential investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or which the Issuer currently deems to be immaterial, may affect the Issuer's or the Group's business, financial condition or results of operations of the Group or the Issuer's ability to fulfil its obligations under the Bonds.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by macroeconomic and political risks.

The Group's business, financial condition, results of operations, prospects and ability to access liquidity may be impacted by macroeconomic and political risks. In particular, as a substantial majority of its revenue is derived from the PRC securities markets, the Group's business is highly dependent on economic and market conditions in the PRC, which in turn may be affected by global market conditions. There has been significant volatility in PRC stock markets during the second half of 2015 and the beginning of 2016, with the PRC government taking unprecedented steps to support the markets, by cutting interest rates, suspending initial public offerings and starting investigations into market manipulation in an effort to stabilise the market. From 2018 through to the first half of 2020, the global financial markets have generally undergone significant downturn. Due to the correlation to the global economy, the PRC stock and bond markets followed the global financial market decline and experienced fluctuation. Further, in March 2016, both Standard & Poor's Rating Services ("**Standard & Poor's**") and Moody's Investors Service, Inc., ("**Moody's**") changed the outlook of PRC's sovereign rating from stable to negative. On 24 May 2017, Moody's downgraded PRC's long-term local currency and foreign currency issuer ratings from "Aa3" to "A1" and changed the outlook from negative to stable. On 21 September 2017, Standard & Poor's downgraded PRC's long-term sovereign credit ratings to "A+" from "AA-". These highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In addition, during 2018 and 2019, the United States government-imposed tariffs on Chinese imports, which then led the PRC to respond with tariffs on United States imports. Following the "phase one" trade agreement entered into by the United States government and the PRC government in early 2020, the parties continued to hold trade talks on implementation of the trade deal in the later half of 2020. The effect of previously imposed tariffs on the economy of the PRC and the United States may result in long-term structural shifts to the economies of both countries. Any increased volatility and instability may further impact global capital markets potentially, making it more difficult for the Group to access financing or impacting the Group's clients' interest in products and services, as well as the health of its businesses generally.

Volatility in the capital markets in the United States, Europe, Japan, the PRC, Hong Kong and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future. Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, and political events such as the potential withdrawal of countries from the Eurozone and volatility in the United States and PRC stock markets, have adversely affected investor confidence. Effective on 31 January

2020, the United Kingdom has officially exited from the European Union (“**Brexit**”) and the parties finalised the recent UK-EU Brexit trade deal in December 2020. There remains significant uncertainty as to its impact on the economic conditions of other parts of the world, such as the PRC, including but not limited to decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. The outlook for the world economy and financial markets in 2021 remains uncertain. From time to time, the PRC and other countries may adopt, adjust or withdraw their macroeconomic measures, monetary policies and economic stimulus packages, which further increases the difficulty in predicting the outlook for the world economy and financial markets in the short to medium term. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and European countries between 2008 and 2011. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Group participates and/or invests. Any decline in the number of capital markets and other transactions in the PRC due to unfavourable financial or economic conditions may adversely affect the Group’s business. Similarly, market volatility and adverse financial or economic conditions may also adversely affect the Group’s business.

The Group’s business, financial condition and results of operations may be adversely affected by general economic and market conditions in many ways, including, among other things:

- The Group’s securities brokerage business and futures brokerage business depend on trading volumes, equity market and futures and options market performance to a certain degree. Unfavourable economic and market conditions can adversely affect investor confidence and trading and investment activities, resulting in reduced brokerage fees and commission income.
- The Group’s investment banking business may be adversely affected by market conditions. Unfavourable economic and market conditions may negatively impact investor confidence and corporate finance activities, resulting in significant declines in the size and number of investment banking transactions, which may have a material and adverse effect on the revenue and profit of the Group’s investment banking business.
- The Group’s revenue from fixed income business segment and stock and other proprietary investment business segment depends on the performance of its investment subjects such as stocks and bonds, which may be materially and adversely affected by general economic conditions, market fluctuations and volatility.
- The Group’s entrusted asset management business, such conditions tend to reduce the value of the Group’s clients’ portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Group to maintain existing clients and attract new clients. Market volatility, tightened liquidity and unfavourable market conditions may reduce the Group’s assets under management (“**AUM**”) and affect the performance of the assets or funds it manages, which could adversely affect its ability to receive management fees or performance fees.
- The Group’s bulk commodity trading and risk management business depends on trading volumes and unfavourable conditions in the commodities market may also result in price fluctuations and a decline in trading volumes; negative market conditions which impact corporate finance activities may also reduce clients’ needs for risk management advisory and may adversely affect the Group’s fee income.

There can be no assurance that the Group's business, financial position and operating results, as well as its future prospects, will not be materially and adversely affected in the event of any downturn in the global or regional capital markets. A reduction in the Group's income or a loss resulting from its corporate finance, sales and trading, investing and asset management businesses could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business, in particular, its fixed income business, stock and other proprietary investment business and entrusted asset management business, are subject to credit, investment and market risks.

The Group's business, and in particular, its fixed income business, stock and other proprietary investment business and entrusted asset management business, are subject to credit, investment and market risks. For example, the Group's public market investments (which focus on publicly listed equity and debt securities investments) are exposed to fluctuations in the stock and bond markets and therefore subject to market risks. Similarly, the Group is exposed to credit risk via its debt financing business, such as pre-IPO financing, M&A loans and mezzanine and bridge loans. In addition, the Group's business is subject to investment risks. For example, where assets held by the Group under its fixed income business as well as stock and other proprietary investment business devalue significantly and the Group considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Group's results of operations. General market or macroeconomic volatility, which may be caused by events including Brexit, significant volatility in the PRC stock market, and market volatility from COVID-19 and its impact on the global economy, may also result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations. See “– *The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by macroeconomic and political risks.*” and “– *The occurrence of contagious diseases (including COVID-19) could affect the Group's business, financial condition or results of operations*”.

In the event of a severe downturn in the economy, the asset quality of the Group's portfolio may deteriorate materially. Likewise, the Group's entrusted asset management business is also subject to investment risk. Any deterioration in the value of the Group's AUM may reduce the management and performance fees earned by the Group.

The expansion of, and changes to, the Group's product and service range exposes it to various risks, and the Group may not succeed in the implementation of a new product group or customer acquisition channel, under new pricing or credit assessment methods or analytical tools and data.

The Group aims to develop innovative financial products for continued growth. The Group may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. The Group is further growing its business outside Shanxi province to reinforce its national presence in the PRC, as well as expanding overseas operations through its platform in Hong Kong. Expansion of and changes to the product and service range and the geographical exposure of the Group introduce a number of risks and challenges, including the following:

- competitors of the Group may have substantially more experience and resources in relation to the business activities that the Group wishes to commence in, and the Group may not be able to retain existing customers or attract new customers;
- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Group's traditional services;

- the new products and services may give rise to potential disputes or claims from customers;
- the Group will be exposed to the legal and regulatory regimes of new jurisdictions (if any) with which the Group may be less familiar as well as fluctuations in the macroeconomic conditions of new economies;
- the Group may need to adapt to different cultural and social customs associated with conducting business in other markets;
- the Group may need to hire additional qualified personnel but such personnel may not be readily available; and
- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

There can be no assurance that the Group will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry.

Accordingly, the Group's personnel expenses may increase or it may have difficulties in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are unfamiliar to regulators, the Group may encounter unexpected restrictions on its planned activities. If the Group is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the concepts, planning and/or implementation of its strategies and methods, the Group's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Group's operations depends on, among other things, proper timings on launching new businesses, products and services to clients. As a result of the Group's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demands, or any failure of the Group's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Group.

The PRC securities industry is highly competitive.

The PRC securities industry is highly competitive, and the Group faces intense competition in all business lines.

The Group's entrusted asset management business and securities brokerage, futures brokerage and commodities brokerage businesses primarily compete with other PRC securities firms and discount brokers in terms of pricing and the range of products and services offered. As at December 2020, as published by the China Securities Regulatory Commission ("CSRC"), there were 138 registered securities firms in China, and intense price competition had led to a reduction in the Group's commission rates for securities brokerage in recent years. The Group is also under pressure to maintain and expand its market share. If the Group is unable to address the needs of its clients by maintaining high quality services, maintaining or reducing its fees, providing a more convenient and user-friendly trading experience, or continuing to introduce new products, the Group may lose its existing clients to competitors. As a result, the Group's business, financial condition and results of operations may be adversely affected.

The Group's risk management business primarily competes with trust companies, fund management firms, banks, insurance assets management companies, other PRC securities firms and financial institutions in terms of capabilities of risk management and research, providing professional institutional services, as well as capital sufficiency. The Group's investment banking business primarily competes

with other investment banks, and commercial banks, as well as trust companies, in terms of brand recognition, marketing and distribution capability, service quality, financial strength, and pricing. Intense competition may result in lower underwriting fees, sponsorship fees and advisory fees. The Group's entrusted asset management business primarily competes with other securities firms, fund managers, commercial banks, insurance companies, trust companies and private investment fund managers in the PRC in terms of the range of products and services offered, pricing, and quality of client service.

The Group competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the national and multinational financial institutions including commercial banks and investment banks with a widespread network in the PRC, as well as PRC based securities houses and asset management firms, the Group faces further competition from other financial services firms with similar target clients and offering a similar range of products and services including traditional and online brokerage services, debt and equity financing, asset management and corporate finance businesses. Historically, competition in these businesses has been fierce.

Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in the PRC has become more saturated, banks and brokerage firms rolled out low management fees, prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying the competition in this industry. The Group expects that competition will continue to be intense. As there have been a significant number of new entrants to the market, the Group has to compete with new competitors who are offering attractive commissions, new platforms and product types and other incentives to develop their businesses in the early stages. The Group's business may be adversely affected if new entrants increase their size, reputation and client base or attract the Group's existing clients through these incentives.

There can be no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical and/or impossible. Under those circumstances, the Group's business, results of operations and financial condition would be adversely affected.

The Group may be exposed to concentration risk in the PRC.

The Group's key market is geographically in the Shanxi province in Mainland China, where the Group is primarily based. Accordingly, any general deterioration in the economic conditions in the Shanxi province and the PRC in general could adversely affect the Group's business, financial condition and results of operations. Similarly, a significant portion of the Group's portfolio in its fixed income business and stock and other proprietary investment business is concentrated on certain specific focuses, including revitalising stock assets, science and technology related stocks and H-shares investments. This commitment of capital exposes the Group to concentration risks, including market risk, in the case of the Group's holdings of concentrated or illiquid positions in a particular asset class or in certain industries, and credit risk. Any decline in certain business industries which the Group is concentrated on or decline in the value of illiquid assets may reduce the Group's revenues or result in losses.

Fluctuations in the exchange rate of Renminbi against other currencies could have a material and adverse effect on the Group's financial condition and results of operations.

While the Group generates most of its revenue in the PRC, it also offers securities products and services in Hong Kong to overseas customers. A portion of its revenue, expenses and bank borrowings is denominated in Hong Kong dollars and U.S. dollars, although the functional currency of the Group is Renminbi. As a result, fluctuations in exchange rates, particularly between Renminbi, the Hong Kong dollar and the U.S. dollar, could affect the Group's profitability and may result in foreign currency exchange losses of its foreign currency-denominated assets and liabilities.

The exchange rates of Renminbi against the U.S. dollar and other currencies fluctuate and are affected by, among other things, changes in the PRC and international political and economic conditions and the PRC government's fiscal and currency policies. From 2 January 2014 to 30 December 2016, the exchange rate of Renminbi against the U.S. dollar decreased by 14.75 per cent. In 2018, Renminbi has further experienced devaluation against the U.S. dollar. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of Renminbi against the U.S. dollar. If further reforms are implemented and result in devaluation of Renminbi against the U.S. dollar, the Group's business, financial condition, results of operations and prospects could be adversely affected because of the Group's U.S. dollar denominated indebtedness and other obligations. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of the Group's earnings and ability to satisfy its obligations under the Bonds. As a result, fluctuations in exchange rates, particularly between Renminbi on the one hand and Hong Kong dollars and U.S. dollars on the other hand, may affect the level of the Group's profitability or result in foreign exchange losses on the Group's foreign currency-denominated assets and liabilities.

Furthermore, the Group may be required to obtain SAFE's approval before converting significant amounts of Renminbi into or out of foreign currencies. As a result, any significant increase in the value of Renminbi against foreign currencies could reduce the value of the Group's foreign currency-denominated income and assets and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to the credit risk of their trade and financial counterparties.

The Group operates and is expanding its business within the PRC and in Hong Kong. This will increasingly expose the Group to the credit risk of their trade and financial counterparties normally associated with business transactions and activities, such as cross-border transactions, including those relating to delayed payments from customers or difficulties in the collection of receivables. The Group enters into derivatives and contracts under which counterparties have obligations to make payments to it. The Group also extends credit to clients through margin financing or other arrangements that are secured by physical or financial collateral, the value of which may at times be insufficient to cover fully the loan repayment amount. As a result, the Group is exposed to the risks that third parties may default on their obligations because of bankruptcy, lack of liquidity, operational failures or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect the Group. The Group is also subject to the risk that its rights against third parties may not be enforceable in all circumstances. While in many cases the Group is permitted to require additional collateral from counterparties that experience financial difficulties, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The termination of contracts and the foreclosure on collateral may subject the Group to claims for improper exercise of its rights. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity. Clients of securities transactions are required to settle their transactions before the prescribed period of time.

Although the Group regularly reviews credit exposures to specific clients, counterparties and industries that it believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee, such as fraud. The Group may also fail to receive full information with respect to the trading risks of counterparties. There is no assurance that, even with the Group's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables in time or at all could adversely affect the Group's cash flow and financial position.

Significant interest rate fluctuations could affect the Group's financial condition and results of operations.

The Group's interest rate risk is primarily related to its interest income, interest expenses, valuation of securities and fixed-income investment. The Group earns interest income from bank deposits (including its own deposits and client deposits), margin financing and securities lending, securities-backed lending and financial assets held under resale agreements. During periods of declining interest rates, the Group's interest income may fall.

The Group also makes interest payments on deposits it holds on behalf of its clients, corporate bonds and repurchase transactions, as well as subordinated bonds and other debt securities. These interest expenses are directly linked to the then prevailing market interest rates. During periods of rising interest rates, the Group's interest expenses and financing costs would generally increase. For example, the Group's repurchase transactions, which it conducts to finance its short-term liquidity, may be subject to higher interest rates, which could result in an increase in its financing costs for its business.

In addition, the Group holds fixed-income investments. During periods of rising interest rates, market prices and the Group's investment returns on fixed-income securities would generally fall. Significant interest rate fluctuations may reduce the Group's interest income or returns on fixed-income investments, or increase in its interest expenses, any of which could adversely affect its business, financial condition and results of operations.

The Group's revenue may be adversely affected in the event that there are reductions in its AUM.

The Group's revenue from its entrusted asset management business includes management fees and performance fees, which are based on the specific nature of the investment and client, including liquidity, size, investment period and asset class. Consequently, investment performance and the relevant fund manager's track record affect the amount of the assets under the Group's management and are key factors in retaining clients and competing for new asset management business. In the event of market downturn, poor investment performance could adversely affect the Group's revenue and business growth because:

- where applicable, existing clients may withdraw funds from the Group's entrusted asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Group;
- clients may require the Group to reduce its fees for asset management services, particularly in an intensely competitive industry where the Group faces increasing competition from insurance companies, trust companies, banks and other competitors;
- the Group's performance fees (if any), which are based on investment returns, would decline; and
- poor performance will adversely impact the future fundraising capability of the Group.

Further, the Group's revenue and business growth of the entrusted asset management business may be adversely affected by events both within and beyond the Group's control including unforeseen business disruptions, macroeconomic and political risks and market risks. There can be no assurance that the Group would be able to keep or increase the assets under the Group's management. To the extent the Group may fail to keep or increase the assets under its management, its business, financial condition, results of operations and prospects would be adversely affected.

The Group faces risks associated with the underwriting or placement of securities offerings.

The Group is exposed to transaction-specific execution risks for each securities offering it may underwrite or place. The Group generally receives payment of underwriting or placement commissions only after it has successfully completed a transaction. If a project is not completed as scheduled or at all

for any reason, including weak investor interest, market fluctuation and/or a failure to receive the relevant listing or regulatory approval, the Group may not receive payment for its services in a timely manner, or at all, which may materially and adversely affect its business, financial condition, results of operations and prospects. Due to the exposure of the Group's business to potentially volatile markets and regulatory changes, revenue from its business may be unpredictable and unstable. Markets may be subject to long periods of downturn and transaction sizes may be lower on an individual or overall value basis due to local or global economic conditions, the prevailing interest rate environment, overall investor sentiment and more stringent regulatory developments. During such periods, the Group is unlikely to be able to draw significant revenue from its investment banking business segment where the revenue is dependent on successful execution of transactions.

The Group has investment risk on equity it underwrites or places on a firm commitment basis and may suffer additional losses as a member of an underwriting syndicate or placing syndicate if an offering is not fully subscribed or default by any of the investors. The performance of the underwriting activities may severely deteriorate during periods of inactive or volatile market conditions when the equity underwritten by the Group is undersubscribed and the Group and other underwriters/sub-underwriters are required to take up unsubscribed equity. If the Group fails to sell the equity it underwrites, it would suffer reputational damage, as well as incur expenditure to purchase and hold the underwritten equity, thereby materially and adversely affecting its business, financial condition, results of operations and prospects. In relation to bond transactions, the Issuer will from time to time act as the counterparty to both issuers and investors of the bonds. If any participant in the bond settlement process fails and the settlement is not completed, the Issuer may end up holding the relevant bonds, causing both reputational damage and possible financial loss. Although the majority of bond investors are institutional investors and the possibility of such risk remains low, such risk cannot be discounted entirely and failures in the bond settlement process will have adverse consequences to the Issuer.

In addition, when the Group acts as a sponsor or underwriter in an IPO, such as those on the stock exchanges or the National Equities Exchange and Quotations (“新三板”) (“NEEQ”), it is required to fulfil certain due diligence and disclosure requirements in connection with each project it sponsors or underwrites and is subject to civil, regulatory and criminal liability in relation to its role as sponsor or underwriter and the disclosure provided to investors if any relevant or applicable regulations are breached. In such case, the Group may be subject to domestic or overseas regulatory sanctions, fines, penalties, investor compensation or other disciplinary actions and other legal liabilities if the Group's due diligence or its ongoing supervision is inadequate, or an issuer, its agents, other sponsors and underwriters or the Group's employees commit fraud or misconduct, or there is a misstatement or omission in the disclosure documents, or there is another illegal or improper activity during the course of the sponsorship and underwriting or advisory process. With respect to the Group's bond underwriting business, the Group would also face underwriting risk if the design of the bonds, such as interest rate and maturity, fail to meet market requirement or the timing of issuance is inappropriate. A failure to satisfy these regulatory requirements could subject the Group to fines and other administrative or regulatory penalties, including suspension of its licences, or even criminal liability, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

A reduction in agency and brokerage commission rates or trading activities by the Group's clients may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's securities brokerage, futures brokerage and commodities trading businesses' financial position and results of operations may be materially and adversely affected by the following risks:

Volatility in market trading volumes. The Group's brokerage fee and commission income is dependent on market trading volumes, which is in turn affected by investor sentiment, volatility in financial markets and deteriorating investor sentiment can therefore have an adverse impact on the securities brokerage, futures brokerage and commodities trading businesses' results of operations.

Decrease in brokerage trading commission rates. The downward trend of brokerage trading commission rates could materially and adversely affect the Group's securities brokerage, futures brokerage and commodities trading businesses. Some of the Group's competitors have actively promoted their online brokerage services and continued to lower their futures brokerage and commodities brokerage commission rates in recent years. If more competitors expand their online brokerage businesses, the securities brokerage, futures brokerage and commodities trading commission rates in the industry will likely further decrease.

Increase in supply of securities brokerage services. The securities brokerage industry in China is highly competitive. As at 31 December 2020, the Group has established 126 securities branches in the PRC. The Group aims to expand its branch network and to venture into new models of online finance for greater client coverage, but there is no guarantee the expansion will be successful.

Lastly, any planned expansion by the securities brokerage, futures brokerage and commodities trading businesses into other product areas such as innovative financial products may not be successful and the Group's position in this industry may be adversely affected. There can be no assurance that the Group's revenue derived from the securities brokerage, futures brokerage and commodities trading businesses can be sustained.

The performance of the Group's fixed income business and stock and other proprietary investment business is subject to a number of inherent uncertainties which may lead to a decrease in the Group's investment returns or an investment loss.

A significant portion of the Group's business operations includes proprietary trading in equities, derivative financial investments and Fixed Income Clearing Corporation ("FICC"). The business, financial position and results of operations of the Group's fixed income, stock and other proprietary investment businesses and proprietary trading activities may be materially and adversely affected by the following risks:

Market volatility. The Group conducts trading activities in equity and fixed income securities and market-making activities for its own account, which are subject to volatility in the securities markets. The results of the Group's trading activities generally correlate with the performance of the PRC securities markets.

Risks in relation to derivative financial instruments. The derivative financial instruments transactions the Group enters into include stock options, treasury futures and stock index futures. The Group generally uses derivative financial instruments to hedge against the risk of price volatility in its investment portfolio or to adjust the risk exposure of the Group's investment portfolio. However, currently, the types of financial investment products available in the PRC securities market remain limited which makes it difficult for the Group to fully hedge against fluctuations in the value of the Group's investment portfolio, and the derivative financial instruments that the Group uses may not be as effective as the Group expects. In addition, the Group is exposed to risks associated with derivatives contracts the Group enters into, which could result in losses. Since the derivative financial instruments markets in the PRC are developing, the Group's experience in managing new products or trading derivative financial products may be inadequate and the Group may be subject to losses.

Regulatory limitations. Changes in securities-related regulations in the PRC may lead to limitations on the Group's trading activities. For example, since August and September 2015, the China Financial Futures Exchange (中國金融期貨交易所)("CFFEX") have raised margin requirements for stock index futures and restricted opening daily positions to ten contracts by an investor on a single stock index future. CFFEX also increased the fees for settling positions. Since February 2017, the CFFEX has lowered the margin requirements and the fees for settling positions for stock index futures. Since April 2019, the CFFEX has further adjusted the trading arrangements for stock index futures, the measures

such as lowering the margin requirements for CSI 500 stock index futures and closing transaction fee standard. These measures impact short-selling and block trading activities, which may affect the Group's ability to hedge its proprietary trading positions.

Incorrect investment decisions and judgement. The performance of the Group's proprietary trading is determined by its investment decisions and judgment based on its assessment of existing and future market conditions. If the Group makes mistakes in its investment decisions, or the actual changes in market conditions differ from the Group's projections, or the concentration risks resulting from the Group's investment decisions, including risks from holding particular assets or asset classes, the Group's proprietary trading activities may suffer and not achieve its anticipated investment returns.

The Group may fail to realise returns from its principal investments or lose part or all of the Group's investments.

The Group's fixed income business, stock and other proprietary investment business as well as entrusted asset management business generally involve investments in private companies and private equity funds with the Group's own funds. The Group aims to earn returns through its investments in private companies and investments in private equity funds from dividends paid by portfolio or target companies and the listing or the disposal of portfolio or target companies. The Group may fail to identify fraudulent, inaccurate or misleading information about a target company in the course of its due diligence, which may affect the Group's investment decisions or cause the Group to overvalue the target company. Material and adverse changes in the target company's industry, business and financial condition after the completion of the investment could negatively affect the Group's investment return. Market volatility may also materially and adversely affect the equity investments made by the Group's private equity funds.

The Group's portfolio companies may take longer than expected to become suitable for a listing or sale. Failure to list or sell the Group's portfolio companies for any reason may adversely affect the value of the Group's investment. If the Group cannot exit its private equity investments in the anticipated period or at acceptable prices, the Group will not be able to achieve its expected investment returns.

The Group and its private equity funds have limited control over its portfolio companies. Those companies may make business, financial or management decisions with which the Group does not agree, which may subject the Group to further risks. Furthermore, the Group's portfolio companies may fail to abide by their agreements with the Group. Any of the foregoing incidents could significantly reduce the value of the Group's investments and adversely affect the Group's business, financial condition and results of operations.

A significant decrease in the Group's AUM or management fee rate, or unsatisfactory investment performance, may materially and adversely affect the Group's entrusted asset management business.

The Group receives asset management fees based on the size of each asset management scheme under its management. In addition, the Group may earn performance fees for certain asset management schemes. Investment performance affects the Group's AUM and is one of the most important factors in attracting its clients and competing for new asset management business. Limited investment options and hedging strategies as well as high market volatility in the PRC, could adversely affect the Group's ability to provide stable returns for its clients, which in turn affect the Group's ability to retain them.

The Group's asset management fees or market share may decrease due to the increased competition from other securities companies, fund management companies, insurance companies, trust companies, commercial banks and other financial institutions in China. In addition, the recent introduction of Mainland-Hong Kong Mutual Recognition of Funds will allow approved fund products to be offered abroad, which in turn may increase competition. Market volatility, adverse economic conditions, or the

Group's failure to outperform its competitors or the market in terms of investments returns, may reduce the Group's AUM or affect the performance of the assets or funds it manages, which could adversely affect the amount of management or performance fees the Group receives.

The Group's businesses are vulnerable to stock price volatility and illiquidity of securities and the Group may incur substantial loss if clients fail to meet margin calls or settle transactions in a timely manner.

The Group provides margin financing to its clients. Margin financing is particularly vulnerable to stock price volatility and the illiquidity of those securities which are pledged as security for financial accommodations. In a volatile market, if the stock price declines, the client may be required to deposit additional cash or other securities to the collateral portfolio to reduce the credit risk exposure or increase the collateral value. Where a client is unable to meet its margin call, the Group is entitled to sell the relevant pledged securities and use the sale proceeds toward repayment of the financial accommodations. As proceeds from forced selling of pledged securities may not result in sufficient proceeds to cover the amount of margin loan outstanding, failure of a client to make up for such a shortfall could adversely affect the Group's businesses and financial performance. The Group's businesses and financial performance may also be adversely affected if any borrower fails to repay the amount owed to the Group.

All futures exchanges prescribe the minimum margin deposit for opening of each futures and option contract. Clients of the Group are required to maintain the minimum margin deposit with the Group from time to time as determined by such futures exchanges. When a client is unable to meet a margin call, the Group may close out the futures and/or option contract. In the event that the client's margin deposit with the Group is unable to cover the loss arising from closing out of the futures and/or option contract, the Group would be exposed to the risk of being unable to recover such shortfall, particularly in times of a volatile market.

Although the transactions are monitored by the Group's risk management team, the existing risk control measures may not be sufficient to prevent a client's default in repayment or its failure to provide additional collateral in the case of a loss in value especially during times of volatility.

The Group's businesses are highly regulated in the PRC and Hong Kong and is subject to regulatory and litigation risks which could have a material adverse effect on the Group's business, results of operations and financial condition.

Financial Services Regulation

As a participant in the financial services industry, the Group is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of intervention by regulatory authorities in the PRC and in Hong Kong. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. The Group possesses various licences from CSRC, the China Securities Finance Corporation Limited ("CSF") and the Securities and Futures Commission (the "SFC") of Hong Kong. It also obtained various approvals from the Shanghai Stock Exchange and the Shenzhen Stock Exchange to carry out margin trading and financing, securities lending and refinancing businesses. Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Group to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. The Group had received a warning letter from CSRC in June 2020 on its internal management and compliance. If the Group fails to comply with any regulatory requirements in the future, the Group and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, there is risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Group's businesses or those of its clients could be imposed, which may adversely affect the Group's ability to compete effectively with other institutions that are not affected in the same way.

Regulatory enquiries, investigations and proceedings

From time to time, market regulators (including the CSF) may conduct enquiries and investigations and require the Group's assistance in such enquiries and investigations. Depending on the facts and circumstances, a market regulator may or may not take further steps as a result of its enquiries and investigations (and whether such steps, if taken, would affect the Group's business operations and financial condition would be fact dependent). In Hong Kong, SFC enquiries and investigations are covered by statutory secrecy under the Securities and Futures Ordinance, so any disclosure of such enquiries and investigations would be very limited and be subject to the SFC's consent. Within the PRC, if regulatory investigation commences, the Issuer, as a listed company, will be required to disclose progress of such investigations promptly. As at the date of this Offering Circular, the Group is not the subject of any regulatory proceedings which could have a material and adverse effect on the Group's business, financial condition or results of operations.

Regulatory Requirements on Due Diligence

Changes in regulations relating to the due diligence process for primary offerings in capital markets, including but not limited to initial public offerings of shares could create more onerous obligations on the part of sponsors, bookrunners and other parties in the offering process, with an increased risk of non-compliance. The performance and prospects of the Group's corporate finance advisory business may be adversely affected if tighter due diligence requirements result in the non-compliance of such regulatory requirements by the Group. See “– *The Group faces risks associated with the underwriting or placement of securities offerings*”.

Regulatory Approval and Licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Group's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted. Similarly, the withdrawal of either a licence or an approval of one or more individuals would hinder their ability to perform their current role. This is particularly relevant to the Group's entrusted asset management business in the PRC and Hong Kong where registration and licensing requirements are subject to legislation and any amendments thereto from time to time. The carrying on of regulated activities by unauthorised persons could have a number of consequences including the possibility of agreements made in the course of carrying on such activities being unenforceable.

The Group may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Group will be able to effectively respond to any such changes and this may affect the Group's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Group, this may undermine the Group's expansion strategy and may have a material adverse effect upon the Group's business, results of operations and financial condition. Even if the Group could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Group. The Group is also subject to the requirements and standards set out by the various professional industry bodies of which it is a

member including the Asset Management Association of China (中國證券投資基金業協會). Compliance with the requirements of such self-regulating professional industry bodies may further increase the compliance costs of the Group.

If the Group fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Group's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Group may become subject to penalties including censure, reprimand and fines. In extreme cases, the Group may be prevented from conducting business in a normal manner and some or all of the Group's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Group's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

Limitations on access to liquidity could adversely affect the ability to implement the Group's expansion plans

The Group derives the funds that it requires for its business principally from cash flow from operations and borrowings from banks and other lenders and from accessing the capital markets. The ability of the Group to access debt funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. In recent years, global credit markets have tightened significantly with the failure or the nationalisation of a number of large financial institutions in Europe, the United States and other countries and global financial institutions are generally more cautious in lending funds to companies, and as a result, companies may face increased financing costs as they may only be able to procure funds from financial institutions with increased interest rates applied to their funds. Despite the tightening of the global credit market and the COVID-19 pandemic, the PRC's economy is gradually returning to normal. Monetary credit and social financing continue to grow steadily, and the line of credit granted to the Group by financial institutions has increased. While the Group has not experienced any material difficulty in procuring funds, there can be no assurance that the Group's existing major lenders will not change their lending policies, increase its funding costs or adopt a more cautious credit stance as a result of the overall economic climate, or any other factors that may limit the Group's ability to obtain credit on favourable terms or at all and its options for obtaining liquidity. If the Group's available funding is limited or it is forced to fund its operations at a higher cost, these conditions may require the Group to curtail its business activities and increase its cost of funding, both of which could reduce its profitability and competitiveness, as well as adversely affect its business, financial condition and results of operations.

The expansion of the Group's international business may not produce the intended results.

The Group conducts securities and futures contracts dealing and advisory, corporate finance advisory and asset management business in Hong Kong, primarily through Shanxi Securities International Financial Holdings Limited (山證國際金融控股有限公司) ("SSIF"), which is a qualified overseas investor and RMB qualified overseas investor recognised by CSRC. SSIF currently holds the type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) licences issued by the SFC in Hong Kong for these regulated activities and services (international clients). According to the Group's business strategies, the Group expects to further expand its international business to the Hong Kong and global market, which may expose the Group to additional risks, including:

- difficulties in managing cross-border operations, including complying with various regulatory and legal requirements of different jurisdictions, and obtaining approvals and necessary licences;
- challenges in providing products, services and support, in recruiting in these overseas markets, and in managing the sales channels and overseas distribution networks effectively;

- differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;
- inability to effectively enforce contractual or legal rights; and
- changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions.

If the Group is unable to effectively manage these risks, the Group's ability to expand its international business will be impaired, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group may need additional capital in the future, and there can be no assurance that it would be able to obtain such capital on acceptable terms or at all.

Uncertainties in the economic and business environment in the PRC, Hong Kong, Japan, the United States, United Kingdom and globally may result in a deterioration of the Group's capital position in the case of a worsening macroeconomic climate. The Group may experience a deterioration of asset quality and decrease in market value of securities investments. If the Group's future operating income becomes insufficient to meet provisioning requirements, its capital will be eroded, and the Group may be required to obtain new capital. A requirement to increase significantly the level of the Group's provisions would adversely affect its financial condition, results of operations and capital position. In addition, in order for the Group to grow, remain competitive, enter new businesses or expand its base of operations, the Group may require new capital. There can be no assurance that the Group will be able to obtain additional capital in a timely manner, on acceptable terms or at all.

The Group may be subject to claims of mis-selling.

The Group offers a number of financial products directly to corporate and institutional investors and to private investors through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Group on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Group guiding employees on the appropriate selling procedures, the Group may have rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Group. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Group.

A failure to identify and address conflicts of interest appropriately could adversely affect the Group's business.

As the Group continues to expand its business scope and client base, it is critical for the Group to be able to properly identify and address potential conflicts of interest, including situations where two or more interests within the Group's business legitimately exist but are in competition or conflict. Appropriately identifying and dealing with potential conflicts of interest is difficult. Any failure to manage conflicts of interest could harm the Group's reputation and erode client confidence in the Group. In addition, potential or perceived conflicts of interest may also give rise to litigation or regulatory measures. Any of the foregoing could adversely affect the Group's business, financial condition and results of operations.

The Group's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate.

The Group has established effective risk management control systems which are at the same time in line with the internal control requirements of Shanxi Financial Investment Holding Group Co., Ltd. (山西金融投資控股集團有限公司) ("Shanxi Financial Holding"), which is wholly controlled by Shanxi Department of Finance (山西省財政廳). Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Group's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Group's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Group or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Group.

The performance of the Group's businesses depends heavily on its ability to process transactions efficiently and accurately. The Group's ability to develop business systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Group, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Group's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language and configuration by its employees, system providers and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, threats, sabotage, vandalism and similar misconduct. The same is true of third-party service providers and software providers on which the Group depend.

The Group routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Group's efforts to ensure that these third parties have appropriate controls in place may not be successful.

In addition, the Group has developed an advanced electronic trading platform (匯通啟富網上交易金融終端) (“**E-Trading Platform**”) for its clients in relation to certain services such as securities trading and account opening. Usage of the Group’s E-Trading Platform services may be adversely affected for a number of reasons, such as unavailability of high-speed access to the internet and telecommunication services. To the extent that the Group’s e-platform activities involve the storage and transmission of confidential information, security breaches could expose the Group to possible liability and damage the Group’s reputation. The Group’s networks may be vulnerable to unauthorised access, computer viruses, threats and other disruptive problems. Costs incurred in rectifying any of such disruptive problems may be high and may adversely affect the Group’s financial condition and results of operations. Concerns regarding security risks may deter the Group’s existing and potential clients from using its E-Trading Platform services. Eliminating computer viruses, threats and alleviating other security problems may result in interruptions, delays or termination of service to users accessing the Group’s E-Trading Platform services. The Group’s inability to sustain a high volume of traffic may materially and adversely affect the success and effectiveness of the Group’s E-Trading Platform platform. Although the Group believes it has well defined measures and procedures in place to mitigate security risks, there can be no assurance that it will not suffer material losses from security risks in the future.

If any of the above risks materialise, the interruption to or failure of the Group’s information technology and other systems could impair the Group’s ability to provide its services effectively causing direct financial loss and may compromise the Group’s strategic initiatives.

In addition, it could damage the Group’s reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Group’s ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Group’s litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database and/or data would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Group’s business, operations and financial situation and may damage its reputation and brand.

The occurrence of contagious diseases (including COVID-19) could affect the Group’s business, financial condition or results of operations

The outbreak of SARS that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS or of another highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group’s business operations and consequently have an adverse effect on the financial condition and results of operations of the Group.

There have been sporadic outbreaks of the H5N1 virus or “Avian Influenza” among birds and in particular poultry, as well as some isolated cases of transmission of the virus to humans. There have also been outbreaks among humans of the influenza A/H1N1 virus globally. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. To date, there have been a large number of confirmed cases of influenza A/H1N1 globally. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus (“**MERS**”) has affected several countries, primarily in the Middle East. Concerns about the spread of the H7N9 strain of flu (Avian Flu) in the PRC and outbreaks of the H1N1 virus (Swine Flu) in North America, Europe and Asia in the past have caused governments to take measures to prevent spread of the virus. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect PRC and other economies.

Since December 2019, there has also been an outbreak of COVID-19 in the major cities of the world. The World Health Organisation has declared the outbreak as a pandemic on 11 March 2020, given its spread across multiple countries in Asia, Europe, the Americas and the Middle East. This has resulted in restrictions on travel and public transport, and prolonged closures of workplaces. Despite vaccines being rolled out in late 2020, the effectiveness of such vaccines remains to be seen and new strains of COVID-19 have emerged in countries such as the United Kingdom and South Africa. Recently, the COVID-19 situation has since been relatively under control within the PRC, including within the Shanxi province, with only occasional outbreaks and spikes, where the local PRC government responds promptly with restrictions.

In addition, the outbreak of COVID-19 has also resulted in a significant amount of volatility in the global financial markets, including equity, credit, commodities and foreign exchange markets, which, in turn, has had a negative impact on investor confidence and sentiment globally. Apart from the volatility in the financial markets, the outbreak of COVID-19 has also caused, and may in the future continue to cause, interruptions to the Group's business operations as a result of the heightened measures in quarantines and restrictions on travel imposed by the governments in different parts of the world. The Group is also similarly affected by these policies, and has had to tighten its business contingency plans addressing all possible scenarios in order to ensure that critical business activities and service level to clients can be carried out and adhered to in the event of an outbreak in the proximity of the Group's business operating premises. The Group is monitoring the ongoing outbreak of COVID-19 carefully as it evolves to understand the potential impact on its people and businesses. However, given the rapidly evolving situation, as at the date of this Offering Circular, the Group is unable to assess accurately the impact of the COVID-19 outbreak on its business operations and financial condition.

Past occurrences of epidemics such as SARS have caused different degrees of damage to the national and local economies in the PRC. There can be no assurance that there will not be a serious outbreak or recurrence of an outbreak of influenza A/H1N1, MERS, COVID-19 or another contagious disease in the PRC or Hong Kong in the future. If such an outbreak were to occur, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Group's control could affect the Group's business and might result in substantial costs.

The Group's business is subject to general, social and political conditions. The Group's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Group's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one), acts of God and other disasters that are beyond the Group's control may materially and adversely affect the economy and infrastructure. The Group's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Group's control, and there is no assurance that another outbreak of severe acute respiratory syndrome, H1N1 swine influenza, Ebola virus disease, Middle East respiratory syndrome, Zika virus disease or COVID-19 will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in the PRC or Hong Kong or globally may materially and adversely affect the business, financial condition and operating results of the Group.

Acts of war and terrorism may cause damage or disruption to the Group or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Group's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that cannot be accurately predicted.

The Group may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and any other jurisdictions in which it operates. These laws and regulations require the Group, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent the Group may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Group reports have the power and authority to impose fines and other penalties on the Group, which may adversely affect its business.

The Group's operations are dependent upon the services of its executive directors and key management personnel.

The Group relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Group's success is dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees. The Group must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Group's business, financial condition or results of operations.

The Group's investment consultants and professionals are critical to its ability to attract and retain customers.

Hiring and retaining highly skilled professionals is critical to the Group's ability to attract and retain customers. The market for asset management and other professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Group endeavours to provide its employees with competitive compensation and benefits. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Group's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Group.

The Group acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Group using personal and financial information of the Group's customers that the Group provides to them. In particular, as the Group relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised.

Various laws, regulations and rules require the Group to protect the personal data and confidential information of its customers. The relevant authorities may issue sanctions or orders against the Group if it fails to protect the personal information of its customers, and it may have to provide compensation for economic loss arising from its failure to protect the personal information of its customers in accordance with relevant laws and regulations. Incidents of mishandling the personal information or failure to protect the confidential information of its customers could create a negative public or customer perception of its operations or its brand name. The Group takes precautionary measures to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the applicable data privacy laws, harming the Group's reputation and business, which may materially and adversely affect its reputation and prospects.

The Group may not be able to prevent or detect fraud or other misconduct committed by its employees, agents, customers or other third parties.

The Group is exposed to fraud or other misconduct committed by its employees, agents, customers or other third parties that could subject the Group to financial losses and regulatory sanctions, and adversely affect the Group's reputation.

In particular, employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Group's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Group's reputation and business, particularly since many of the Group's employees are involved in direct dealing with customers. Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Group's internal control policies.

The Group has a robust and solid framework intended to reduce the risk of misconduct and outside parties' misconduct and fraud. However, the Group may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of fraud or misconduct in the future could have consequences that materially and adversely affect the Group's business, reputation and prospects.

The risk of an unfavourable outcome to litigation against the Group could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to legal and compliance risks.

Legal risks arise from a variety of sources with the potential to cause harm to the Group and its ability to operate. Issues such as ethics, anti-money laundering laws or regulations, privacy laws, information security policies, sales and trading practices and conduct by companies with which it is associated

require the Group to deal appropriately with potential conflicts of interest as well as legal and regulatory requirements. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Group, with an increase in the number of litigation claims and the amount of damages asserted against the Group, or subject the Group to regulatory enforcement actions, fines, or penalties or reputational damage.

Potential claims and liabilities in relation to information retrieved from the Group's website.

As the Group's website may involve the displaying of or hyperlinking to information from other websites, there is a risk that claims may be made against the Group for defamation, negligence, copyright or trademark infringement or other claims related to the nature and content of such materials. The Group has published disclaimers in prominent areas to discharge its liability arising from content provided by third parties. No claims were ever made against the Group for defamation, negligence, copyright or trademark infringement or other claims related to the nature and content of such materials during the years ended 31 December 2018, 2019 and 2020. However, legal action may still be taken against the Group in respect of any such liability. Any imposition of liability could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Issuer has published and may continue to publish periodical financial information pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Issuer's equity securities are listed on the Shenzhen Stock Exchange. According to applicable securities regulations, the Issuer publishes its preliminary annual financial information to satisfy its continuing disclosure obligations relating to its listed securities. The preliminary annual financial information published by the Issuer is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, the preliminary annual financial information published should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited annual financial statements. The Issuer is not responsible to holders of the Bonds for the preliminary annual financial information from time to time published and therefore investors should not place any reliance on any such preliminary financial information.

RISKS RELATING TO THE PRC

The PRC Government (including the Shanxi provincial government, the Shanxi Department of Finance and other state-owned entities) has no legal obligations under the Bonds.

The PRC Government (including the Shanxi provincial government, the Shanxi Department of Finance and other state-owned entities) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. Bondholders shall have no recourse to the PRC Government in respect of any obligation arising out of or in connection with the Bonds in lieu of the Issuer.

The Shanxi Department of Finance, as an ultimate controlling shareholder of the Issuer, only has limited liability in the form of its equity contribution in the Issuer. As such, the Shanxi Department of Finance has no payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. This position has been reinforced by the Opinions of the State Council on Strengthening the Management of Local Government Debts (國務院關於加強地方政府性債務管理的意見) (the “**State Council Opinion**”) promulgated on 21 September 2014 and which took effect on the same day, the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) (the “**MOF Circular**”) promulgated on 28 March 2018 and took effect on the same day, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign

Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知)(the “**Joint Circular**”) promulgated on 11 May 2018 and which took effect on the same day, and the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知)(“**Circular 666**”) promulgated on 6 June 2019 and which took effect on the same day.

Investors should base their investment decision on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds based on the Group’s own financial information reflected in its financial statements.

PRC economic, political and social conditions, as well as government policies, could affect the Group’s results of operation, financial condition and prospects.

The Group’s business, financial operation, results of operations, and prospects will be subject to the economic, political and legal developments of the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to its political structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been in transition from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group’s operations and business development. A large portion of productive assets in the PRC remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms, or that any such reforms will not have an adverse effect on the Group’s business.

The Group’s business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group’s business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

However, the PRC government retains the power to implement macroeconomic policies affecting the PRC economy, and has previously implemented measures to slow the pace of growth of the PRC economy, including raising interest rates and issuing administrative guidelines to control lending to certain industries. Despite these measures with the intention of increasing investor confidence in the PRC economy, there can be no assurance that such measures will be effective. There can be no

assurance that the PRC government will not implement any reforms which may conflict with such targeted growth. The Group's business, financial condition and results of operations could be adversely affected by the PRC government's inability to effect timely economic reforms. Additionally, the risk remains that the global economy, including the PRC economy, may suffer a recession and the PRC government may have to readjust its macroeconomic control measures accordingly, causing the growth or demand for the Group's products to slow down and adversely impacting the Group's, business, financial condition and results of operations.

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

Substantially all of the Group's businesses, assets and operations are located in the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Group's business, prospects, financial condition and results of operations.

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In 2015, the PRC government adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 6.8 per cent. in 2017, and it further decreased to 6.6 per cent. in 2018 on a year-on-year basis, representing the slowest growth in the past 28 years.

Any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, decrease the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, any of which may result in a material adverse effect on the Group's business, results of operations and financial condition. The future performance of the PRC economy is not only affected by the economic and monetary policies of the PRC government, but is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. Please see "*– Risks Relating to the Group's Business – The Group's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by macroeconomic and political risks*". for further information. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.

A number of the Group's members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions. In addition, any control which the Group has over any PRC entities within the Group and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other developed jurisdictions.

Uncertainty with respect to the PRC legal system could affect the Group.

The Group's core business is conducted in the PRC and most of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, China has not developed a fully integrated legal system and the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, as these laws and regulations are still evolving, in view of how the PRC's financial industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to other more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to Bondholders.

As a result of these uncertainties with respect to the PRC legal system, lack of uniform interpretation and effective enforcement, the Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors, and can adversely affect the value of their investment.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them, and, therefore, none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, advisers, officers, agents or affiliates or any person who controls any of them makes any representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated

or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

Government control of currency conversion may adversely affect the value of Bondholders' investments. Most of the Group's revenue is denominated in Renminbi, which is also its reporting currency.

Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies, particularly U.S. dollars, in order to meet its foreign currency needs, including cash payments on declared dividends, if any, on its Bonds. Currently, Renminbi still cannot be freely exchanged into any foreign currencies, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, the Group will have sufficient foreign currencies to meet the Group's demand for foreign currencies. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE. If the Group fails to obtain approval from SAFE to exchange Renminbi into any foreign currencies for any purposes, the Group's capital expenditure plans, and even the Group's businesses, operating results and financial condition, may be materially and adversely affected.

RISKS RELATING TO THE BONDS

Any failure to complete the relevant filings under the NDRC Circular and the relevant registration with SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the Bondholders.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 4 March 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to file or cause to be filed with the NDRC the particulars of the issue of the Bonds within the prescribed period after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》)(the “**Foreign Debt Registration Measures**”) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete the foreign debt registration in respect of the issue of the Bonds with the relevant local branch of SAFE within stipulated period in accordance with the Operation Guidelines for Administration of Foreign Debt Registration (《外債登記管理操作指引》), the Foreign Debt Registration Measures, the Circular of the PBOC on Matters Concerning the Macro Prudential Management of Full-Covered Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》)(the “**Cross Border Financing Circular**”), the SAFE Operational Guideline on Capital Account (2020)(《資本項目外匯業務操作指引》(2020)), and other applicable PRC laws, regulations and rules. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable under the PRC laws and it may be difficult for Bondholders to recover

amounts due from the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (《外匯管理條例》) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (《外債管理暫行辦法》) promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions of the Bonds, the Issuer has undertaken to register the Bonds with SAFE (the “**Foreign Debt Registration**”) within the prescribed period after the Issue Date, and use its best endeavours to complete the Foreign Debt Registration on or before the Registration Deadline. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected. The Issuer has already consulted with local SAFE branch in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer’s existing and future subsidiaries and effectively subordinated to the Issuer’s secured debt to the extent of the value of the collateral securing such indebtedness.

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer’s existing or future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Issuer’s subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer’s subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer’s right to receive assets of any of the Issuer’s subsidiaries, respectively, upon that subsidiary’s liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary’s creditors (except to the extent that the Issuer is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

The Bonds are the Issuer’s unsecured obligations and will (i) rank at least equally in right of payment with all the Issuer’s other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer’s present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer’s present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer’s bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer’s other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, their repayment may be compromised if:

- the Issuer enters into bankruptcy, liquidation, re-organisation or other winding-up proceedings;
- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as standalone investments but rather purchase such complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved or, even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. The Joint Lead Managers are not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a

developed secondary market. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. In addition, one or more initial investors in the Bonds may purchase a significant portion of the aggregate principal amount of the Bonds pursuant to the offering. The existence of any such significant Bondholder(s) may reduce the liquidity of the Bonds in the secondary trading market.

Accordingly, there can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and global economic downturn. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issues in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility, such as that caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Euro-zone and the United Kingdom formally notifying the European Council of its desire to withdraw from the European Union following the referendum in the United Kingdom on 23 June 2016 (and on 31 January 2020, the United Kingdom's membership of the European Union formally ended), and recent US-China trade tensions. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable entities, changes in government regulations and changes thereof applicable to the industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Investment in the Bonds is subject to exchange rate risks.

Investors in the Bonds may be subject to foreign exchange risks. The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds,

due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rate and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Bonds will be issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be issued) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

The insolvency laws of the PRC may differ from those of another jurisdiction with which the Bondholders are familiar.

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

Gains on the transfer of the Bonds may become subject to income taxes under PRC tax laws and Value-added Tax.

Under the PRC Enterprise Income Tax Law which took effect on 1 January 2008 and was later amended on 24 February 2017 and 29 December 2018, and its implementation rules which took effect on 1 January 2008 and were later amended on 23 April 2019, any gain realised on the transfer of the Bonds by non-resident enterprise holders may be subject to enterprise income tax if such gain is regarded as income derived from sources within the PRC. However, there remains uncertainty as to whether the gain realised from the transfer of the Bonds would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong for the avoidance of double taxation, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Bonds.

Therefore, if non-resident enterprise holders are required to pay PRC income tax on gains on the transfer of the Bonds (such enterprise income tax is currently levied at the rate of 10 per cent. of the gross proceeds, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-resident enterprise holders of the Bonds reside that reduces or exempts the relevant tax), the value of their investment in the Bonds may be materially and adversely affected.

On 23 March 2016, the MOF and the State Administration of Taxation (“SAT”) issued the Circular of Full Implementation of Business Tax to VAT Reform (Caishui [2016] No. 36) (“Circular 36”). According to the Tentative Regulations on the Value-added Tax of the PRC which was introduced by the State Council on 13 December 1993 and amended by the State Council on 10 November 2008, 6 February 2016 and 19 November 2017 and Circular 36, the entities and individuals providing the services within China shall be subject to VAT. Services are treated as being provided within China where either the service provider or the service recipient is located in China; however, where the services are provided by offshore entities or individuals to onshore entities or individuals and such services take place solely outside the PRC, they should not be deemed as services provided within the territory of China. Services subject to VAT include the provision of financial services, such as the provision of loans. It is further clarified under Circular 36 that the definition “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as a provision of loans by the holders of the Bonds to the Issuer.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to another entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically the VAT prescribed under Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

There is uncertainty as to the application of Circular 36 and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority.

A change in English law which governs the Bonds may adversely affect Bondholders.

The Terms and Conditions will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change in English law or administrative practice after the date of issue of the Bonds.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer’s debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer’s assets and cash flows would be sufficient to repay all of the Issuer’s indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

Certain facts and statistics are derived from publications not independently verified by the Group or the Joint Lead Managers.

Facts and statistics in this Offering Circular relating to global economy and the relevant industry are derived from publicly available sources. While the Issuer has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by any of the Issuer, the Joint Lead Managers, the Trustee and the Agents (or any

of their respective directors, officers, employees, affiliates, advisers or agents) and, therefore, neither the Issuer nor such parties make any representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, the Issuer cannot assure investors that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.

The Bonds will initially be represented by beneficial interests in a Global Certificate. The Global Certificate will be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Modifications and waivers may be made in respect of the Terms and Conditions and the Trust Deed by the Trustee or less than all of the Bondholders, and decisions may be made on behalf of all Bondholders that may be adverse to the interests of individual Bondholders.

The Terms and Conditions will contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Terms and Conditions will also provide that the Trustee may, without the consent of the Bondholders, agree (i) to any modification of the Trust Deed and/or the Terms and Conditions (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of the Bondholders and (ii) to any modification of the Bonds or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds or the Trust Deed (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including, without limitation, giving notice to the Issuer pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of any steps and/or actions and/or the instituting of any proceedings pursuant to Condition 14 (*Enforcement*) of the Terms and Conditions, the Trustee may, at its sole discretion, request the Bondholders to provide an indemnity and/or security and/

or prefunding to its satisfaction before it takes any steps and/or actions and/or institutes proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or to institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or to institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws or regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or institute such proceedings directly.

The Group may issue additional securities or raise additional capital in the future.

The Issuer may, from time to time, and without the consent of the Bondholders create and issue further securities. Please see Condition 13 (*Further Issues*) of the Terms and Conditions. The Group may raise additional capital through such means and in such manner as the Group may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of a change in or amendment to tax laws or regulations, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions. If the Issuer redeems the Bonds prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds. On the Maturity Date or if any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in any such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions and the transaction documents will be governed by English law, whereas parties to these documents will submit to the exclusive jurisdiction of the Hong Kong courts.

The Issuer and a number of the Issuer's subsidiaries are incorporated in the PRC. Almost all of the Issuer's assets are located in the PRC and a small portion are located in Hong Kong. In addition, all of the Issuer's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to

effect service of process outside the PRC upon most of the Issuer's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排)(the “**Arrangement**”), which is still in full force and effect as of the date of this Offering Circular and will be replaced by and become invalid when the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the “**New Arrangement**”), which was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply. Under the Arrangement, where any designated People's Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Arrangement are limited and the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Issuer, any of their respective directors, supervisors or senior management in the PRC.

TERMS AND CONDITIONS OF THE BONDS

The following, save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds substantially in the form they will be endorsed on the definitive certificates and referred to in the Global Certificate.

The issue of the U.S.\$200,000,000 in aggregate principal amount of 3.40 per cent. bonds due 2024 (the “**Bonds**” which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Shanxi Securities Co., Ltd. (山西證券股份有限公司)(the “**Issuer**”) passed on 11 March 2020 and a resolution of the shareholders of the Issuer on 30 March 2020. The Bonds are constituted by a Trust Deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 4 May 2021 (the “**Issue Date**”) between the Issuer, and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated 4 May 2021 between the Issuer, the Trustee, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”), The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”) and other agents named therein. References herein to “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders at all reasonable times during usual business hours (being between 9.00 a.m. and 3.00 p.m., London time) at the principal place of business of the Trustee (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office for the time being of the Principal Paying Agent following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent.

All capitalised terms that are not defined in these terms and conditions (the “**Conditions**”) will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Bonds are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Bonds by the same holder. Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 2. The holder (as defined below) of any Bond will (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” or, in relation to a Bond, “**holder**” means the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV*

(“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) The Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2 Transfers of Bonds

(a) Register

The Issuer will cause the register (the “**Register**”) to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 2(e) and 2(f), a Bond may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. No transfer of title to a Bond will be valid or effective unless and until entered on the Register.

In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed, within seven business days of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the original Certificate, by uninsured post (and by airmail if overseas) at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c) and in Condition 2(e), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant holder of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of fifteen days ending on (and including) the due date for redemption for any payment of principal or premium (if any) in respect of that Bond, (ii) during the period of fifteen days ending on (and including) any Record Date (as defined in Condition 7(a)), (iii) during the period of fifteen days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b) or (iv) after such Bond has been called for redemption pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be mailed (free of charge to the Bondholders and at the Issuer’s expense) by the Registrar to any Bondholder following written request and proof of holding and identity satisfactory to the Registrar.

3 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 Covenants

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any Security Interest (other than any Permitted Security Interest), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Undertakings relating to the Post-Issuance Filing

The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進

企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and effective as of 14 September 2015 (the “**Post-Issuance Filing**”) and (ii) comply with all applicable PRC laws, rules and regulations in connection with Post-Issuance Filing (including, but not limited to, any rules issued by the NDRC from time to time).

(c) Undertakings in relation to Foreign Debt Registration and applicable PRC laws

The Issuer undertakes that it will (i) within the prescribed period after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 (“**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline, (iii) if applicable, as soon as practicable, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People’s Bank of China on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(the “**PBOC Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Foreign Debt Registration and any implementing measures promulgated thereunder from time to time.

(d) Notification of Completion of the Foreign Debt Registration and the Post-Issuance Filing

The Issuer shall within ten Registration Business Days after the later of the submission of the Post-Issuance Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the completion of the Post-Issuance Filing and the Foreign Debt Registration; and (ii) copies of the relevant documents evidencing the Post-Issuance Filing (if any) and the Foreign Debt Registration, each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original; (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Post-Issuance Filing and the Foreign Debt Registration).

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with (i) a Compliance Certificate (on which the Trustee may rely conclusively and without liability as to such compliance) and a copy of the relevant Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (audited by a nationally or internationally recognised firm of independent accountants); and (ii) a copy of the Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports; *provided that*, if at any time the capital stock of the Issuer is listed for trading at a recognised stock exchange, the Issuer may deliver to the Trustee, as soon as they are available but in any event not more than 21 days after any financial or other reports are filed with such exchange, a copy of such report in lieu of the Audited Financial Reports or Unaudited Financial Reports identified in this Condition 4(e).

If any of the Audited Financial Reports, Unaudited Financial Reports or financial or other reports provided to the Trustee by the Issuer pursuant to this Condition 4(e) shall be in the Chinese language, the Issuer shall at the same time provide to the Trustee an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a

nationally or internationally recognised firm of independent accountants, together in either case with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively and without liability to any Bondholder, the Issuer or any other person on any such translation).

(f) Definitions:

In these Conditions:

“Audited Financial Reports” means, for a Relevant Period, the annual audited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer together with any statements, reports (including any auditors’ reports) and notes attached to or intended to be read with any of them;

“Authorised Signatory” has the meaning given to it in the Trust Deed;

“Compliance Certificate” means a certificate of the Issuer in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) the Issuer has complied with all its obligations under the Trust Deed and the Bonds or, if non-compliance had occurred, giving details of it;

“Group” means the Issuer and its Subsidiaries;

“NDRC” means the National Development and Reform Commission of the PRC or its local counterparts;

“Permitted Security Interest” means:

- (i) any Security Interest either over any asset acquired after the Issue Date which is in existence at the time of such acquisition or in respect of the obligations of any Person which becomes the Issuer’s Subsidiary after the Issue Date which is in existence at the date on which it becomes the Issuer’s Subsidiary and in both cases any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the indebtedness originally secured; provided that any such Security Interest was not incurred in anticipation of such acquisition or of such company becoming the Issuer’s Subsidiary; and
- (ii) any Security Interest on any property or asset of the Issuer or any Subsidiary of the Issuer which is created pursuant to any securitisation, repackaging or like arrangement in accordance with ordinary course of business, provided that any such Security Interest is not created for the purpose of raising capital;

“person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**PRC**” means the People’s Republic of China, which shall for the purpose of these Conditions only, exclude the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing, PRC;

“**Registration Deadline**” means the day falling 150 Registration Business Days after the Issue Date;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

“**Relevant Period**” means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer’s financial year (being 31 December of that financial year); (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer’s first half financial year (being 30 June of that financial year);

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local branches;

“**Subsidiary**” of any person means (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

“**Unaudited Financial Reports**” means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer together with any statements, reports (including auditors’ review reports, if any) and notes attached to or intended to be read with any of them, if any.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including 4 May 2021 at the rate of 3.40 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$17.00 per Calculation Amount (as defined below) on 4 May and 4 November in each year (each, an “**Interest Payment Date**”) commencing on 4 November 2021.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **“Interest Period”**.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the **“Calculation Amount”**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

6 Redemption and Purchase

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 4 May 2024 (the **“Maturity Date”**). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a **“Tax Redemption Notice”**) to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 April 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate signed by any Authorised Signatory of the Issuer stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer taking reasonable measures available to it and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a

result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right (the “**Relevant Event Put Right**”), at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with interest accrued up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a “**Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The “**Put Settlement Date**” shall be the fourteenth day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to the Bondholders (in accordance with Condition 16) and the Trustee by not later than 14 days (in the case of a redemption for a Change of Control) or five PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

Neither the Trustee nor the Agents shall be required to monitor whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and none of them shall be liable to any Bondholders or any other person for not doing so.

For the purposes of these Conditions:

a “**Change of Control**” occurs when:

- (i) Shanxi Provincial Department of Finance (山西省財政廳) ceases to be the single largest shareholder of the Issuer; or
- (ii) Shanxi Provincial Department of Finance (山西省財政廳) ceases to have the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or

- (iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any Person other than Shanxi Provincial Department of Finance (山西省財政廳), unless the consolidation, merger, sale or transfer will not result in the Issuer or the successor entity, as the case may be, ceasing to be Controlled by the Shanxi Provincial Government or the PRC Government;

“**Control**” means, with respect to a Person, either (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, or (ii) the right to appoint and/or remove all or the majority of the members of the Person’s board of directors or other governing body, whether obtained directly or indirectly and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and the term “**Controlled**” has a meaning correlative to the foregoing;

a “**No Registration Event**” occurs when the Registration Documents are not delivered to the Trustee on or before the Registration Deadline;

a “**Person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity);

“**PRC Government**” means (i) the government of the PRC; or (ii) the Persons Controlled by the government of the PRC;

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents; and

a “**Relevant Event**” means a Change of Control or a No Registration Event.

(d) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice, and none of them shall be liable to Bondholders, the Issuer or any other person for not doing so.

(e) Purchase

The Issuer and any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding (as defined in the Trust Deed) *inter alia* for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 14.

(f) Cancellation

All Certificates representing Bonds purchased by or on behalf of the Issuer and its Subsidiaries may be held, resold or surrendered to the Registrar for cancellation. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7 Payments

(a) Method of Payment

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent or, if no further payment falls to be made in respect of the Bonds represented by such Certificates, of the Registrar) in the manner provided in Condition 7(a)(ii).
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by transfer to the registered account of the holder (or to the first named of joint holders) of such Bond.
- (iii) For the purposes of this Condition 7, a Bondholder’s “**registered account**” means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of principal and premium and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Record Date, and a Bondholder’s registered address means its address appearing on the Register at that time.
- (iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream, or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreement thereunder, any official interpretations thereof, or (without prejudice to provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) Payment Initiation

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Paying Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar which will maintain a Register outside the United Kingdom and (iii) a Transfer Agent, in each case, as approved by the Trustee.

Notice of any such termination or appointment or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

(e) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) Non-Payment Business Days

If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in London, New York City and the place in which the specified office of the Principal Paying Agent is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of set-off or counterclaim and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 27 April 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (a) *Other Connection:* to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or
- (b) *Surrender More Than 30 Days after the Relevant Date:* in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with accrued interest.

An “**Event of Default**” occurs if:

- (a) *Non-Payment*: there has been a failure to pay the: (i) principal of any of the Bonds when due; or (ii) interest on any of the Bonds when due and such failure, in the case of (ii) only, continues for a period of 14 days; or
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of their respective other obligations under the Bonds (other than where it gives rise to a redemption pursuant to Condition 6(c)), or the Trust Deed and such default (i) is in the opinion of the Trustee incapable of remedy, or (ii) being a default which in the opinion of the Trustee is capable of remedy, remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross Acceleration*: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent in other currencies (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); or
- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or
- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Principal Subsidiaries in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 60 days; or
- (f) *Insolvency*: the Issuer or any of the Issuer’s Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of the Issuer’s Principal Subsidiaries; or
- (g) *Winding-up*: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of the Issuer’s Principal Subsidiaries, or the Issuer or any of the Issuer’s Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except: (i) for the purpose of and followed by a solvent winding up, dissolution reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or

otherwise vested in the Issuer or another of its Subsidiaries or (ii) a disposal of a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal is vested in the Issuer or its Subsidiaries in any combination; or

- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (i) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, or the Trust Deed; or
- (j) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 9(d) to 9(g) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries, taken as a whole; or
- (ii) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement is at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of net profit of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (iv) to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (A) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (B) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i) or (ii) or (iii) above of this definition;

provided that, in relation to paragraphs (i) or (ii) or (iii) above of this definition:

- (a) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the

calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

- (b) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (c) if at any relevant time in relation to any subsidiary, no accounts are audited, its net profit, total revenue or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (a) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate in English signed by an Authorised Signatory stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

10 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting

includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 6(b) or 6(c), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

The Trust Deed provides that so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or any other clearing system, a resolution passed by Electronic Consent (as defined in the Trust Deed) shall be as valid and effective as a duly passed Extraordinary Resolution.

In the event of the passing of an Extraordinary Resolution, the Issuer will as soon as practicable notify the Bondholders thereof in accordance with Condition 16.

(b) *Modification of the Conditions, Trust Deed and Agency Agreement*

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

(c) *Entitlement of the Trustee*

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for (i) submission of the

Post-Issuance Filing, (ii) making and completing the Foreign Debt Registration and (iii) making any filing with SAFE pursuant to the PBOC Circular (if applicable)) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 13. Any further bonds consolidated and forming a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

14 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice to the Issuer or any other person, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

Under the Trust Deed, the Trustee is entitled to be indemnified, secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the holders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may rely conclusively and without liability to Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or any advice or opinion of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer and the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on its part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default or a Potential Event of Default has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or as otherwise provided for in the Trust Deed and/or these Conditions.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and/or any of its Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16 Notices

Notices to the holders of Bonds shall be mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Until such time as any definitive certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the Bondholders shall (notwithstanding the provisions of the Conditions) be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

Save as contemplated in and without prejudice to the rights of the Bondholders provided in Condition 14, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

18 Governing Law and Jurisdiction

(a) Governing Law

The Bonds, the Agency Agreement and the Trust Deed, and any non-contractual obligations arising out of or in connection with them, are all governed by and shall be construed in accordance with English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Agency Agreement or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Agency Agreement or the Trust Deed (“**Proceedings**”) may be brought in such courts. The Issuer has irrevocably submitted to the jurisdiction of such courts.

(c) *Service of Process*

Pursuant to the Trust Deed, the Issuer has irrevocably appointed Shanxi Securities International Financial Holdings Limited (山證國際金融控股有限公司)(currently at Unit A, 29/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong) to receive service of process in any Proceedings in Hong Kong based on the Bonds and the Trust Deed.

(d) *Waiver of Immunity*

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate for the Bonds contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions.

The Bonds will be issued in registered form and represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay the amount payable under the Terms and Conditions of the Bonds represented by the Global Certificate to the Bondholders in such circumstances as the same may become payable in accordance with the Terms and Conditions of the Bonds.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, the Issuer will promise, *inter alia*, to pay interest in respect of the Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment will be made to, or to the order of, the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Bonds are held (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

The Bondholder’s redemption option in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions may be exercised by the holder of this Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in that Condition. The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by that Condition.

Transfers of the beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by or on behalf of the Issuer or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in Schedule A of the Global Certificate.

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.\$200,000,000. After deducting selling commissions to be charged by the Joint Lead Managers and other estimated expenses to be payable by the Issuer relating to the offering of the Bonds, the net proceeds will be used for general corporate funding purposes, including refinancing offshore indebtedness, of its offshore subsidiaries.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's consolidated capitalisation and indebtedness as at 31 December 2020 and as adjusted to give effect to the issue of the Bonds offered hereby before the deduction of management and underwriting commission and expenses. This table should be read in conjunction with the Issuer's audited consolidated financial statements as at 31 December 2020 and the accompanying notes, which are included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted	
	(RMB thousands)	(U.S.\$ thousands) ⁽¹⁾	(RMB thousands)	(U.S.\$ thousands) ⁽¹⁾
Debt				
Bonds to be issued	—	—	1,305,000.0	200,000.0
Short-term loans	224,453.1	34,398.9	224,453.1	34,398.9
Short-term debt securities issued	5,520,485.8	846,051.5	5,520,485.8	846,051.5
Long-term debt securities issued	7,654,291.2	1,173,071.4	7,654,291.2	1,173,071.4
Total debt	13,399,230.1	2,053,521.8	14,704,230.1	2,253,521.8
Equity				
Share Capital	3,589,771.5	550,156.6	3,589,771.5	550,156.6
Capital reserve	9,723,419.4	1,490,179.2	9,723,419.4	1,490,179.2
Other comprehensive income	(41,830.6)	(6,410.8)	(41,830.6)	(6,410.8)
Surplus reserve	650,431.6	99,683.0	650,431.6	99,683.0
General risk reserve	730,222.5	111,911.5	730,222.5	111,911.5
Trading risk reserve	696,137.1	106,687.7	696,137.1	106,687.7
Retained earnings	1,557,284.5	238,664.3	1,557,284.5	238,664.3
Non-controlling interests	546,007.5	83,679.3	546,007.5	83,679.3
Total equity	17,451,443.5	2,674,550.8	17,451,443.5	2,674,550.8
Total capitalisation⁽²⁾	30,850,673.6	4,728,072.6	32,155,673.6	4,928,072.6

⁽¹⁾ Translations of RMB amounts to U.S. dollars or U.S. dollar amounts to RMB (as the case may be) were made at a rate of RMB6.5250 to U.S.\$1.00, the exchange rate as at 31 December 2020 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States.

⁽²⁾ Total capitalisation equals the sum of total debt and total equity.

Save as disclosed in this Offering Circular, there has been no material adverse change to the consolidated capitalisation and indebtedness of the Issuer since 31 December 2020.

EXCHANGE RATES

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including U.S. dollars, has been based on rates set by PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made and in the future may make further adjustments to the exchange rate system. PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against Renminbi at 9:15 AM each business day. This rate is set as the central parity for the trading against Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows Renminbi to fluctuate against U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. On 19 June 2010, PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and the band was expanded to 1.0 per cent. on 16 April 2012 and it was further expanded to 2.0 per cent. on 17 March 2014. On 11 August 2015, PBOC announced that the exchange rates between Renminbi and foreign currencies would become more market driven, taking into account of the closing exchange rates on the previous trading day, supply and demand of foreign currencies and the fluctuations of exchanges rates between major international currencies. From 11 August to 13 August 2015, the value of Renminbi depreciated by approximately 4.4 per cent. against U.S. dollar. In January and February 2016, Renminbi experienced further fluctuations in value against U.S. dollar. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may make further adjustments to the exchange rate system in the future.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated, as set forth in the H.10 statistical release of the Federal Reserve Board:

Period	Renminbi per U.S. Dollar Noon Buying Rate ⁽¹⁾			
	End	Average ⁽²⁾	High	Low
		<i>(Renminbi per U.S.\$1.00)</i>		
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9081	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648
April (through to April 16)	6.5203	6.5448	6.5649	6.5203

⁽¹⁾ Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a comprehensive securities firm with national presence, increasing business operations overseas and strong risk management system and strength. The Issuer was incorporated in 1988 and was listed on Shenzhen Stock Exchange in November 2010 with stock code of 002500 and, as at 31 December 2020, has a registered capital of RMB3,589.8 million. The Group provides a wide range of high quality and comprehensive financial services and products, and its principal business lines comprise (i) securities brokerage, (ii) fixed income business, (iii) stock and other proprietary investment, (iv) entrusted asset management, (v) investment banking, (vi) futures brokerage, and (vii) bulk commodity trading and risk management.

The Group is based mainly in the PRC and its headquarters is located in Taiyuan, Shanxi province. For the three years ended 31 December 2018, 2019 and 2020, the Group's total operating income was RMB6,851.1 million, RMB5,102.2 million and RMB3,342.0 million, and the Group's net profit was RMB219.2 million, RMB519.9 million and RMB762.3 million, representing a continual increase.

Leveraging on the abundant client and financial resources, since its incorporation, the Group has developed a comprehensive and balanced combination of businesses and its principal businesses rank at the top of the industry. In addition, the Group is committed to achieving quality growth and maintaining a balance between business scale, profitability and risk management. The Group was granted the industry's regulatory rating of "A" from the CSRC, which represents a solid pillar for the Group to build on when seeking regulatory policy support, seizing significant opportunities for new investment projects, responding to the volatile capital markets and facing peer competition. The Group also has strong capability in providing comprehensive services to institutional clients and maintains a stable position for providing whole industry chain services to corporate clients. The Group's vision is to become an integrated financial service provider rooted in Shanxi province with nationwide coverage and strong influence, and the Group is expanding its overseas business and aims to increase its global coverage.

The Group's business primarily comprises the following business segments:

- *Securities brokerage*: providing (i) securities brokerage trading, (ii) capital-based intermediary services mainly including margin financing and securities lending, margin refinancing, stock-pledged repurchase and securities repurchase, and (iii) institutional services including prime brokerage. In return, the Group earns fee and commission income from securities trading and interest income from capital-based intermediary services.
- *Fixed income business*: engaging in investment activities such as bonds and bills and holds relevant financial assets by using self-owned deposits.
- *Stock and other Proprietary Investment*: engaging in investment activities such as stock and beneficial right investments and holds relevant financial assets by using self-owned deposits, including the trading of equity and equity-linked securities with the Group's own funds or as a counterparty to institutional clients; offering OTC financial products to, and trade with, its customers to meet customers' needs for investment, financing and risk management.
- *Entrusted Asset Management*: mainly consisting of asset management and public funds management services. For asset management services, the Group provides comprehensive asset management services for clients and offering a range of products and strategies to cover different asset classes, markets and industries. In return, the Group mainly earns management fees and investment income.

- *Investment Banking*: providing equity underwriting and sponsorship, debt underwriting, and financial advisory services on reorganisations and restructurings, merger and acquisition, and equities exchange business. In return, the Group principally earns underwriting and sponsorship fees and financial advisory fees.
- *Futures Brokerage*: engaging in futures brokerage business primarily through its subsidiaries, Gelin Dahua Futures Co., Ltd. (格林大華期貨有限公司) (“GLDH”) and SSIF (山證國際金融控股有限公司). In return, the Group earns fee and commission income.
- *Bulk Commodity Trading and Risk Management*: engaging in purchase and sale of warehouse receipts and hedging and arbitrage trading business and providing risk management services to the Group’s clients.

Over 30 years of development, the Group has built up certain key competitive advantages. For example, the Group has stable operations. Also the Group has benefited from its full-service platform and a whole industrial chain with competitive service capability, a relatively balanced business structure and solid development foundation. In addition, the Group has strong capability in providing comprehensive services to institutional clients and maintains stable position for providing whole industry chain services to corporate clients.

In recognition of the Group’s outstanding performance, the Group has received a number of awards across its business lines, including, among others:

Year	Award/Recognition	Organisation/Media
2020	Pioneer Institution in the Financial System in Shanxi Province (山西省金融系統金融先鋒號)	Shanxi Provincial Labour Union Financial Work Committee (山西省總工會金融工委)
	2019 Outstanding Debt Securitas Investment and Trading Institution (2019年優秀債券投資交易機構)	Shenzhen Stock Exchange
	Outstanding Fixed Income Business Innovation Institution (優秀固定收益業務創新機構)	Shenzhen Stock Exchange
	Outstanding Non-bank Dealer (優秀非銀行類交易商)	Shanghai Commercial Paper Exchange
	2019 Core Dealer in the Inter-bank Local Currency Market (2019年度銀行間本幣市場核心交易商)	China Foreign Exchange Trading System & National Interbank Funding Center
	Outstanding Debt Securitas Market Dealer (優秀債券市場交易商)	China Foreign Exchange Trading System & National Interbank Funding Center
2019	Outstanding Debt Securitas Investment and Trading Institution (優秀債券投資交易機構)	Shenzhen Stock Exchange
	Outstanding Fixed Income Business Innovation Institution (優秀固定收益業務創新機構)	Shenzhen Stock Exchange
	Outstanding Non-bank Dealer (優秀非銀行類交易商)	Shanghai Commercial Paper Exchange
	Golden Bull Growth Securities Company (金牛成長證券公司)	CS.com.cn
2018	Research Strength Award in the Yearbook of Chinese Listed Companies (《中國上市公司年鑒》最佳研究實力獎)	China Association for Public Companies (中國上市公司協會)
	Outstanding Non-bank Dealer (優秀非銀行類交易商)	Shanghai Commercial Paper Exchange

HISTORY AND MILESTONES OF THE GROUP

Set out below are the history and key milestones of the Group:

- 1988 Shanxi Securities Company (山西省證券公司), the Issuer's predecessor was established.
- 1998 In December, Shanxi Securities Company was restructured to a limited liability company registered capital of RMB200.0 million.
- 2001 In February, Shanxi Securities Company merged and reorganised with the securities assets of five trust companies.
- In December, Shanxi Securities Limited Company (山西證券有限責任公司) began operations with registered capital of RMB1,025.0 million after the merger and reorganisation, as approved by the CSRC.
- 2006 In July, approved by the CSRC, Shanxi Securities Limited Company received capital injection of RMB278.8 million and the registered capital was increased to RMB1,303.8 million.
- 2007 In July, Shanxi Securities Limited Company (山西證券有限責任公司) became the controlling shareholder of Dahua Futures Co., Ltd. (大華期貨有限公司).
- 2008 Approved by the CSRC, Shanxi Securities Limited Company was restructured to a stock corporation and Shanxi Securities Co., Ltd., the Issuer, was established in January.
- 2009 In July, together with Deutsche Bank, the Issuer established a joint venture company of Zhongde Securities Company Limited (中德證券有限責任公司) ("ZDSC").
- 2010 In November, the Issuer was listed on the Shenzhen Stock Exchange and the Issuer's registered capital was changed to RMB2,399.8 million.
- 2011 In April, the Issuer completed the acquisition of a 7.69 per cent. stake in Dahua Futures Co., Ltd. (大華期貨有限公司) and thus held its 100 per cent. equity interest.
- In July, the Issuer established Longhua Qifu Investment Co., Ltd. (龍華啟富投資有限公司), which was remade to Shanxi Securities Investment Company Limited. (山證投資有限責任公司) in 2018.
- 2013 In March, the Group obtained qualification for its equity underwriting sponsorship business on the NEEQ.
- In July, the Issuer completed the purchase of 100 per cent. equity interest in Green Futures Co., Ltd., (格林期貨有限公司) which merged Dahua Futures Co., Ltd. (大華期貨有限公司) and established GLDH in November.
- In November, the Issuer exercised share purchase and increased its registered capital to RMB2,518.7 million.
- 2014 In September, the Group obtained approval from the CSRC to conduct bulk commodity trading business.

2016 In February, subsidiary of GLDH, Gelin Dahua Futures (Hong Kong) Limited (格林大華期貨(香港)有限公司), was renamed to Shanxi Securities International Financial Holdings Limited (山證國際金融控股有限公司).

The Issuer, through a private placement of equity shares, increased its registered capital to RMB2,828.7 million.

2018 In December, Shanxi Securities Alternative Investment Limited (山證創新投資有限公司) was established and became an important platform for the Group's alternative investment business.

2020 In March, Shanxi Securities Technology (Shenzhen) Company Limited (山證科技(深圳)有限公司) was established and promoted the development of the Group's digitisation and business intelligence.

In June, the Issuer exercised allotment of shares and increased its registered capital to RMB3,589.8 million, which was completed in July.

RECENT DEVELOPMENTS

The outbreak of COVID-19

The recent outbreak of COVID-19 has caused substantial disruptions in the PRC and international economies and markets as well as additional uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of the outbreak and continued escalation of COVID-19 on the Group's businesses and will keep its contingency measures and risk management under review as the situation evolves. In order to reduce the impact of COVID-19 on the Group's business and operations, the Group diversified its service and improved its online business systems by developing its CRM system and further improving its Huitong Qifu mobile app. The Group also encouraged its customers to have business processed through WeChat and its customer hotline. As at the date of this Offering Circular, there is no material impact of COVID-19 on the Group's financial conditions or results of operations.

Changes in Shareholding

In August 2020, Shanxi State-owned Capital Investment Operation Co. Ltd. (山西省國有資本運營有限公司) agreed to transfer its shareholding of 51.00 per cent. equity interest of Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司), being a substantial shareholder of the Issuer, to China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司). Further to the completion of the transfer in December 2020, China Baowu Steel Group Corporation Limited consequently holds 51.00 per cent. of equity interest of Taiyuan Iron & Steel (Group) Co., Ltd. and therefore indirectly holds 344,418,616 shares or 9.59 per cent. equity interest of the Issuer as at 31 December 2020.

Bond Offerings

On 9 February 2021, the Issuer issued subordinated corporate bonds in the aggregate principal amount of RMB1.0 billion with annual coupon rate of 4.68 per cent. and a tenor of three years.

BUSINESS STRATEGIES

The Group intends to strengthen its position and seek growth opportunities through the implementation of the following business strategies.

Promoting a comprehensive differentiation strategy around wealth management and serving the real economy. (圍繞財富管理和服務實體經濟，全面推進差異化戰略)

The Group will insist on resources integration to continue to build advantageous businesses and exert synergy effects. Based on continuous focus on key regions, key industries, important businesses and projects, the Group will deeply dig into its businesses and projects increasing its business synergies. It is expected that the Group's wealth management business will build an ecosystem of products and services centred on creating value for customers, vigorously enriching product lines, optimising product supply. The Group aims to promote a comprehensive differentiation strategy around wealth management and serving the real economy. In addition, it will also strengthen technology platforms, improve APP service efficiency, improve investment and consulting service capabilities, and expand customer assets. At the same time, the Group will strengthen the professional positioning of each business segments and build a customer-centric full-business chain system, with serving the real economy as the forerunner, continuously improving the competitiveness of each business line, and fundamentally shaping differentiated competences.

Strengthening the construction of financial technology, establishing an agile middle and back office, injecting technology genes and optimizing organizational structure. (加強金融科技建設，建立敏捷中後台，注入科技基因，優化組織架構)

The Group established a technology subsidiary, Shanxi Securities Technology (Shenzhen) Company Limited (山證科技(深圳)有限公司), in early 2020 and is willing to increase investment, introduce talents, focus on closed-loop data, new technology applications, and make arrangements in advance to meet the challenges of the 5G era. At the same time, the Group will continuously promote construction of agile middle and back platforms, improve operation management mechanism, optimise financial operation management, and strengthen the efficiency of the Group's capital use.

Returning to its roots and improving the service of the real economy ecosystem while developing international business. (回歸本源，完善服務實體經濟生態圈，發展國際業務)

The Group will strengthen its position awareness, root in the local economy, actively integrate into the national and Shanxi province's development strategy, increase its service to the regional real economy, continue to make efforts in industrial transformation and mixed reform of state-owned enterprises, while assisting the economic transformation of Shanxi province to enhance its regional competitive advantage and further enhance market influence.

In the mean time, the Group expanded into overseas business while maintaining strong connection with the real economy ecosystem in Shanxi. In 2006, GLDH established the Group's first overseas subsidiary, Gelin Dahua Futures (Hong Kong) Limited (格林大華期貨(香港)有限公司), which was renamed to Shanxi Securities International Financial Holdings Limited (山證國際金融控股有限公司) in 2016. Since incorporation, SSIF (then Gelin Dahua Futures (Hong Kong) Limited) actively participated in the securities and futures market in Hong Kong by first obtaining the SFC Type 2 licences and Hong Kong Central Clearing and Settlement System (CCASS) membership in 2007. To date, SSIF hold a number of licences, including the Type 1 licence for dealing in securities, Type 2 licence for dealing in futures contracts, Type 4 licence for advising on securities, Type 5 licence for advising on futures contracts, Type 6 licence for advising on corporate finance and Type 9 licence for asset management. SSIF also strengthened its connection with mainland PRC businesses through obtaining the QFII, RQFII and Bond Connect qualifications.

Meanwhile, In the last three years, SSIF has been involved in assisting the overseas financing of Shanxi and other PRC businesses in overseas development, such as through Hong Kong IPOs, bond financing and financial advisory. These include the Hong Kong IPO of Jinshang Bank and Dadi International Group, USD bond issuance Taiyuan National Investment and financial advisory for Chenxing Development. SSIF also provides international services to non-PRC clients including in Malaysia and Singapore by capitalising on the “One Belt One Road” initiative. In March 2020, the SSIF DCE Iron Ore Futures Index ETF was successfully listed in Hong Kong and was awarded the top 3 performing ETF based on total return by the Hong Kong Stock Exchange in 2020. Through this successful ETF, SSIF was also awarded the Best Financial Technical Solutions (Highly Recommended) by TMI Awards. Through its foundations in Shanxi province and the PRC, SSIF produces synergy with the Group by offering one-stop international services to the Group’s existing customers and also capitalising the Group’s strong mainland customer base for sustained overseas growth.

Implementing risk control priorities and consolidating compliance foundation. (落實風控重點，務實合規基礎)

An effective and robust risk management system and internal controls are essential to the Group’s business expansion and maintaining its market leadership. The Group plans to adhere to compliance, improve risk control capabilities, strengthen risk management of key businesses, especially subsidiaries, and implement differentiated corporate governance and vertically integrated management of parents and subsidiaries. The Group intends to optimise its organisational structure, models and information systems to monitor, evaluate and manage its risk exposure. Further, the Group intends to strengthen its compliance and audit functions to ensure full compliance with applicable laws and regulations. The Group has stepped up the recruitment of high-end investment bankers, optimised its talent pool and strengthened overall teambuilding. The Group will continue to devote resources in reinforcing staff training and attracting new talents.

Reasonable debt structure and diversified financing channels (合理的負債結構及多元的融資渠道)

The Group enjoys access to diversified financing avenues. As at 31 December 2020, it had received a total of RMB71.4 billion in credit lines extended by major domestic commercial banks (such as Agricultural Bank of China, Bank of China, China Construction Bank, etc.), with an unused credit line of RMB58.6 billion, accounting for 82 per cent. of the total credit lines. The Group has established credit standing and long-term relationships with China’s various banks, including Agricultural Bank of China, Bank of China, China CITIC Bank, China Construction Bank, SPD Bank, etc. It is well positioned to obtain both direct and indirect financing.

Second, the Group enjoys ready access to domestic capital markets, and makes use of capital market financing channels to meet its requirement of capital for its business development. The Group was rated “AAA” by China Chengxin. For the year ended 31 December 2020, the Group had repaid RMB1.5 billion of corporate bonds, had raised RMB3.7 billion from share allotment and had issued RMB1.5 billion corporate bonds and RMB1.5 billion subordinated bonds. In February 2021, the Group issued RMB1.0 billion subordinated bonds.

Entrenching company values and building strong corporate culture. (深化公司價值觀，打造文化軟實力)

The Group practices the securities industry culture of “Compliance, Integrity, Professionalism and Prudence”, and focuses on its core values of “making profit by righteousness, cooperation and tolerance and pursuit of excellence”, to boost corporate cultural confidence and create soft power for differentiated development. The Group aims to build a team of leaders and staff with good faith, dedication willingness, good deeds, responsibility, discipline, gratitude, and selfless heart. At the same time, the Group aims to insist on fulfilling its social responsibilities, serving the real economy, serving the customers, and fighting poverty through professional financial services, to develop together with the modern society.

COMPETITIVE STRENGTHS

The key competitive strengths of the Group are as follows:

Diversified business coverage and leading comprehensive financial service capabilities (多元化業務覆蓋，整體盈利能力優於行業平均)

The Group is getting all-round qualifications, and its scope of business basically covers all securities fields, providing customers with a diversified full business chain of integrated financial services. The Group' main business segments cover securities brokerage, fixed income business, stock and other proprietary investment, entrusted asset management, futures brokerage, research, over-the-counter trading, private equity investment, international business, etc.

As at 31 December 2020, the Group established 126 securities brokerage business outlets and 24 futures business outlets, located in various cities, major counties and districts of Shanxi, as well as Beijing, Shanghai, Tianjin, Shenzhen, Heilongjiang, Xinjiang, Dalian, Hebei, Shandong, Shanxi, Henan, Jiangsu, Sichuan, Chongqing, Hunan, Hubei, Zhejiang, Fujian, Guangxi, Guangdong, Hainan, forming a business development framework with major domestic cities as the front and key cities as the centre, covering Shanxi and facing the whole country, based on which the Group provides comprehensive, high-quality and professional integrated financial services to customers. The Group was awarded the “2020 Excellent Bond Dealer Award” by Shanghai Stock Exchange, the “2020 Excellent Market Maker and Excellent Underwriter Award” in terms of the financial bonds by China Development Bank, the “2020 Shanxi Provincial Financial System Financial Pioneer Award” by Shanxi Provincial Federation of Trade Unions Financial Work Committee, the “2019 Excellent Bond Investment and Trading Institution and Excellent Fixed Income Business Innovation Institution Award” by Shanghai Stock Exchange” and the “2019 Inter-bank Local Currency Market Core Dealer and Excellent Bond Market Dealer Award” by China Foreign Exchange Trade Center.

The Group achieved superior profitability. At 31 December 2020, the Group's year-on-year growth rate of net profit was 46.6 per cent., surpassing the securities industry average of 27.9 per cent. It also achieved a year-on-year growth in net assets of 32.0 per cent., higher than the industry average of 10.8 per cent.

The Group has achieved excellent performance in 2020, when its differentiated business operations continued to exert strength, its wealth management business continued to rise and its FICC business achieved remarkable results.

It set up an expert system by introducing a market-oriented team, evaluating the professional sequence of employees and recognising experts team. It improved the service system by establishing a customer hierarchical management to create standardized and full-process services. It enriched product system by optimizing its product screening system and building asset allocation plans. It optimized platform empowerment by promoting integrated platform construction to effectively serve the real economy.

For the Group's capital-based intermediary services, it laid out margin trading and securities lending business on the Sci-tech Innovation Board and options business on the Shenzhen Stock Exchange. As at 31 December 2020, the balance of the Group's margin financing and securities lending business was over RMB6.7 billion, and the amount of stock pledges to be repurchased was RMB0.8 billion.

For the Group's fixed income business, according to the China Central Government Securities Depository and Clearing Co., Ltd., the Group ranked third in 2017, first in 2018, sixth in 2019 and first in 2020 in the volume of corporate bonds transactions. According to the China Government Securities Depository and Clearing Co., Ltd., the Group also ranked fourth in 2017, sixth in 2018, seventh in 2019 and fifth in 2020 in the volume of bond transactions (including repurchasing) of securities companies. The Group has been gaining increasing influence, and also ranked fifth in the volume of corporate bonds transactions in the PRC bond market ranking of securities companies, and first in the volume of

corporate bonds transactions in the PRC bond market (spot) ranking of securities companies, issued by ChinaBond.com. It also successfully hosted the first Fixed Income Technology Ecological Forum. The Group's transaction volume in the inter-bank local currency market has increased significantly over the years. In inter-bank local currency market, the Group ranked fourth in the bond transaction volume according to China Central Government Securities Depository and Clearing Co., Ltd., and ranked first among securities companies in bond transaction (spot) volume.

The Group's foreign exchange the Group was also awarded the Excellent Non-bank Dealer award, Excellent Bill Transaction Supervisor award and Excellent Bill Trader award, among others, by Shanghai Commercial Paper Exchange for the third consecutive year.

For its bulk commodity trading and risk management business, the Group has gradually covered mainstream trading categories such as agricultural products, chemicals and metals. According to the business transaction volume ranking of the clearing exchange, in 2020, the Group ranked third among the commercial paper brokers.

Strong support from shareholders (控股股東金融領域牌照齊全，協同效應助力公司發展)

The controlling shareholder of the Group, Shanxi Financial Holding, is a large-scale financial holding group with full licence at provincial level integrating banking, securities, insurance, funds, trusts, guarantees, internet finance and other financial formats. As a state-owned financial capital investment platform in Shanxi, Shanxi Financial Holding is committed to promote the agglomeration and development of Shanxi's financial industry by investment holding, industrial cultivation, capital integration, etc. helping Shanxi's economic restructuring, transformation and upgrading. As one of the subsidiaries of Shanxi Financial Holding, the Group has the capacity to carry out efficient collaborative work with other subsidiaries (including Shanxi Equity Exchange Centre, Shanxi Financial Leading Co., Ltd., Shanxi Guangxin Real Estate Investment Group Co., Ltd., Shanxi Property Rights Exchange and China Coal Insurance Co., Ltd.) under Shanxi Financial Holding's overall planning to further open up its business development space. The Issuer, as the only securities business platform held by Shanxi Financial Holdings, can receive strong support from Shanxi Financial Holding and the Shanxi Department of Finance in terms of capital and business. For example, the Group carried out a share allotment (配股) in June 2020, where Shanxi Financial Holding showed strong support for the Group through its subscription of all the new shares allocated to it. As at 31 December 2020, it held 1,140,374,242 shares of the Issuer, amounting to 31.77 per cent. of all the shares issued. The Group's securities branches are mainly located in Shanxi Province, and it has been cultivating regional markets and maintaining good cooperation with clients in the province, and has an advantage over non-local brokerage firms in terms of project competition.

Comprehensive government support with regional advantageous resources (深耕山西，依託區域優勢，持續提升服務實體經濟生態圈)

As the only listed securities company in Shanxi province, the Issuer is committed to serving Shanxi province, and has been tracking and researching local policies, economy and people's livelihood of Shanxi province for many years, providing a full range of high-quality services to enterprises in Shanxi and has strong geographical and brand competence, especially in wealth management business, investment banking business, new OTC market businesses and new four board business, etc., with a strong geographical and brand advantages, accumulating a wealth of institutional and retail customer resources.

Under the clear guidance of Shanxi province in terms of promoting the high-quality development of the financial industry, the Group is expected to give full play to its geographical advantages and further enhance its ability to serve the real economy. As early as 2016, the Group established a working group, led by the Group's chief executive, which focuses on four main groups: large enterprises, small and medium sized enterprises, investment and financing as well as research support, in order to facilitate domestic and foreign IPOs, restructuring and listing, mergers and acquisitions, investment financing, research support and business training. Since 2016, the Group's capital market services have covered

more than 90% of state-owned enterprises of the province and have undertaken most of the important state-owned enterprises reform projects. The Group has closely cooperated with some intra-provincial clients, including Lu'an Chemical Group Co., Ltd., Taiyuan Heavy Machinery Group Co., Ltd., Taiyuan Heavy Industry Group Co., Ltd., Shanxi Lanhua Sci-tech Venture Co., Ltd., Shanxi Yongdong Chemistry Industry Co., Ltd., Huayang New Material Technology Group Co., Ltd., Shanxi Financial Investment Holdings Limited, Shanxi Xinghua Village Fenjiu Group Co., Ltd. and Nafine Chemical Industry Group Co., Ltd. The Group has also formulated an accountable person system for designated regions and core customers, clarified the core tasks and work models of the senior management and professional teams, and continuously improved the comprehensive level of serving state-funded and state-owned enterprises, as well as the small, medium and micro enterprises.

Robust risk management system and prudent corporate governance (不斷健全內控機制，全面提升合規水平)

The Group adheres to a prudent and robust business operation style and follows the principles of “red line awareness” and “bottom line thinking” and will continuously improve the overall risk management capabilities as the basic work for building the Group’s core competitiveness. Leading by the principle of “standardisation, specialisation, refinement, and normalisation”, the Group comprehensively improves the effectiveness of its business compliance management, continuously strengthens the supervision over key businesses and new businesses and ensures optimisation of the vertically integrated risk management mechanism of parent and subsidiary companies.

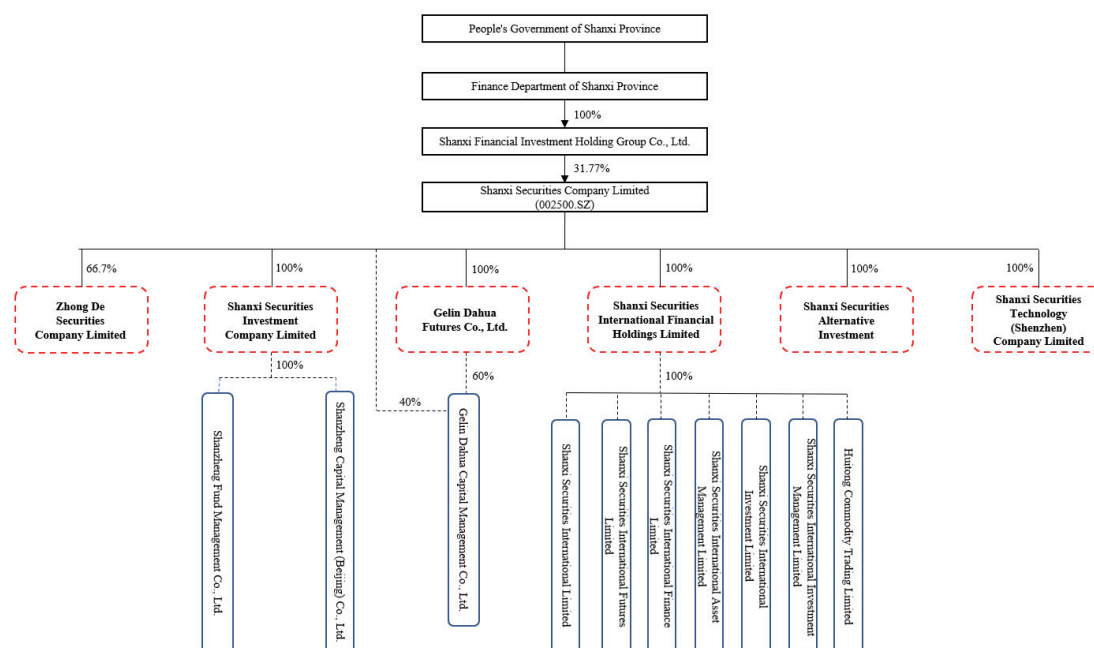
Under the comprehensive risk management system, the Issuer has established a risk management committee and audit committee to overlook the risk management execution committee set up on the general management level. The Issuer has also established a chief risk officer and a risk management department, and there are designated risk officers in each department.

Experienced and motivated management team (行業經驗豐富的管理團隊)

The Group is managed by a team of experienced professionals with an average of over 20 years of industry experience. The senior management team has in-depth experience in key areas relating to the Group’s business. The rich experience of the management team is the key to the Group’s outstanding performance and achievements in the fiercely competitive domestic securities industry, and it is also the fundamental guarantee for the Group’s future development. The management team adopts a solid and pragmatic approach to operations and, with professional management experience, expects to lead the steady growth of the Group with a superior strategic vision.

CORPORATE STRUCTURE

The following chart sets forth a simplified corporate structure of the Group as at the date of this Offering Circular.



KEY SUBSIDIARIES OF THE ISSUER

The Group has adopted a holding company structure and carries out its business activities primarily through wholly-owned subsidiaries. An overview of each of the Issuer's key subsidiaries as at 31 December 2020 is set out below:

Name	Place of Incorporation	Proportion of ownership interest			Principal activities
		Particulars of issued capital	Interest held directly	Interest held indirectly	
Zhongde Securities Company Limited (中德證券有限責任公司)	PRC	RMB1,000,000,000	66.7 per cent.	–	Investment banking
Gelin Dahua Futures Co., Ltd. (格林大華期貨有限公司)	PRC	RMB800,000,000	100.0 per cent.	–	Futures brokerage
Shanxi Securities Investment Company Limited. (山證投資有限責任公司)	PRC	RMB1,000,000,000	100.0 per cent.	–	Investment and asset management
Shanxi Securities International Financial Holdings Limited (山證國際金融控股有限公司)	Hong Kong	HKD1,000,000,000	100.0 per cent.	–	Investment holding
Shanxi Securities Alternative Investment Limited (山證創新投資有限公司)	PRC	RMB1,500,000,000	100.0 per cent.	–	Investment and asset management
Shanxi Securities Technology (Shenzhen) Company Limited (山證科技(深圳)有限公司)	PRC	RMB200,000,000	100.0 per cent.	–	Software and information technology services

BUSINESS ACTIVITIES

The Group generates its revenue primarily through seven principal business areas: (i) securities brokerage, (ii) fixed income business, (iii) stock and other proprietary investment, (iv) entrusted asset management, (v) investment banking, (vi) futures brokerage, and (vii) bulk commodity trading and risk management. The Group is licensed to undertake comprehensive regulated activities in Hong Kong and the PRC. The Group had obtained the permits and licences necessary for its operations in accordance with the laws and regulations in the jurisdictions where the Group operates.

The table below sets forth the Group's total operating income^{**} by business line for the periods indicated:

	For the year ended 31 December					
	2018		2019		2020	
	Amount	per cent.	Amount	per cent.	Amount	per cent.
	<i>(RMB in millions, except percentages)</i>					
Fixed income business.	456.6	6.7	708.6	13.9	1,032.0	30.9
Stock and other proprietary trading.	(42.3)	(0.6)	191.3	3.7	225.2	6.7
Securities brokerage	630.0	9.2	698.9	13.7	923.5	27.6
Investment banking.	366.3	5.3	427.9	8.4	486.3	14.5
Futures brokerage.	253.1	3.7	193.3	3.8	223.7	6.7
Entrusted asset management	147.5	2.2	173.7	3.4	158.1	4.7
Bulk commodity trading and risk management.	5,115.2	74.7	2,655.6	52.0	437.7	13.1
Others.	(75.3)	(1.1)	52.9	1.0	(144.5)	(4.3)
Total operating income^{**}	6,851.1	100.0	5,102.2	100.0	3,342.0	100.0

From time to time, the Group may make adjustments to the various business lines according to the prevailing market conditions and its business development strategies.

Securities Brokerage

The Group's securities brokerage business mainly includes securities brokerage trading, capital-based intermediary services and institutional client services. The Group offers these products and services through its brokerage and securities brokerage business to the Group's individual and institutional clients. For institutional clients, the Group also provides them with institutional sales and trading, investment research and prime brokerage services. The Group will continue the promotion of strategic transformation of its wealth management business, enhance market development and service capabilities, significantly improving its investment advisory business competitiveness and product selection and promotion capabilities, and gradually strengthening its ability to withstand market risks.

Historically, the Group's securities brokerage business accounted for a large portion of the Group's total operating income. For the year ended 31 December 2018, 2019 and 2020, the total operating income from the Group's securities brokerage business amounted to RMB630.0 million, RMB698.9 million and RMB923.5 million, respectively, accounting for 9.2 per cent., 13.7 per cent. and 27.6 per cent. of the Group's total operating income of that year or period.

Securities Brokerage

The Group trades securities on behalf of its retail and institutional customers based on clients' orders to buy or sell securities. The Group also engages Group trades various securities including the following:

- *Stocks*: stocks of companies listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange;
- *Funds*: listed funds, including open-ended funds, close-ended funds and exchange-traded funds ("ETF"); and
- *Bonds*: bonds that are listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, including treasury bonds, enterprise bonds, corporate bonds, financial bonds and convertible bonds.

^{**} The Group's "total operating income" comprises "Net fee and commission income", "Net interest income/(expenses)", "Investment income", "Net gains/(losses) from changes in fair value", "Foreign exchange (losses)/gains", "Other operating income", "Other income", "(Losses)/Gains from disposal of assets" as set out in its consolidated statement of profit or loss and other comprehensive income of the audited consolidated financial statements for the years ended 31 December 2019 and 2020.

As at 31 December 2020, the Group established 16 branches and 126 business outlets for its securities brokerage services, located in provinces and cities such as Beijing, Shanghai, Tianjin, Shenzhen, Heilongjiang, Xinjiang, Dalian, Hebei, Shandong, Shanxi, Henan, Jiangsu, Sichuan, Chongqing, Hunan, Hubei, Zhejiang, Fujian, Guangxi, Guangdong, Hainan, and provided integrated quality services to customers.

During recent years, the Group has been diversifying its securities brokerage business and actively develops its new businesses models such as proxy sale of financial products, over-the-counter trading and third-party payment. As reviewed and approved by the Asset Management Association of China, the Group became the second batch of securities firms that are qualified for over-the-counter trading. In March 2013, as approved by the CSRC Shanxi branch, the Group obtained the qualifications for proxy sale of financial products. Meanwhile, the Group actively expanded its internet securities brokerage business by introducing online account and mobile account.

After more than 30 years' development, the Group positioned its securities brokerage business as Shanxi province based, while serving the country. The Group has established an efficiency- and safety- oriented management model, a competition-oriented marketing model oriented, and a customer and product-oriented service model, which largely enhanced the core competitiveness of the Group's securities brokerage business. As a securities firm with most outlets in Shanxi province, the Group enjoys regional advantages in Shanxi province in its securities brokerage business. Shanxi province is a major province in the PRC for its coal and other natural resources. In view of steady economic growth during recent years, there is ample room to invest capital in the securities brokerage market in Shanxi. In the future, the Group believes that the securities brokerage business in Shanxi province will continue to be foundation for its securities brokerage business.

Furthermore, the Group is undergoing active transformation of its securities brokerage business, with the first step of relying on the "1+N" customer service system to provide precise services pursuant to the needs of customers at all levels; the second step of continuously optimising system functions of various platforms and, after iterative upgrades, focusing on establishment of an accompanying service system integrating intelligence, modularity, and systemisation; the third step of continuously improving diversified product supply system, strengthening product selection and expanding the scale of the product with wealth management as the core and customer demand as the orientation; and the fourth step of fully expanding the investment advisory business, creating professional investment advisory products, iteratively upgrading the investment advisory platform and achieving differentiated services for customers.

Capital-Based Intermediary Services

The Group's capital-based intermediary services mainly consist of margin financing and securities lending, stock-pledged repurchase and securities repurchase services to individual and institutional customers. From 2012 to 2013, the Group obtained the qualifications to conduct these businesses from relevant regulatory authorities in the PRC. The Group adheres to the bottom line thinking of risk control, continues to lay a solid foundation, and actively explores differentiated development models. The Group has acquired the stock options business qualification from the Shenzhen Stock Exchange and the agreed refinancing for short selling declaration on Shanghai Sci-Tech Innovation Board and is actively promoting the launch of the securities financing business on the Second-board Market. Meanwhile, through its capital-based intermediary services, the Group plays an active role in alleviating the financing difficulties for local enterprises in Shanxi province and lower financing costs for small and medium-sized enterprises. In 2019, the Group ranked 39th, 14th and 29th, respectively, among 89, 29 and 87 securities companies, in terms of interest income from margin financing and securities lending, stock-pledged repurchase and securities repurchase services, according to the CSRC. As at 31 December 2020, the balance of the Group's margin trading and securities lending business was over RMB6.7 billion, and the amount of stock pledge to be repurchased was RMB0.8 billion.

The following table sets forth certain details of the Issuer's unconsolidated capital-based intermediary services for the periods indicated:

	For the year ended 31 December		
	2018	2019	2020
	<i>(RMB in millions)</i>		
Revenue	573.7	517.1	575.8
Interest income	523.1	455.8	492.3
Fee and Commission income	50.6	61.3	83.5
Transaction volume	6,032.7	5,954.1	7,622.5
Margin financing and securities lending	4,239.0	4,996.0	6,792.0
Stock-pledged repurchase	1,788.0	879.0	829.0
Securities repurchase	5.7	79.1	1.5

Margin financing and securities lending

The Group's margin financing and securities lending business refers to offering loans or lending securities with collateral held to qualified brokerage customers for financing their securities purchases or short-selling. Margin financing and securities lending business is the core component of the Group's capital-based intermediary services, which are capital-intensive and involve credit risk. In recent years, the Group's margin financing and securities lending business experienced rapid growth and became an important source of revenue and profit for the Group.

Meanwhile, the Group increased internal risk management through strict review of the customers' background, qualification and credit ratings, setting up risk control indicators. The Group requires its margin financing and securities lending customers to provide collaterals in the form of securities listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Different conversion rates apply in calculating the value of the collaterals. In addition, the Group monitors the conversion rates applied to each collateral on a real-time basis and makes adjustments accordingly. The Group also monitors the clients' collateral ratio on a real time basis. If such rates fall below warning levels, the client will be required to provide additional collateral. Margin financing contracts do not exceed six months and clients are required to make repayment or apply for renewal at maturity.

Total income from margin financing and securities lending business primarily comprises the following:

- interest income from margin loans and securities lent to customers; and
- fee and commission income from customers' margin accounts services, which are capital-intensive and involve credit risk.

The following table sets forth certain details of the Group's margin financing and securities lending business for the periods indicated:

	As at and for the year ended 31 December		
	2018	2019	2020
	<i>(RMB in millions)</i>		
Margin financing and securities lending	4,239.0	4,996.0	6,792.0
Interest income	363.1	372.8	452.1

As a complementary to margin financing and securities lending business, the Group borrows funds or securities from CSF and then lend them to its margin financing and securities lending clients. The Group qualified for the margin and securities refinancing business in January 2013.

Stock-pledged repurchase

In respect of the Group's stock-pledged repurchase services, eligible customers pledge their stock to the Group, and the Group benefits from the securities pledge from a customer under which the customer should buy back the securities and undo the securities pledge through a repayment in the future. The

Group retains a pledge over the securities before the customer's repurchase occurs. The Group's stock-pledged repurchase services help customers obtain liquidity without selling their securities and create opportunities to mobilise their idle assets. The Group generally sets the interest rates based on the market conditions. As approved by Shanghai Stock Exchange and Shenzhen Stock Exchange, the Group began to conduct its stock-pledged repurchase business in July 2013. As at 31 December 2018, 2019 and 2020, the outstanding balance of Group's stock-pledged repurchases amounted to RMB1.6 billion, RMB0.9 billion and RMB0.8 billion, respectively. In 2020, the Group was awarded the 2020 Stock Pledge Business Risk Prevention and Mitigation Award (2020年度股票質押業務風險防範和化解獎) by the Shanghai Stock Exchange.

Securities repurchase

Under the Group's securities repurchase business, eligible clients, both individual and institutional customers, sell securities to the Group at an agreed price and agree to repurchase at an agreed price on a future date. As approved by Shanghai Stock Exchange and Shenzhen Stock Exchange, the Group began to conduct its securities repurchase business in December 2012. As at 31 December 2018, 2019 and 2020, the outstanding balance of the Group's securities repurchases amounted to RMB5.7 million, RMB79.1 million and RMB1.5 million, respectively. The difference in amounts between 2018 and 2019 were mainly due to agreed repurchase in 2019.

Institutional Client Services

The Group has established an integrated financial investment service platform for institutional clients. The Group provides one-stop sales and trading, investment research and prime brokerage services for institutional clients through its specialised institutional client business platform. It has a broad client base, consisting of mutual funds, private investment funds, insurance companies, commercial banks and other institutional clients. In addition, the Group has also expanded its financial services to enterprises and government agencies to provide support for real economy. As at 31 December 2020, the Group serviced RMB0.7 billion of assets under its fund administration services such as fund unit registration and fund valuation calculation services, covering 25 funds.

Fixed Income Business

The Group engages in the trading of FICC, bonds and bills with its own funds. The Group trades various types of fixed-income securities for its own account on the PRC interbank bond market and stock exchanges, principally including treasury bonds, financial bonds, PBOC notes, corporate bonds, enterprise bonds, asset-backed securities, convertible bonds, and exchangeable bonds. The Group also engages in hedging through interest rate swaps and treasury bond futures to mitigate market risk in fixed-income trading. The Group mainly provides FICC and trading services to institutional clients including commercial banks, securities companies, fund management companies, insurance companies, trust companies and other financial institutions. It has established a customer network both locally and globally, while achieving sustained and steady growth in performance. The brand influence of Group's fixed income notes business has been increasing. In particular, according to the total bond closing volume ranking by China Central Depository & Clearing Co., Ltd. ("CCDC") (top 100), the Group ranked sixth among all the securities companies in terms of the volume of corporate bonds transactions in the PRC bond market and was awarded as most active dealer in the inter-bank bond market in 2018 by the China Foreign Exchange Trade System. In 2019 and 2020, the Group won several honours, such as core dealer in inter-bank local currency market, outstanding bond dealer, and trading mechanism innovation award (x-bond).

Due to the outbreak of the COVID-19, the risk mitigation in the market is lifted. The Group has strengthened in-depth research and adjusted its position structure to achieve higher investment returns. Meanwhile, the Group actively fulfilled its obligations as a market maker, through prudent study and judgement, adjusted business strategies in a timely manner, and obtained the Bond Connect market maker qualification in April 2020, being one of the 56 domestic Bond Connect market makers (inclusive of 18 securities companies), playing an active role as a bridge between the domestic market and foreign

investors. Furthermore, the Group has been successfully admitted to the 2020 financial bond underwriting syndicate of the three major policy banks. In 2020, the Group's transaction volume in the inter-bank local currency market increased significantly year-on-year, ranking 4th in the volume of corporate bonds transactions in the PRC bond market ranking of securities companies issued by ChinaBond.com, and ranking the 1st in the volume of corporate bonds transactions in the PRC bond market (spot) ranking of securities companies issued by the ChinaBond.com.

In addition, the Group's fixed-income trading business also includes commodities trading and foreign exchange business. The Group simultaneously enters into opposite positions in spot and futures market for a certain type of underlying commodity and aim to profit from the price differential between the two markets. The Group trades commodity derivatives, including precious metal futures, commodity futures and precious metal options, to facilitate clients' commodity trading and risk management needs. During recent years, the Group diversified its trading types and strategies and attached more importance in this area for its further development. The Group also participates in trade finance business, which is a component of commodities trading and foreign exchange business in the fixed income business segment. The trade finance business uses a business model based on the actual needs of industrial customers to directly or indirectly transact with entities and the Issuer's own professional financial capabilities to achieve the goal of serving the real economy. The business types involved are self-operated bills, guiding the development of trade finance business and trade finance derivatives business.

The following table sets forth the investment position by asset type as at the dates indicated:

	As at 31 December		
	2018	2019	2020
	<i>(RMB in millions)</i>		
Bonds	15,636.6	10,989.7	17,280.6
Notes	9,631.9	7,907.4	1,777.2
Total	25,268.5	18,897.1	19,057.8

Stock and other Proprietary Trading

The Group engages in the trading of equity and equity-linked securities with its own funds or as a counterparty to institutional clients. Based on its trading capabilities, the Group offers sales, market-making, hedging, quantitative investment (mainly including equity quantitative investment and futures trading investment) and OTC derivatives (mainly including OTC options and return swaps) services.

The following table sets forth the investment position by asset type as at the dates indicated:

	As at 31 December		
	2018	2019	2020
	<i>(RMB in millions)</i>		
Stocks	1,814.1	2,381.7	1,685.8
Funds	318.4	720.5	928.9
Others	999.0	1,685.8	2,810.5
Total	3,131.5	4,788.0	5,425.1

Equity Trading

The Group trades stocks with its own accounts and pursue returns. The Group selects equity securities based on macro-economic research, market cycle analysis and fundamental factors such as investigation on the industry, business models, financial position and quality of management teams of the target companies. The Group continuously adjusts its trading strategies based on market trends and conditions.

OTC Derivatives

The Group has enhanced its counterparty derivatives service to meet various transaction and risk management needs of its clients.

- *Return swap:* A return swap is an OTC derivatives transaction under which the Group enters into agreements with qualified clients to swap return, based on the pre-agreed nominal principal amount and rate of return during a given period in the future. The amount of return to be swapped between both parties should be linked to the performance of the underlying securities. A return swap is an OTC financial product provided to the Group's clients to meet their investment and risk management needs, instead of financial instruments issued for the Group's own hedging purposes.
- *OTC options:* The Group enters into OTC derivatives agreements with its clients. The agreements contain provisions on return for both parties, and the rate of return is usually linked to underlying assets.

Market Making

The Group also provides market making services for financial products traded on the stock exchanges, such as ETFs and exchange-traded options and trading of OTC derivatives. In 2019, the Group was qualified to provide market making services.

- *Market making for ETFs and ETF options:* The Group provides market making services for ETFs and ETF options to enhance their market liquidity and earn the difference between the quoted trading prices of ETFs, including gold, treasury bonds and currency ETFs.
- *Market making on the NEEQ:* The Group actively provides market making services on the NEEQ, and provides services to qualified investors on the NEEQ, including individual, corporate and institutional clients. The Group profits from the difference between the quoted trading prices of listed securities. The Group provides market making services for companies listed on the NEEQ. Meanwhile, the Group also strengthened its risk control of market making business on the NEEQ and ensured compliance and smooth development.

During recent periods, the Group expanded its business to into the Shanghai Stock Exchange Science and Technology Innovation Board (the “**Shanghai Sci-Tech Innovation Board**”) and to the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect (滬港通) and explored profit growth in the secondary market by increasing its capabilities in research and asset allocation. The Group optimised its market-making strategies and systems for market-making in exchange-traded options to enhance the market competitiveness of the Group's quotes. Meanwhile, the Group strengthened risk control of its market making business on the NEEQ and ensured compliance and smooth development. In 2019, the Group was qualified to provide market making services. The Group joined financial bond underwriting syndicates with China Development Bank, Export-import Bank of China and Agricultural Development Bank of China and achieved rapid growth in its debt underwriting business. In 2019, the Group was awarded “outstanding market maker in financial bond underwriting syndicates” by Export-import Bank of China, and was also awarded as “outstanding market maker in interbank market” by China Development Bank.

Proprietary Trading Business – Offices

The Group established investment management department to manage its proprietary trading business (both fixed income and stock and others) with four offices: equity investment office, FICC office, financial derivatives office and market making office. The Group regularly reviews and adjusts its investment strategy and asset allocation based on its market conditions, liquidity and financial resources, among other things. Adhering to the “durable, stable and efficient” investment philosophy for the proprietary trading business, the Group has achieved good performance and long-term asset value preservation and appreciation of its assets. In 2020, the Group successfully launched the industry's first Bill Collective Asset Management Plan (票據集合資產管理計劃).

Entrusted Asset Management

The Group has been developing and expanding its entrusted asset management business. The Group follows the business philosophy of “customer interests first growing together with customers” for its entrusted asset management business, providing customers with all-round, professional and personalised financial management services. Under entrusted asset management business, the Group manages third party funds and provides investors with comprehensive asset management services and offers a range of product lines and strategies. The Group’s entrusted asset management business is broadly divided into two areas, namely corporate asset management and public funds asset management. In 2017, the Group established its asset management centre in Shanghai and gradually set up teams specialised in asset securitisation and fixed income asset management plans. The Group has developed its entrusted asset management business focusing on equity and fixed income securities, supported with equity investment and industrial financing. The Group remains adherence to the path of differentiated and high-quality development for its asset management business, focusing on fixed income and asset securitisation businesses, developing the equity and innovative businesses, endeavouring to improve professional capabilities and active management capabilities.

The table below sets forth a breakdown of the AUM and net revenue of the Group’s entrusted asset management business as at the dates or for the periods indicated:

	As at or for the year ended 31 December					
	2018		2019		2020	
	AUM	Net revenue	AUM	Net revenue	AUM	Net revenue
	<i>(RMB in millions)</i>					
Private equity asset management						
Collective asset management	4,824.9	58.7	10,202.2	66.5	12,146.5	56.0
Targeted asset management	26,917.7	22.2	18,356.1	18.7	10,290.3	24.1
Specialised asset management	8,760.8	3.6	9,241.3	5.8	9,377.0	5.9
Mutual funds (public) asset management	3,460.8	50.0	7,083.2	62.9	8,869.5	61.4
Total	43,964.2	134.5	44,882	153.9	40,683.3	147.4

The Group generates income primarily from charging management fees based on the AUM and performance-based fees. The Group provides services mainly to individual and institutional clients and certain financial products. As at 31 December 2018, 2019 and 2020, the Group had 85, 108 and 99 private equity asset management schemes outstanding, with an aggregate AUM of RMB40.5 billion, RMB37.8 billion and RMB31.8 billion, respectively. As at 31 December 2020, the continuing management scale of the fixed income products was RMB15.3 billion. For the year ended 31 December 2020, the Group had 99 private equity asset management schemes (comprising 67 collective asset management schemes, 24 targeted asset management schemes and 8 specialised asset management schemes, respectively) and 10 mutual fund asset management schemes, respectively. In 2019 and 2020, the Group was awarded Junding Award for China Asset Management Brokerage (中國資產管理券商君鼎獎).

There are five main objectives of the entrusted asset management business, including:

- Establishing the business’ reputation and market position in cross-border asset management. At the same time, the Group aims to transform into a top-tier asset management company in the Asia-Pacific region with a global portfolio.
- Further improving the organisation and team-building aspects of the asset management business by strengthening the business’ domestic and overseas offices, establishing a comprehensive incentive mechanism and building the business’ basic infrastructure.
- Diversifying the products, clients and markets of the business.
- Introducing overseas capital with a particular focus on Europe and the Middle East.

- Developing the onshore asset management business by acquiring the related licences in the PRC.

Private Equity Asset Management

The Group's private equity asset management services are carried out through the following types of asset management schemes:

- *Collective asset management schemes*: manage assets with diverse risk and return profiles for multiple customers through designated accounts pursuant to applicable laws and collective asset management contracts.
- *Targeted asset management schemes*: manage assets for a single customer, through a designated account pursuant to specific methods, conditions, requirements and restrictions of the bilateral contracts between the specific customer and the Group.
- *Specialised asset management schemes*: manage a client's certain assets for a specific purpose.

Mutual Funds Asset Management

The Group manages mutual funds (public offering of funds or 公募基金) and provides asset management services. The Group provide services mainly to individual and institutional clients and certain financial products. As at 31 December 2018, 2019 and 2020, the Group had four, seven and 10 mutual funds under management, with an aggregate AUM of RMB3.5 billion, RMB7.1 billion and RMB8.9 billion. According to Haitong Research Institute, in 2020, the Group ranked 14 and 54, respectively, among 136 and 120 companies in terms of revenue from management services to equity funds and fixed income funds. On top of implementing strict risk control policies, the Group have been continuously improving the product performance of its mutual fund management business, with the scale and net value of the ultra-short bond funds and its Yurui's 6-month listed open-ended fund increased.

OTC trading business

The Group is also developing an over-the-counter market trading business to support the continued development of the entrusted asset management segment. Under this business, the Group aims to develop and issue private equity OTC products to high-net-worth and institutional clients to meet their needs in their asset management projects with the Group, including fixed income certificates (收益憑證). For the year ended 31 December 2020, the daily size of outstanding fixed income certificates was RMB5.4 billion.

Investment Banking

The Group's investment banking business provides listing sponsorship, equity underwriting, debt underwriting, M&A financial advisory and share transfer business PRC small and medium sized companies. The Group's investment banking business covers all major PRC regions and all major industries. In particular, the Group accumulated extensive experience the finance, energy, infrastructure, IT, consumer goods and healthcare industries. The Group also focuses on emerging industries and closely tracks companies with significant growth potential in those industries. Since August 2009, with the establishment of ZDSC, substantially all the listing sponsorship and equity and debt underwriting businesses were transferred to ZDSC and it also undertakes certain financial advisory business, while the Group's headquarter mainly manages certain financial advisory business to small and medium sized companies. ZDSC adheres to the goal of "controlling risks and stabilising operations", optimises its business layout and lays a solid foundation for its projects.

The Group's investment banking business has a solid client base. The Group focuses on building and maintaining long-term relationships with, and provide one-stop, full life cycle investment banking services to, its corporate clients. The Group especially attaches importance to small, medium and micro sized enterprises and provides a variety of services including restructuring, due diligence, compliance, listing application, information disclosure and capital operations. Through close coordination between its

M&A advisory business and its equity and debt financing businesses, the Group develops deep relationship with its clients, satisfy their various needs, and grow together with them. In 2020, the company added six NEEQ projects, helped 12 listed companies to raise funds of 370 million yuan.

Equity Underwriting and Sponsorship

The Group's equity underwriting and sponsorship services include IPOs and follow-on offerings, including public offerings, private placements and convertible bonds.

The following table sets forth the number of equity offering underwritten or sponsored by the Group:

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB in millions</i>		
Number of offerings underwritten or sponsored by the Group	7	4	14
Value of offerings	6,580.7	2,068.6	7,490.8
Underwriting and sponsoring fees	87.8	166.5	209.3

In 2019, the Group actively participate in the reforms of the Shanghai Sci-Tech Innovation Board and registration system in the capital markets and completed two IPO projects sci-tech innovation board in the Shanghai Stock Exchange. The Group continued to improve its competitiveness and reputation in emerging industries such as technology, media and telecommunication and completed one sci-tech innovation board IPO project in biological medicine industry.

The Group places emphasis on its NEEQ business and considers it its signature business. The Group's NEEQ business has a solid customer base. The Group is committed to establishing and maintaining long-term relationships with corporate customers with an aim to provide full services to small and medium-sized, small and micro enterprises covering decision-making on restructuring, due diligence, corporate norms, listing declaration materials, internal audit and follow-up series of work such as continuous supervision, information disclosure, and capital operations. The Group has developed a relatively rich number of small and medium sized enterprise customers in Shanxi province and established table business presence in Beijing, Shanghai, Shenzhen and Shenyang with business coverage of these regions and other key economic regions in the PRC such as Jiangsu province, Hunan province and Fujian province. The Group therefore accumulated comprehensive customer resources in various industries including manufacturing, electrical machinery, software and information services and pharmaceutical. In 2019, the Group increased its financial service support to small and medium-sized enterprises in Shanxi province and other key domestic economic regions. Particularly with introduction of the reform policies in the NEEQ market, the Group continued to strengthen its information system construction, optimise its management system and develop and nurture professional investors.

The key sources of revenue on equity capital markets transactions are sponsor fees and underwriting fees. Sponsor fees on such transactions are in line with market standard, and IPO underwriting fees depend on the amount of the offering, the size of the IPO, the underwriting contributions and scope of role.

Debt Underwriting

The Group's debt underwriting business includes underwriting enterprise bonds, corporate bonds, financial bonds, treasury bonds, municipal bonds, convertible bonds, debt financing instruments of non-financial enterprises and asset-backed securities.

According to Wind Information, the following table sets forth a breakdown of debt underwriting transactions by type in which the Group acted as a lead underwriter for the periods indicated:

	As at or for the year ended 31 December					
	2018		2019		2020	
	Underwriting Amount	Number of issuance	Underwriting Amount	Number of issuance	Underwriting Amount	Number of issuance
	<i>(RMB in 100 millions, except the number of tranches)</i>					
Enterprise bonds	90.4	17	16.3	4	4.2	2
Corporate bonds	0.0	0	162.6	19	297.13	41
Financial bonds	50.0	3	20.0	2	27	2
Treasury bonds	36.7	175	128.2	272	165.15	506
Total	117.1	195	327.1	297	493.48	551

The following table sets forth the number of debt underwriting projects by the Group and their details:

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB in millions</i>		
Number of debt offering underwritten by the Group	36	95	155
Value of offerings	16,964.1	47,204.3	65,662.5
Underwriting fees	46.5	109.4	164.1

The Group has been making efforts in exploring targeted customers and market competitiveness in bond underwriting business. In particular, the Group takes an active role in underwriting business of local municipal bonds and has achieved remarkable results. In 2019, the Group was awarded Excellent Underwriter of Local Government Bonds by Shanghai Stock Exchange and Institution with Best Contribution Among Non-bank underwriters of Local Government Bonds by CCDC. The Group joined financial bond underwriting syndicates with China Development Bank, Export-import Bank of China and Agricultural Development Bank of China and achieved rapid growth in its debt underwriting business. In 2019 and 2020, the Group won several honours by China Development Bank, Export-import Bank of China and Agricultural Development Bank of China, such as outstanding underwriter and outstanding securities underwriting institution.

Financial Advisory

The Group's financial advisory business includes financial advisory services for M&A, restructuring and reorganisations of corporate clients in the PRC. Leveraging on its extensive business experiences, network and resources, the Group assists its clients in finding transaction opportunities and provides professional advice on transactions. In recent years, the Group has continuously strengthened its business capabilities and expanding its financial advisory business and has committed to providing financial advisory and financing services to market-leading companies in M&A projects and restructuring projects. For the year ended 31 December 2020, the Group completed 179 financial advisory projects.

The following table sets forth the Group's financial advisory services (including M&A transactions) for the periods indicated:

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB in millions</i>		
Number of transactions	174	171	179
Transaction value	161.5	194.4	135.2

Futures Brokerage

The Group engages in its domestic futures brokerage business through its wholly owned subsidiary GLDH, and conducts its overseas futures brokerage business through the subsidiary Shanxi Securities International Futures Limited (山證國際期貨有限公司). GLDH is a member of the Shanghai Futures Exchange, the Zhengzhou Commodity Exchange, the Dalian Commodity Exchange and the China

Financial Futures Exchange, and it is a qualified trading agent for commodity futures and financial futures and futures investment consulting. The Group was granted a rating of “A”, “BBB” and “A” in the evaluation of futures companies by the CSRC for 2018, 2019 and 2020 respectively. Shanxi Securities International Futures Limited (山證國際期貨有限公司) is a qualified futures trading agent under the SFC and is also a member for futures trading and settlement in Hong Kong Stock Exchange.

For the year ended 31 December 2018, 2019 and 2020, the total operating income from the Group’s futures brokerage business amounted to RMB253.1 million, RMB193.3 million and RMB223.7 million.

Bulk Commodity Trading and Risk Management

The Group’s bulk commodity trading and risk management business mainly consists of purchase and sale of warehouse receipt, futures arbitrage and hedging services. At present, the Group’s bulk commodity trading business mainly focuses on the basic warehouse receipt related business, including warehouse receipt agreement repurchase and warehouse receipt purchase and sale.

For the three years ended 31 December 2018, 2019 and 2020, the total operating income generated from the Group’s bulk commodity trading and risk management business accounted for 74.7 per cent., 52.0 per cent. and 13.1 per cent. of its total operating income, respectively. Such large proportion is mainly due to the large-scale of single transaction and the settlement measures the Group adopts. In 2019, the Group incurred losses in its bulk commodity trading business, primarily due to the default of the counterparty and low gross profit margin as a result of the relatively transparent market price. In order to reduce such losses, the Group improved its field delivery and management of warehouse suppliers, clarify the delivery and management process, prudently selecting warehouses such as state-owned warehouses or self-built warehouses to ensure the safety of commodity assets.

OVERSEAS BUSINESS

The Group operates overseas business through SSIF, its wholly owned subsidiary. SSIF was incorporated in Hong Kong in April 2006 and became a wholly owned subsidiary of the Issuer in February 2016. SSIF engages in wealth management, securities and futures contracts brokerage, proprietary trading, investment banking, asset management, direct investments, fixed income, Bond Connect and diversified commodity services.

Taking Hong Kong as its centre of operations, SSIF and its subsidiaries (collectively, the “**SSIF Group**”) hold a number of licences, including the Type 1 licence for dealing in securities, Type 2 licence for dealing in futures contracts, Type 4 licence for advising on securities, Type 5 licence for advising on futures contracts, Type 6 licence for advising on corporate finance and Type 9 licence for asset management. In 2020, SSIF Group was awarded Outstanding Investor (Investment Bank Category) (優秀投資者(投資銀行類)) by Bond Connect Company Limited. In March 2020, the wholly owned subsidiary of SSIF, Shanxi Securities International Asset Management Limited launched SSIF DCE Iron Ore Futures Index ETF (“**SSIF DCE ETF**”), listed on the Hong Kong Stock Exchange, which is the world’s first iron ore ETF. The SSIF DCE ETF aims to track the Dalian Commodity Exchange Iron Ore Futures Price Index based on the price movement of most active Iron Ore Futures Contract and achieve close correlation with the underlying index. SSIF DCE ETF was granted Top Performing ETF Total Return of the Year 2020 by the Hong Kong Exchanges and Clearing Limited in recognition of its outstanding performance and earned the Best Financial Technology Solution Award (Highly recommended level)(最佳財務技術問題解決方案獎(強烈推薦級)) from Treasury Management International Awards.

SALES AND MARKETING

The Group’s investment strategy team not only has extensive sales, marketing and advisory experience in the financial and wealth management industries, but also possesses a broad product and service awareness.

To enhance brand awareness, the investment strategy team of the Group regularly conducts face-to-face meetings with prospective clients, hosts public relations and investor education events and participates in industry conferences. The investment strategy team also distributes the Group's featured research reports and provides other value-added financial advisory services to clients in order to enhance customer loyalty.

RESEARCH

The Group's research capability is one of its core competencies and plays a key role in the development of the principal business lines. Within the realm of value investing concepts, the research team provides original, independent, objective, fundamental insights and analysis for the Group's clients.

As at 31 December 2020, the Group's Research team consisted of 65 research analysts, which include Securities Investment Consulting (Analyst)(證券投資諮詢(分析師)) qualified analysts, who conduct independent research on macro-economy, fixed income and equity market strategy, and major sectors including financials, real estate, consumer, healthcare, TMT, materials and energy with a coverage of almost all industries and A-share listed companies. All of the research analysts hold master's degrees or above. The majority of them are equipped with extensive work and/or educational experience in China's domestic and overseas financial markets, and have the qualifications for securities investment consulting analysts and some have the qualifications for general securities business.

The Group's research team is dedicated to value investment through innovative, sophisticated, and differentiated investment ideas. The analysts, economists, and strategists collaborate to assist clients with their independent, objective and impartial analysis and insight. They deploy a variety of analytical tools, ranging from fundamental analysis to quantitative modelling and scenario assessment to numerical simulations, to achieve research excellence with the breadth and depth of the Group's resources. Since its establishment, the Group's research team has earned its reputation and respect from clients through their best-in-class research quality, unparalleled innovative approach, and impeccable professional integrity. Numerous analysts have been named best analysts by JRJ.com (金融界) and Eastmoney.com (東方財富).

In recent years, the Group has increased its resource allocation to strengthen its research capability. The Group encourages its research analysts to participate in training to enhance their professional expertise. The research team provides research reports and updates to external parties covering market strategies, securities, finance engineering, industry research and company research. The Group's research services model broadly provides research reports to customers and research services according to customers' requirements. In 2018, the Group's research team was awarded as the Most Promising Research Institute (最具潛力研究機構獎) by Eastmoney.com (東方財富).

MARKET AND COMPETITION

As at 31 December 2020, there were 138 registered PRC securities firms. The PRC securities industry is highly regulated and PRC securities firms are subject to extensive regulatory requirements from various perspectives, including business licences, scope of products and services, business development and risk control. Competition in the PRC securities industry has been and is likely to remain intense.

In the securities brokerage business, the Group competes primarily with other securities firms with a national presence in China in terms of pricing and the range of products and services offered. In the investment banking business, the Group competes primarily with domestic and sino-foreign joint-venture securities firms as well as PRC commercial banks (principally on debt underwriting business) in terms of brand recognition, product portfolio, marketing and distribution capability, service quality and pricing. In the entrusted asset management business, the Group competes primarily with fund management companies, banks, insurance companies and other securities firms in the PRC in terms of the range of products and services offered, pricing and quality of customer service.

Some of the Group’s competitors may enjoy certain competitive advantages, such as greater financial resources, more sophisticated management experience, more advanced information technology systems, wider geographic coverage and the ability to offer more diversified financial products and services than the Group itself. In addition, with the deregulation in the PRC securities industry, more competitors are seeking to enter the market or expand their businesses.

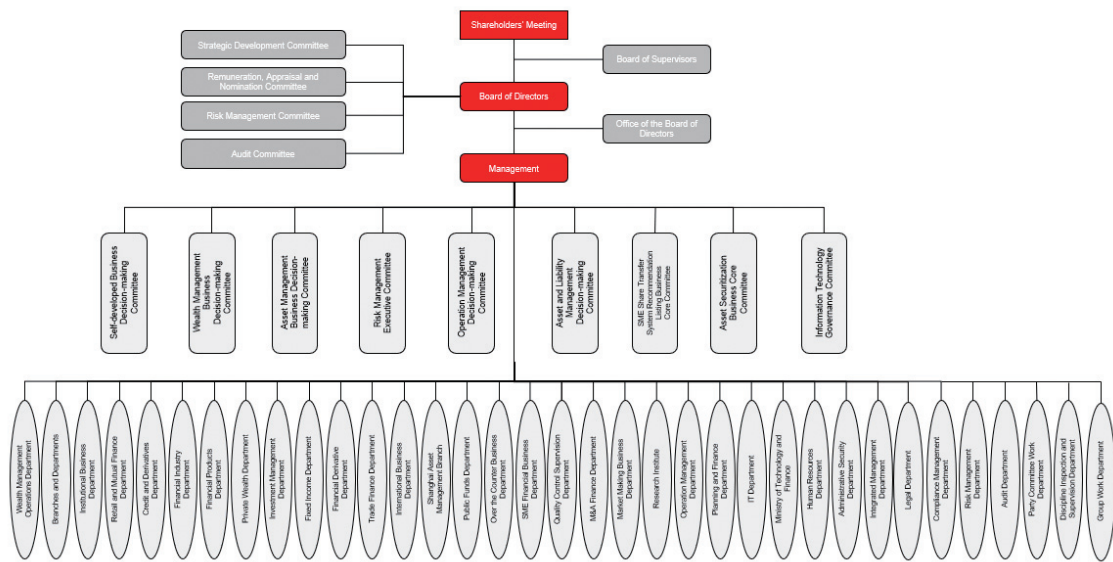
RISK MANAGEMENT

The Group’s objectives, basic policies and organisational structure of risk management

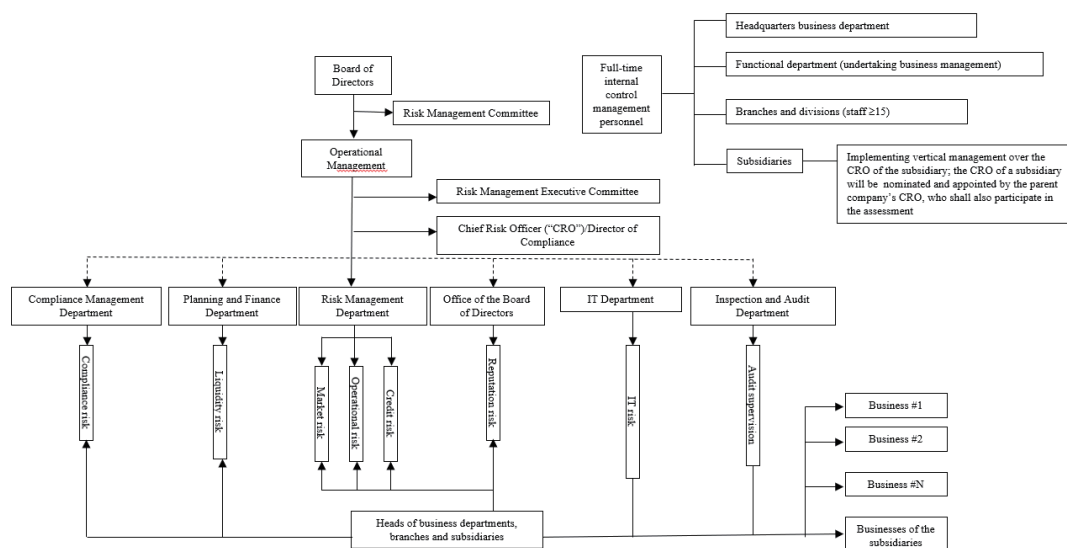
The Group’s risk management objectives are to enhance corporate risk governance while focusing on the Group’s overall business development strategies and plans; to implement its “comprehensive risk management” philosophy by improving risk control policies and systems, efficiently overseeing and assessing risk exposure of each business or product by implementing detailed risk control plans, and optimising its portfolio to balance risk and return; and to uphold the core values of the Group’s risk management culture, namely, legality and compliance, stable operation, integrity and precision, professionalism and collaboration and shared responsibility.

The Group’s “comprehensive risk management” philosophy covers all its business lines, departments, positions and personnel. Through an efficient and balanced risk management structure, it has cultivated a risk culture that promotes stability and prudence, formulated a unified risk management strategy and risk appetite, and implemented risk limit and risk management policies. There are seven key elements in the Group’s comprehensive risk management, including a risk management culture, a risk governance structure, systems and policies, risk appetite and limits, business processes, management information systems and data quality management, and internal control and internal audit. The Group’s comprehensive risk management also adheres to five main principles, namely full coverage, effectiveness, compatibility, independence and proactiveness.

The illustrative chart below sets out the Issuer’s management organisational structure as at 31 December 2020:



The illustrative chart below sets out the Issuer's risk management organisational structure as at 31 December 2020:



The Issuer has established a sophisticated management organisation structure consisting of the Board of Directors, management, operational committees, business departments and risk management departments. The Risk Management Department takes the lead to conduct risk management work under the leadership of the chief risk officer, which includes identifying, evaluating, monitoring and managing market risk, credit risk and operational risk and reporting the overall risk level. The Compliance Management Department is in charge of compliance risk and legal risk management; the Planning and Finance Department is responsible for liquidity risk management; the Information Technology Department is in charge of information technology risk management; and the Board Office is in charge of reputation risk management. In addition, each business department and functional departments of the Issuer and all the Issuer's branches and subsidiaries also set up their own specialised risk management offices to control and manage risks, and these risk management offices are all under the direct supervision of the Issuer's Risk Management Department.

To implement its "comprehensive risk management" philosophy, the Group has built three lines of defence as follows:

- the first line of defence is the front-office business departments which have direct responsibility and accountability for risk management;
- the second line of defence consists of the departments with risk management functions. Internal control is an important component of this line of defence, and through developing and implementing a system with systematic processes and methods, it identifies and controls relevant risks in each of the Group's business and managed activities; and
- the internal audit department forms the third line of defence. By using a systematic and standardised approach and objectively and independently assessing and monitoring the performance of the first and second lines of defences, the internal audit department evaluates the effectiveness of the overall risk management internally.

The Group has developed its comprehensive risk management system mainly through the following measures:

- **a sophisticated committee mechanism** – various committees with corresponding rules and management have been formed according to the Group's business segments and characteristics;

- *departments with risk management functions* – departments with risk management functions take a lead in risk management with support from other departments within the Group;
- *a robust system* – the risk management system covers all corporate levels within the Group and all its products and risk types; and
- *clear business processes* – a clear and controllable process has been put in place for each business or product.

Furthermore, the Group continues to improve its risk management system through measures such as optimising the committee mechanism, promoting scientific decision making, increasing operational efficiency, building a comprehensive risk management system and formulating clear business processes for all kinds of products based on its investment bank's characteristics.

CAPITAL MANAGEMENT

The Group's primary objective in capital management is to ensure that it maintains sufficient capital in order to support its business and maximise shareholder value. In addition, several subsidiaries of the Group licensed by the SFC are obliged to meet regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times. In order to maintain or adjust its capital structure, the Group may adjust the dividends paid to shareholders or issue new shares. The Group monitors capital on the basis of total equity as shown in the consolidated statement of financial position. The Group's strategy is to maintain a solid capital base to support the operations and business development in the long term.

EMPLOYEES

The Group had approximately 2637 employees as at 31 December 2020. The Group has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. The Group is committed to developing and nurturing the talent of its employees through the provision of appropriate training and seminars, business cooperation and staff secondment opportunities.

The Group pays great attention to employees' welfare, and continuously improves its welfare system. In addition to national compulsory welfare plans, the Group offers employees other benefits such as critical illness insurance and supplementary medical insurance. Such insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in the PRC.

REGISTERED OFFICE

The registered office of the Issuer is located at East Tower, Shanxi International Trade Center, 69 Fuxi Street, 030002, Taiyuan, Shanxi, China.

INFORMATION TECHNOLOGY

The Group's information technology ("IT") department is responsible for delivering and maintaining secure, reliable and high-quality systems to support the business operations of the Group and the provision of the necessary IT infrastructure based on the business needs and development of the Group.

The Group's IT systems consist of four key components: front office, middle office, back office and internal management systems that generally cover transaction management, customer service and risk management, investment, accounting, and internal enterprise management. The Group aims to keep its

IT systems updated with the goal of achieving higher operational efficiency, enhance user access and customer service, provide flexibility for future business needs, respond to market development trends and increase its competitiveness in the markets in which it operates.

INSURANCE

The Group maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as property all risks and public liability insurances. Consistent with customary industry practice in the PRC, the Group does not maintain any business interruption insurance.

The Group believes that its insurance coverage is necessary and sufficient for its operations and is customary for the industry in which it operates. Moreover, the Group's policies are subject to standard deductibles, exclusions and limitations. Therefore, insurance might not necessarily cover all losses incurred and the Group cannot provide any assurance that it will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, its insurance policies

The Group periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

LEGAL AND REGULATORY

Regulatory and Licensing Requirements

The Group conducts the Group's business mainly in the PRC and Hong Kong and is, therefore, subject to the relevant regulations of the PRC and Hong Kong.

The Issuer and its subsidiaries incorporated and operated in the PRC had obtained the permits and licences necessary for its operations from the PRC regulators such as the CSRC.

Due to the licensing regimes of the SFC, the Issuer's subsidiaries incorporated in Hong Kong are required to obtain licences necessary to conduct their businesses in Hong Kong. The Group's subsidiary, SSIF incorporated in Hong Kong and its subsidiaries hold a number of licences, including the Type 1 licence for dealing in securities, Type 2 licence for dealing in futures contracts, Type 4 licence for advising on securities, Type 5 licence for advising on futures contracts, Type 6 licence for advising on corporate finance and Type 9 licence for asset management.

Legal Proceedings

The Group is party to a number of legal proceedings arising in the ordinary operation of the Group's business. As at the date of this Offering Circular, there were no legal proceedings pending or threatened against the Group or the Group's Directors that could, individually or in the aggregate, have a material effect on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND MANAGEMENT

BOARD OF DIRECTORS

The Issuer's board of directors currently consists of eleven directors. The board of directors is responsible, and has the general authority for, the management and operation of the Issuer. The Issuer's directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. In accordance with the rules of the CSRC, an independent director shall not serve for more than two consecutive terms.

The following table shows the key information of the Issuer's directors as of the date of this Offering Circular:

Name	Age	Position
Mr. Hou Wei (侯巍)	49	Chairman
Mr. Wang Yili (王怡里)	48	Deputy Chairman
Mr. Xia Guisuo (夏貴所)	58	Director
Mr. Liu Pengfei (劉鵬飛)	40	Director
Ms. Li Xiaoping (李小萍)	50	Director
Mr. Zhou Jinxiao (周金曉)	48	Director
Mr. Li Haitao (李海濤)	52	Independent Director
Mr. Xing Huiqiang (邢會強)	45	Independent Director
Mr. Zhu Qi (朱祁)	46	Independent Director
Ms. Guo Jie (郭潔)	46	Independent Director
Mr. Qiao Junfeng (喬俊峰)	56	Employee Director

Mr. Hou Wei (侯巍), aged 49, is the chairman of the Issuer's Board and the Director, general manager and chairman of China communist party committee of the Issuer. Concurrently, Mr. Hou works as chairman of Shanxi Equity Exchange Center Co., Ltd. (山西股權交易中心有限公司). Mr. Hou previously worked as the Issuer's Director and general manager, member and deputy chairman of China communist party committee, director and general manager of Shanxi Securities Limited Company (山西證券有限責任公司), director of GLDH, director of ZDSC. Mr. Hou holds a master's degree.

Mr. Wang Yili (王怡里), aged 48, is the deputy chairman of the Issuer. Concurrently, he also serves as the secretary of the board of directors, general manager, executive committee member, and deputy secretary of the China communist party committee. Mr. Wang holds a bachelor's degree. Mr. Wang also previously served the Issuer as general manager of office of the board of directors, general manager of integrated management department, member of China communist party committee, employee director and deputy general manager. Mr. Wang also works as chairman of Shanzheng Fund Management Co., Ltd. (山證基金管理有限公司), Shanzheng Capital Management (Beijing) Co., Ltd. (山證資本管理(北京)有限公司) and Shanxi Securities Investment Company Limited (山證投資有限責任公司). Mr. Wang also works as director of ZDSC, executive director and general manager of Shanxi Securities Alternative Investment Limited (山證創新投資有限公司) and executive director of Shanxi Securities Technology (Shenzhen) Company Limited (山證科技(深圳)有限公司).

Mr. Xia Guisuo (夏貴所), aged 58, is a director of the Issuer. Mr. Xia holds a bachelor's degree. Concurrently, Mr. Xia also works as director of Shanxi Top Energy Company Limited (山西通寶能源股份有限公司), Shanxi International Electricity Group Limited (山西國際電力集團有限公司), Shanxi Guodian Real Estate Co., Ltd. (山西國電置業有限公司), Shanxi Local Electric Power Co., Ltd. (山西地方電力有限公司), Shanxi International Power Asset Management Co., Ltd. (山西國際電力資產管理有限公司), Jinneng Environmental Engineering Co., Ltd. (晉能環保工程有限公司), Shanxi International Power Investment Limited (山西國際電力投資有限公司), and supervisor of Jinshang Bank Company Limited (晉商銀行股份有限公司), Shanxi Haoding Energy Investment Co., Ltd. (山西灝鼎能源投資有限公司) and Zhaohui Industrial Investment Fund Management Co., Ltd. (朝暉產業投資基金管理有限公司). Previously, Mr. Xia served as deputy director of financial department of Shanxi

Tongbao Energy Co., Ltd. (山西通寶能源股份有限公司) and assistant to general manager, chief accountant, and deputy general manager and concurrently accountant of Shanxi Tongbao Energy Co., Ltd. (山西通寶能源股份有限公司). Mr. Xia also served as chief accountant and member of China communist party committee of Shanxi International Power Group Co., Ltd. (山西國際電力配電管理公司), manager of finance department of Shanxi International Power Group Co., Ltd. (山西國際電力集團有限公司), and chief accountant and member of China communist party committee and then deputy manager of finance management department of Jinneng Electric Power Group Co., Ltd. (晉能電力集團有限公司).

Mr. Liu Pengfei (劉鵬飛), aged 40, is a director of the Issuer. Mr. Liu holds a master's degree. Concurrently, Mr. Xia also works as general manager of the financial investment department and employee director of Shanxi Financial Holding (山西金融投資控股集團有限公司), director of Shanxi Finance and Reguarantee Group Co., Ltd. (山西省融資再擔保有限公司), executive director and general manager of Shanxi Financial Holding Capital Management Co., Ltd. (山西金控資本管理有限公司), director of Huarong Jinshang Asset Management Co., Ltd. (華融晉商資產管理股份有限公司) and chairman of Shanxi Xinchuang Industrial Park Co., Ltd. (山西信創產業園有限公司). Previously, Mr. Liu also worked as deputy general manager of investment management department of Shanxi Guoxin Investment Group Co., Ltd. (山西國信投資集團有限公司), deputy general manager of capital operation department of Shanxi Financial Holding (山西金融投資控股集團有限公司), and director of China Coal Property Insurance Co., Ltd. (中煤財產保險股份有限公司).

Ms. Li Xiaoping (李小萍), aged 50, is a director of the Issuer. Ms. Li holds a master's degree. Concurrently, Ms. Li also works as deputy secretary of China communist party committee and labour union president of the Issuer. Previously, Ms. Li worked as director of human resources division of Shanxi Trust and Investment Company (山西省信託投資公司), specialised discipline inspection committee member, manager of human resources department, director of discipline inspection office, director of inspection office and deputy secretary of discipline committee of Shanxi Guoxin Investment (Group) Company (山西省國信投資(集團)公司), discipline inspection committee member, director of discipline inspection office, director of inspection office, deputy secretary of discipline committee, human resources manager and director of human resources department of Shanxi Guoxin Investment Group Co., Ltd. (山西國信投資集團有限公司), human resources manager and organisation department of China communist party committee, general manager of human resources department, secretary of and united front work committee member of China communist party committee, and labour union president of Shanxi Financial Holding (山西金融投資控股集團有限公司), and supervisor and chairman of board of supervisors of Shanxi Investment Group Co., Ltd. (山西省投資集團有限公司).

Mr. Zhou Jinxiao (周金曉), aged 48, is a director of the Issuer. Mr. Zhou holds a bachelor's degree. Concurrently, Mr. Zhou also works as deputy director of capital operational department of Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司), deputy director of securities and investment relationship department and affairs representative of Shanxi Taigang Stainless Steel Co., Ltd. (山西太鋼不銹鋼股份有限公司), and director of Taigang Group Finance Co., Ltd. (太鋼集團財務有限公司), Shitai Railway Line Co., Ltd. (石太鐵路客運專線有限責任公司) and director of Xijinci State Hotel Co., Ltd. (山西晉祠國賓館有限公司). Previously, Mr. Zhou worked as director of investment management office and capital management office of accounting and finance department of Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司) and chief finance officer of Taiyuan Iron & Steel (Group) Co., Ltd., KROM Company (太原鋼鐵(集團)有限公司土耳其KROM公司).

Mr. Li Haitao (李海濤), aged 52, is an independent director of the Issuer. Mr. Li holds a doctorate degree. Concurrently, Mr. Li works as the professor in finance department of Cheung Kong Graduate School of Business (長江商學院) and independent director of China Silver Group Limited (中國白銀集團有限公司), Horizon Asset Management Co., Ltd. (匯安基金管理有限責任公司) and Tebon Securities Co. Ltd. (德邦證券股份有限公司). Previously, Mr. Li also worked as assistant professor in Cornell

University Johnson Graduate School of Management, professor in University of Michigan Ross School of Business and visiting professor in finance department of Cheung Kong Graduate School of Business (長江商學院).

Mr. Xing Huiqiang (邢會強), aged 45, is an independent director of the Issuer. Mr. Xing holds a doctorate degree. Concurrently, Mr. Xing also works as independent director of Pioneer Fund Investment Management Co., Ltd. (先鋒基金投資管理有限公司), deputy director and chief secretary of Institute of Securities Law of China Law Society (中國法學會證券法學研究會) and Beijing Financial Services Law Society (北京市金融服務法學研究會), part-time lawyer, senior counsel in capital market department in Celue Law Firm (北京市策略律師事務所) and independent director of Lian Life Insurance Company Limited (利安人壽股份有限公司). Mr. Xing also works in Central University of Finance and Economics (中央財經大學). Previously, Mr. Xing also worked for post-doctoral workstation in Industrial and Commercial Bank of China Limited and Peking University. Mr. Xing worked as part-time lawyer in Grandall Law Firm (國浩律師事務所), Beijing Junzhi Law Firm (北京市君致律師事務所) and independent director of Anhui Xinke Materials Co., Ltd. (安徽鑫科材料股份有限公司), Wuhan Yuanjing Aerospace Technology Co., Ltd. (武漢遠景航天科技股份有限公司) and Beijing Hengtai Wanbo Petroleum Technology Co., Ltd. (北京恒泰萬博石油技術股份有限公司).

Mr. Zhu Qi (朱祁), aged 46, is an independent director of the Issuer. Mr. Zhu holds a doctorate degree. Concurrently, Mr. Zhu also works as associate professor in Accounting and Finance Department of Management School, Fudan University, and independent director of Ningbo Renjian Pharmaceutical Group Co., Ltd. (寧波人健藥業集團股份有限公司). Previously, Mr. Zhu also worked as lecturer of Finance Department of Antai College of Economics and Management, Shanghai Jiao Tong University.

Ms. Guo Jie (郭潔), aged 46, is an independent director of the Issuer. Ms. Guo holds a bachelor's degree and is a senior accountant. Concurrently, Ms. Guo also works as independent director of Shanxi Jinbo Biological Medicine Co., Ltd. (山西錦波生物醫藥股份有限公司), Shanxi Zhonglv Environmental Protection Technology Co., Ltd. (山西中綠環保科技股份有限公司) and Shanxi Jinxiu Elephant Farming and Animal Husbandry Co., Ltd. (山西錦繡大象農牧股份有限公司) and general manager of New Horizon Tianji Wulian (Group) Co., Ltd. (新時空天基物聯(集團)有限公司). Previously, Ms. Guo also worked as general manager of Dalian Zhonglian Assets Appraisal Co., Ltd. (大連中連資產評估有限公司) and Beijing Zhongzhao International Accounting Firm Co., Ltd. (北京中兆國際會計師事務所有限公司), council secretary, deputy office manager and deputy general manager of emergency rescue promotion centre of Ministry of Civil Affairs (民政部緊急救援促進中心) and its subsidiary, Xinnuo Emergency Rescue Investment Management Co., Ltd. (欣諾緊急救援投資管理有限公司), director and board secretary of Beijing Zhongchang Shiji Information Technology Co., Ltd. (北京中長石基信息技術股份有限公司) and legal representative of Shanxi Guoyuan Asset Appraisal Co., Ltd. (山西國元資產評估有限公司).

Mr. Qiao Junfeng (喬俊峰), aged 56, is an employee director, deputy general manager, executive committee member and member of China communist party standing committee of the Issuer. Mr. Qiao holds a master's degree. Concurrently, Mr. Qiao also serves as the chairman of SSIF (山證國際金融控股有限公司) and general manager of Shanghai asset management branch office of the Issuer. Previously, Mr. Qiao also worked as manager of Yingze Avenue Department (迎澤大街證券營業部), Dayingpan Securities Department (大營盤證券營業部) and of Shanghai Shuangyang Securities Department (上海雙陽路證券營業部) of Shanxi Trust and Investment Company (山西省信託投資公司), and general manager of securities department and brokerage department of Shanxi Trust and Investment Company (山西省信託投資公司). Mr. Qiao also worked as general manager of online trading department and brokerage department of Shanxi Securities Limited Company (山西證券有限責任公司), general manager of Taiyuanfu West Street securities branch (太原府西街證券營業部) of Shanxi Securities Limited Company (山西證券有限責任公司) and director and general manager of Zhixin Network (智信網絡). Mr. Qiao also served as employee director of Shanxi Securities Limited

Company (山西證券有限責任公司) and the Issuer, director, general manager and chairman of Dahua Futures Co., Ltd. (大華期貨有限公司), head of Issuer's futures preparation team and chairman of GLDH.

BOARD OF SUPERVISORS

The Issuer's board of supervisors currently consists of 12 supervisors. The Issuer's supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The following table shows the key information of the Issuer's Supervisors. All of the Issuer's Supervisors meets the qualification requirements under relevant PRC laws and regulations for their positions.

Name	Age	Position
Mr. Jiao Yang (焦楊)	55	Chairman of the Board of Supervisors
Mr. Guo Zhihong (郭志宏)	55	Supervisor
Mr. Lu Guolin (李國林)	49	Supervisor
Mr. Wu Aidong (武愛東)	54	Supervisor
Mr. Bai Jingbo (白景波)	47	Supervisor
Mr. Wang Yugang (王玉崗)	59	Supervisor
Mr. Liu Qiwan (劉奇旺)	58	Supervisor
Mr. Cui Qiusheng (崔秋生)	48	Supervisor
Mr. Hu Zhaohui (胡朝暉)	52	Employee Supervisor
Mr. Liu Wenkang (劉文康)	50	Employee Supervisor
Ms. Si Haihong (司海紅)	43	Employee Supervisor
Mr. Zhang Hongbing (張紅兵)	40	Employee Supervisor

Mr. Jiao Yang (焦楊), aged 55, is the Chairman of the board of supervisors and member of China communist party committee of the Issuer. Mr. Jiao holds a master's degree. Concurrently, Mr. Jiao also works as chairman of the board of supervisors of HSBC Jinxin Fund Management Co., Ltd. (滙豐晉信基金管理有限公司) and supervisor and then chairman of the board of supervisors of Shanxi Equity Exchange Center Co., Ltd. (山西股權交易中心有限公司). Previously, Mr. Jiao worked as deputy general manager of Shanxi Trust Co., Ltd. (西信託股份有限公司) and chief risk officer and concurrently general manager of department of audit and risk control of Shanxi Guoxin Investment Group Co., Ltd. (山西國信投資集團有限公司). Mr. Jiao also worked for Shanxi Financial Holding, serving as chief operating officer, and general manager of department of capital operation and department of investment management.

Mr. Guo Zhihong (郭志宏), aged 55, is a supervisor of the Issuer. Mr. Guo is a senior economist and holds a master's degree of business administration. Concurrently, Mr. Guo works as secretary of China communist party committee and chairman of Shanxi Finance and Reguarantee Group Co., Ltd. (山西省融資再擔保有限公司). Previously, Mr. Guo worked as supervisor, chairman of the board of supervisors, member for China communist party committee of China and vice president of Shanxi Trust Co., Ltd. (山西信託股份有限公司) and chairman and secretary of committee of communist party of China of Shanxi Finance and Reguarantee Group Co., Ltd. (山西省融資再擔保有限公司).

Mr. Li Guolin (李國林), aged 49, is a supervisor of the Issuer. Mr. Li holds a master's degree. Concurrently, Mr. Li also works as executive director, general manager and secretary of communist party branch of Shanxi Science and Technology Fund Development Co., Ltd. (山西省科技基金發展有限公司), executive director of Shanxi Jiuhui Equity Investment Management Co., Ltd. (山西久暉股權投資管理有限公司) and director of several companies including Shanxi Aokun Biological Agriculture Co., Ltd. (山西澳坤生物農業股份有限公司), Taiyuan Fenghua Information Equipment Co., Ltd. (太原風華信息裝備股份有限公司), Jincheng Fuji New Materials Co., Ltd. (晉城市富基新材料股份有限公司), Shanxi Nuoya Xinchuang Capital Co., Ltd. (山西諾亞信創業投資有限公司), Yuncheng Aoxin Nano

New Technology Co., Ltd. (運城市奧新納米新技術有限公司), Shanxi Qingshan Chemical Co., Ltd. (山西青山化工有限公司) and Shanxi Kangbao Biological Products Co., Ltd. (山西康寶生物製品股份有限公司). Previously, Mr. Li worked as deputy general manager and then general manager and secretary of communist party branch of Shanxi Science and Technology Fund Development Corporation (山西省科技基金發展總公司) and director of Shanxi Zhongdianke New Energy Technology Co., Ltd. (山西中電科新能源技術有限公司).

Mr. Wu Aidong (武愛東), aged 54, is a supervisor of the Issuer. Mr. Wu holds a master's degree. Concurrently, Mr. Wu also serves as director, general manager and chairman of China communist party committee of Shanxi Xinghuacun International Trade Co., Ltd. (山西杏花村國際貿易有限責任公司) and executive director of Shanxi Xinghuacun Fenjiu Building Co., Ltd. (山西杏花村汾酒大廈有限責任公司). Previously, Mr. Wu also served as president of labour union, secretary of China communist party committee, general manager and executive director of Shanxi Xinghuacun Fenjiu Building Co., Ltd. (山西杏花村汾酒大廈有限責任公司), chairman of Zhuyeqing Alcohol Marketing Co., Ltd. (竹葉青酒營銷有限公司), assistant to general manager of Shanxi Xinghuacun Fenjiu Factory Co., Ltd. (山西杏花村汾酒廠股份有限公司), and chairman and secretary of China communist party branch of Sichuan Tianjiu Investment Co., Ltd. (四川天玖投資有限責任公司).

Mr. Bai Jingbo (白景波), aged 47, is a supervisor of the Issuer. Mr. Bai holds a master's degree. Concurrently, Mr. Bai also serves as China communist party committee member, director and chief accountant of Shanxi Tourism Investment Holding Group Co., Ltd. (山西省旅遊投資控股集團有限公司), supervisor of Taiyuan Zhonggong Co., Ltd. (太原重工股份有限公司) and director of Taiyuan Shitou Cement Co., Ltd. (太原獅頭水泥股份有限公司). Previously, Mr. Bai also worked as director of director of business operation department of Shanxi Economic and Trade Investment Holding Group Co., Ltd. (山西省經貿投資控股集團有限公司), director and general manager of Shanxi Guorui Investment Co., Ltd. (山西國瑞投資有限公司), and deputy chairman, chairman, secretary of China communist party branch of Shanxi Guorui Real Estate Development Co., Ltd. (山西國瑞房地產開發有限公司).

Mr. Wang Yugang (王玉崗), aged 59, is a supervisor of the Issuer. Mr. Wang holds a college degree. Concurrently, Mr. Wang also serves as director of State-owned Asset Management Center of Changzhi City Administrative Institutions (長治市行政事業單位國有資產管理中心). Previously, Mr. Wang also worked as chief of recycle section, office manager and deputy manager of State-owned Asset Management Center of Changzhi City Administrative Institutions (長治市行政事業單位國有資產管理中心).

Mr. Liu Qiwan (劉奇旺), aged 58, is a supervisor of the Issuer. Mr. Gao holds a bachelor's degree. Concurrently, Mr. Liu also works as chief accountant of Lvliang State Investment Group Co., Ltd. (呂梁國投集團有限公司). Previously, Mr. Liu worked as deputy office director and then office director and chief accountant of Lvliang State-owned Assets Investment Group Corporation (呂梁市國有資產投資集團公司).

Mr. Cui Qiusheng (崔秋生), aged 48, is a supervisor of the Issuer. Mr. Cui holds a master's degree. Concurrently, Mr. Cui also works as director, head and secretary of China communist party branch of policy research office of corporate management division of Shanxi Coking Group Co., Ltd. (山西焦化集團有限公司). Previously, Mr. Cui also worked as Jingfen workshop director and chief craft of Coking Plant III, chief engineer of Coking Plant V, deputy director of manufacturing technology department and chief dispatcher, deputy manager of Coking Plant, plant manager and secretary of China communist party committee of tar processing plant of Shanxi Coking Group Co., Ltd. (山西焦化集團有限公司). Mr. Cui also previously served as deputy chairman and secretary of China communist party committee of Shanxi Coking Design and Research Institute (Co., Ltd.) (山西焦化設計研究院(有限公司)).

Mr. Hu Zhaohui (胡朝暉), aged 52, is an employee supervisor of the Issuer. Mr. Hu holds a bachelor's degree. Concurrently, Mr. Gao also serves as general manager of Issuer's audit and assessment department, and supervisor of Shanxi Securities Investment Company Limited (山證投資有限責任公司) and Shanzheng Capital Management (Beijing) Co., Ltd. (山證資本管理(北京)有限公司). Mr. Hu previously worked as general manager of the Issuer's risk control department.

Mr. Liu Wenkang (劉文康), aged 50, is an employee supervisor and general manager of risk management department of the Issuer. Mr. Liu holds a bachelor's degree. Previously, Mr. Liu also worked as researcher in the investment research department, assistant to general manager of Taiyuan Jiefang North Road securities branch (太原解放北路證券營業部), deputy general manager of brokerage management department and general manager of Datong Xinjiang South Road Securities Department (大同新建南路證券營業部) of Shanxi Securities Limited Company (山西證券有限責任公司). Mr. Liu also served as general manager of compliance management department of the Issuer.

Ms. Si Haihong (司海紅), aged 43, is an employee supervisor and deputy general manager of human resources department of the Issuer. Mr. Liu holds a master's degree. Previously, Ms. Si also worked for investment banking department and finance planning department of Shanxi Securities Limited Company (山西證券有限責任公司). Ms Si previously also worked for finance planning department and board office of the Issuer and served as assistant to general manager of human resources department of the Issuer.

Mr. Zhang Hongbing (張紅兵), aged 40, is an employee supervisor and assistant to research institute director of the Issuer. Previously, Mr. Zhang also conducted research work for the Issuer's research institute.

SENIOR MANAGEMENT

The Issuer's senior management is responsible for the management of day-to-day operations the Issuer.

The following table shows the key information of the Group's senior management:

Name	Age	Position
Mr. Tang Jianxiong (湯建雄)	53	Deputy General Manager, Chief Risk Officer, Finance Officer, Executive Committee Member
Mr. Gao Xiaofeng (高曉峰)	46	Deputy General Manager, Chief Compliance Officer, Executive Committee Member
Ms. Yan Xiaohua (閔曉華)	50	Assistant to General Manager, Executive Committee Member
Mr. Xiwei (謝衛)	49	Assistant to General Manager, General Manager of the Institutional Business Department, Executive Committee Member
Ms. Han Liping (韓麗萍)	47	Assistant to General Manager, Executive Committee Member
Mr. Liu Runzhao (劉潤照)	47	Assistant to General Manager, General Manager of Medium and Small Sized Enterprises Financing Business Department, Executive Committee Member
Mr. Wang Xuebin (王學斌)	44	Assistant to General Manager, Executive Committee Member

Mr. Tang Jianxiong (湯建雄), aged 53, is a deputy general manager, chief risk officer, finance officer, executive committee member of the Issuer. Mr. Tang holds a bachelor's degree. Concurrently, Mr. Tang also serves as director of Shanxi Securities Investment Company Limited (山證投資有限責任公司), GLDH and ZDSC. Previously, Mr. Tang also worked as general manager and head of the asset

management department, and deputy general manager and then general manager of finance and planning department of Shanxi Securities Limited Company (山西證券有限責任公司), later the Issuer. Mr. Tang also served as finance officer and chief compliance officer of the Issuer. Mr. Tang previously also worked as officer in finance and planning division, finance manager of Shanghai securities department, deputy general manager of liquidation office of securities department of Shanxi Trust and Investment Company (山西信託投資公司), and director of Dahua Futures Co., Ltd. (大華期貨有限公司).

Mr. Gao Xiaofeng (高曉峰), aged 46, is a deputy general manager, chief compliance officer and executive committee member of the Issuer. Mr. Gao holds a bachelor's degree. Previously, Mr. Gao also worked for Shanxi Securities Management Office, Zhengxin Securities training centre and the CSRC Shanxi Regulatory Bureau, institutional division, futures division and listing division, serving as deputy office manager and then manager, and director of futures division and legal officer. Mr. Gao was seconded to Shanxi Financial Holding (山西金融投資控股集團有限公司) and served as deputy general manager of investment management department.

Ms. Yan Xiaohua (閔曉華), aged 50, is an assistant to general manager and executive committee member of the Issuer. Ms. Yan holds a bachelor's degree. Previously, Ms. Yan worked for general affairs department and Wuyi Road branch (五一路證券營業部) of Shanxi Securities Company (山西省證券公司) and general management department of the Issuer. Ms. Yan also worked as general manager of general management department, director of human resources department, and general manager of Xi'an Securities branch of Shanxi Securities Limited Company (山西證券有限責任公司). Ms. Yan also worked as employee supervisor and general manager of audit and assessment department of Shanxi Securities Limited Company (山西證券有限責任公司), and later of the Issuer. Ms. Yan also worked as general manager of compliance department of the Issuer.

Mr. Xie Wei (謝衛), aged 49, is an assistant to general manager, general manager of the institutional business department and executive committee member of the Issuer. Mr. Xie holds a master's degree. Previously, Mr. Xie also worked as manager of Yongji service department of Shanxi Securities Limited Company (山西證券有限責任公司), and officer in the accounting and finance division and entrusted division, and manager of Dayingpan securities branch of Shanxi Trust Co., Ltd. (山西信託有限責任公司). Mr. Xie also served as head, deputy general manager and then manager of Yuncheng branch, and general manager of Taiyuan Yingze Avenue securities branch (太原迎澤大街證券營業部) of Shanxi Securities Limited Company (山西證券有限責任公司).

Ms. Han Liping (韓麗萍), aged 47, is an assistant to general manager and executive committee member of the Issuer. Ms. Han holds a master's degree. Previously, Ms. Han worked as manager of Taiyuan Yingze Avenue securities branch (太原迎澤大街證券營業部), and general manager of Jiefang North Road securities branch (太原解放北路證券營業部/分公司), Taiyuan Beicheng branch (太原北城分公司), general manager of Taiyuanfu West Road securities branch (太原府西街證券營業部), general manager of wealth management department, and general manager of retail and Hujin department (零售及互金部) of the Issuer. Ms. Han previously conducted counter dealing and customer services in Shanxi Trust and Investment Company (山西省信託投資公司) and she also served as manager of counter dealing department and manager of Taiyuan Yingze Avenue securities branch (太原迎澤大街證券營業部) of Shanxi Securities Limited Company (山西證券有限責任公司).

Mr. Liu Runzhao (劉潤照), aged 47, is an assistant to general manager, general manager of medium and small sized enterprises financing business department and executive committee member of the Issuer. Mr. Liu holds a bachelor's degree. Previously, Mr. Liu served as assistant to general manager of board office of and representative to securities affairs in the Issuer, and general manager of Lv Liang branch (呂梁分公司) of the Issuer. Mr. Liu also previously conducted accounting work in Shanxi Sijian Group Co., Ltd. (山西四建集團有限公司) and worked for Wuyi Road securities branch (五一路證券營業部), investment banking department and general management department of Shanxi Securities Company (山西省證券公司).

Mr. Wang Xuebin (王學斌), aged 44, is an assistant to general manager and executive committee member of the Issuer. Mr. Liu holds a master's degree. Concurrently, Mr. Wang also served as deputy general manager of Shanghai asset management branch (上海資產管理分公司) and general manager of Beijing asset management branch (資產管理(北京)部) of the Issuer and deputy chairman of executive committee of China Securitisation Forum. Previously, Mr. Wang worked as legal assistant in Global Law Firm, deputy general manager of structured finance department of China Chengxin International Credit Rating Co., Ltd. (中誠信國際評級有限公司), department vice president of CITIC Securities Co., Ltd., deputy manager of UBS Securities Co. Limited, senior manager of CITIC Trust Co., Ltd. and executive general manager of investment banking department and financial institution business manager of First Capital Investment Banking Co., Ltd. (第一創業摩根大通證券有限公司).

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The 2019 Financial Statements and the 2020 Financial Statements, which are included in this Offering Circular (together with the English Translated Financial Statements), have been prepared on the basis stated therein in accordance with PRC GAAP.

PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure as to the difference between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below.

Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not regarded as related parties simply because they are both under control of the State, but do not have other related party relationships between them. Under IFRS, government-related entities can be regarded as related parties according to the definition of related party.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed to value fixed assets and intangible assets. Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy. However, whichever model chosen shall be applied consistently to the entire class of fixed assets and intangible assets.

PRC REGULATIONS

OVERVIEW

The Issuer is a securities company in the PRC and is primarily engaged in the business of securities. The Issuer is subject to the regulation of the CSRC and other authorities. The securities business of the Issuer is subject to the applicable regulations of the PRC in the areas at industry entry, business regulation, corporate governance and risk control. Our operations shall also comply with other general regulations of the PRC, including laws, regulations, rules and other regulatory documents in respect of foreign exchange control, taxation and anti-money laundering.

MAJOR REGULATORY AUTHORITIES AND SELF-REGULATORY ORGANISATIONS

The operations of the Issuer are mainly supervised and regulated by the following Chinese government authorities and industry self-regulatory authorities:

CSRC

The CSRC is the major regulatory authority in the securities and futures industry, which is responsible for the unified supervision and management of the securities and futures markets of the PRC and for maintaining the market order thereof, and to secure their lawful operations in accordance with the laws, regulations and within the authorisation of the State Council. According to the Securities Law (《證券法》)(amended on 28 December 2019 and came into effect on 1 March 2020) and the Administrative Regulations on Futures Trading (《期貨交易管理條例》)(effective from 15 April 2007, subsequently amended on 24 October 2012, 18 July 2013, 6 February 2016 and 1 March 2017), the main duties of the CSRC include: to formulate the regulations and rules in relation to the supervision and regulation of the securities and futures markets and to exercise the rights of examination, approval or verification according to law; to supervise and regulate the issuance, listing, trading, registration, deposit and settlement of securities and other related activities and the listing, trading, settlement and delivery of futures and related activities; to supervise and regulate the securities activities of securities issuers, listed companies, securities companies, securities investment fund management companies, securities service organisations, stock exchanges and securities registration and settlement organisations, as well as futures activities of market participants, including futures exchanges, futures companies, other futures business institutions, non-futures companies clearing member, futures margin security depository management companies, futures margin depository banks, settlement houses and so forth; to legally determine and supervise the qualification standards and codes of conduct of participants engaged in securities and futures businesses; to legally supervise the disclosure of information in relation to the issuance, listing and trading of securities and information on futures trading; to legally guide and supervise the activities of the SAC and the CFA; to investigate activities in violation of laws and administrative regulations in relation to the securities and futures markets; to conduct external and international cooperative transactions in relation to the supervision and management of the securities and futures industries; and to perform other duties stipulated by the relevant laws and administrative regulations.

Stock Exchanges

According to the Securities Law, a stock exchange is a self-regulatory legal entity which provides venues and facilities for the centralised trading of securities and organises and supervises the trading of securities. Shanghai Stock Exchange and Shenzhen Stock Exchange are the two major stock exchanges in the PRC.

Futures Exchanges

Under the Administrative Regulations on Futures Trading (《期貨交易管理條例》), a futures exchange is a non-profit self-regulatory legal entity which provides venues and facilities for the centralised trading of futures and organises and supervises the trading of futures. The main duties of a futures exchange

include: to provide venues, facilities and services for trading; to design futures trading contracts and to arrange the listing of futures trading contracts; to organise and supervise the trading, clearing and settlement of futures; to provide centralised performance guarantees for futures trading; to supervise and manage its members in accordance with its articles of association and trading rules; and to perform other duties as specified by the CSRC.

SAC

According to the relevant provisions of the Securities Law, the SAC is a self-regulatory organisation of the securities industry and is a non-profit public legal entity. Securities companies shall join the SAC. The main duties of the SAC include: to educate and advise its members to comply with the securities laws and administrative rules; to protect the lawful rights and interests of its members and forward their proposals and requests to the securities supervision and management authorities; to collect and compile information of securities activities for the members' reference; to formulate rules of the SAC with which the members shall comply, and to organise training programs and seminars for practitioners of its members; to mediate disputes arising from securities business between its members or between members and their clients; to organise for its members the study of development, operation and other matters of the securities industry; to monitor and investigate the conduct of members and take disciplinary actions against them for violation of laws, administrative rules or its articles of association in accordance with relevant provisions; and to perform other duties stipulated in the articles of association of the SAC.

CFA

Pursuant to the relevant provisions of the Administration Regulations on Futures Trading (《期貨交易管理條例》), the CFA is a self-regulatory organisation of the futures industry and is a non-profit public legal entity. Futures companies and other organisations specialising in the business of futures shall join the CFA. The main duties of the CFA include: to educate and advise its members to comply with the laws, regulations and policies in relation to futures; to formulate self-regulatory rules binding on its members and to supervise and examine the conduct of its members and take disciplinary actions against the violation of its articles of association or self-regulatory rules in accordance with relevant provisions; to accredit, manage and de-register the qualifications of futures practitioners; to deal with complaints of clients in relation to the futures business and to mediate disputes between members or between members and their clients; to protect the lawful rights and interests of its members and forward their proposals and requests to the futures supervision and management authorities of the State Council; to organise training and seminars for futures practitioners; to organise for its members the study of development, operation and other matters of the futures industry; and to perform other duties stipulated in the articles of association of the CFA.

AMAC

Pursuant to the relevant provisions of the Law of the People's Republic of China on Securities Investment Fund (《中華人民共和國證券投資基金法》)(amended on 24 April 2015 with immediate effect), AMAC is a self-regulatory organisation of the securities investment fund industry and is a public legal entity. Fund managers and fund custodians shall join AMAC, and fund service organisations may join AMAC. The main duties of AMAC include: to educate and advise its members to comply with the laws and administrative rules governing securities investments and to protect the lawful rights and interests of the investors; to protect the lawful rights and interests of its members and to submit their proposals and requests; to formulate and implement self-regulatory rules; to supervise and investigate the practices of its members and practitioners; to take disciplinary actions against the violation of the self-regulatory rules and its articles of association in accordance with relevant provisions; to formulate practice standards and business rules and to organise the qualification examinations, qualification management and professional training for fund practitioners; to provide membership service, organise seminars, promote innovation and launch propaganda and investor education activities in the securities industry; to mediate disputes arising from fund business between members or between members and their clients; to handle the registration and filing of non-publicly offered funds in accordance with the law; and to perform other duties stipulated in its articles of association.

Other Industry Organisations

Other major industry organisations include PBOC, NDRC, SAFE, CSDC, China Securities Investor Protection Fund Corporation Limited (中國證券投資者保護基金有限責任公司), China Futures Margin Monitoring Centre Co., Ltd. (中國期貨保證金監控中心有限公司), China Financial Futures Exchange (中國金融期貨交易所), the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會), China Banking and Insurance Regulatory Commission (CBIRC)(中國銀行保險監督管理委員會), National Equities Exchange and Quotations Company Limited (全國中小企業股份轉讓系統有限公司) and China Securities Finance Corporation Limited (中國證券金融股份有限公司).

INTRA-GROUP LENDING

Prior to 1 September 2015, lending and borrowing, overt or in a disguised form, among non-financial institutions was prohibited, according to Article 61 of the General Principles of Loans (貸款通則) promulgated by the PBOC in 1996. There was a risk that intra-Group lending may be deemed not in compliance with the General Principles of Loans, and the PBOC could cancel the certain intra-Group loans and impose a fine equal to one to five times of its income accrued from such loans on the lending party.

On 6 August 2015, the Supreme People's Court issued the Regulations on Application of Laws to Certain Issues For Hearing of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定)(“**Regulations**”), which became effective on 1 September 2015 and was subsequently amended on 20 August 2020 and 1 January 2021. Pursuant to the Regulations, subject to certain exceptions, an intra-Group lending entered into for production or operating purposes is valid and recognised by the PRC courts. However, the validity of such lending may still be challenged if the lender (not being a financial institution) regularly conducts lending business or its lending activities become its primary business, as such loans would no longer be made for production or business operation purposes.

EXTERNAL SECURITY REGIME

Foreign Debt Laws

SAFE issued the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines (the “**SAFE Measures**”) on 28 April 2013, which came into effect on 13 May 2013. According to the SAFE Measures, the debtor shall submit foreign debt registration when borrowing foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks (the “**Non-Bank Debtors**”), they shall submit filing or registration procedures of foreign debts with the local counterparts of the SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (《外債登記管理操作指引》) promulgated together with the SAFE Measures and the SAFE Operational Guideline on Capital Account (2020 version)(《資本項目外匯業務操作指引(2020版)》) and other applicable PRC laws, Non-Bank Debtors shall apply for foreign debt registration procedure within stipulated period. In addition, the PBOC issued the Circular of the PBOC on Matters Concerning the Macro Prudential Management of Full-Covered Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》)(the “**PBOC Circular**”) on 12 January 2017 which came into effect on the same date. According to the PBOC Circular, the Issuer is also required to file the issue of the Bonds with SAFE within the timeframe prescribed in the PBOC Circular.

REGULATION ON THE ISSUANCE OF FOREIGN NOTES

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (《國家發展改革委員會關於推進企業發行外債備案登記制管理改革的通知》(發改外資[2015] 2044號)), which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are

denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including notes issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Enterprise Foreign Debt Filing Registration Certification (企業發行外債備案登記證明) within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

INDUSTRY ENTRY REQUIREMENTS

Industry Entry Requirements of Securities Companies

Establishment

The Securities Law and the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》)(effective from 1 June 2008 and amended on 29 July 2014), explicitly set out the scope of business, industry entry standards, organisations, business rules of securities companies and other requirements for the operations of securities companies. The establishment of a securities company shall be approved by the CSRC and the securities company shall obtain a business license by meeting the following conditions:

- its articles of association shall comply with the laws and administrative regulations;
- its major shareholders shall have sustainable profitability, good reputation and no record of major violation of laws or regulations in the last three years and shall have net assets not less than RMB200 million;
- it shall have the necessary registered capital required by the Securities Law; for a securities company operating securities brokerage, securities investment consultation and financial advisory business in relation to securities trading and securities investment, the minimum registered capital shall be RMB50 million; for companies operating one of the areas at securities underwriting and sponsorship, proprietary securities trading, securities asset management or other securities businesses, the minimum registered capital shall be RMB100 million; for companies operating two or more of the areas at securities underwriting and sponsorship, proprietary securities trading, securities asset management or other securities businesses, the minimum registered capital shall be RMB500 million. The registered capital of a securities company shall be paid-in capital;
- its directors, supervisors and senior management shall have the required qualifications, while other personnel involved in the securities business shall possess proper professional qualifications, and no less than three of the senior officers shall have served as senior officers for no less than two years in the securities industry; and
- it shall have effective risk management and internal control systems; it shall have proper premises and facilities for operation; and it shall fulfil other conditions stipulated by laws, administrative rules and the CSRC.

According to the Administrative Provisions on Equities of Securities Companies (《證券公司股權管理規定》)(effective from 5 July 2019 and amended on 18 April 2021), the CSRC shall examine and approve its registered capital and equity structure at the time of establishment of a securities company, and various types of stakeholders of the securities companies shall satisfy the relevant criteria.

According to Administrative Measures on Foreign-funded Securities Companies (《外商投資證券公司管理辦法》) promulgated by the CSRC (effective from 28 April 2018 and amended on 20 March 2020) which stipulates the conditions and procedures for the formation of foreign-invested securities companies, foreign investors who lawfully hold 5 per cent. or more of the shares in a listed domestically-funded securities company through securities trading on a stock exchange or who jointly

hold 5 per cent. or more of the shares in a listed domestically-funded securities company with others by agreement or other arrangements shall comply with the Securities Law and the relevant provisions of the CSRC on examination and approval for acquisition of listed company and change in securities company.

Establishment of a foreign-funded securities company shall, in addition to compliance with the Company Law, the Securities Law, the Administrative Regulations on Supervision and Administration of Securities Companies and the criteria for establishment of securities company stipulated by the CSRC with approval by the State Council, satisfy the following criteria:

- the overseas shareholder(s) satisfy(ies) the qualification criteria stipulated in Administrative Measures on Foreign-funded Securities Companies, and its/their capital contribution ratio and capital contribution method comply with the relevant provisions of these Measures;
- the preliminary scope of business is compatible with the securities business experience of the controlling shareholder or the largest shareholder; and
- any other prudential criteria stipulated by the CSRC.

The following conditions shall be met for a foreign shareholder of a foreign-invested securities company:

- the country or region in which the foreign shareholder is based has complete securities laws and regulation system, of which the relevant financial regulatory authorities have entered into memorandum of understanding with the CSRC or institutions recognised by the CSRC in respect of securities regulation cooperation, and the regulation cooperation relationship has been maintained in an effective way;
- the shareholder is a financial institution legally incorporated in the country or region in which it is based, and the respective financial indicators of the shareholder for the last three years satisfy the requirements of the national or regional laws and of the regulatory authorities in that country or region;
- the shareholder is engaged in securities business for over five years, receives no material punishment during the last three years from the regulatory authorities, administrative or legal authorities of the country or region in which it is based, and not being investigated by relevant authorities due to involvement in material violation of laws and regulations;
- the shareholder has well-established internal control system;
- the shareholder enjoys good international reputation and operating results, with its business scale, revenue and profit for the last three years ranking in advanced position in international market and with its long-term credit for the last three years maintained at a high level; and
- other prudent requirements stipulated by the CSRC.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2020)(《外商投資准入特別管理措施(負面清單)(2020年版)》)(as issued on 23 June 2020 and came into effect on 23 July 2020) (the “**Negative List (Edition 2020)**”), the cultural, financial and other fields not listed in the Negative List for Foreign Investment Access and relevant measures for administrative approval, qualifications and national security shall be subject to the existing provisions.

According to the Measures for Further Opening up the Financial Sector(《關於進一步擴大金融業對外開放的有關舉措》) promulgated by the State Council’s Financial Stability and Development Committee on 20 July 2019, this limit on the foreign shareholding proportion with respect to securities companies

and securities investment fund management companies will be removed in 2020. The CSRC noted on 13 March 2020 that the foreign equity ratio restriction of securities companies shall be cancelled from 1 April, 2020.

According to Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》)(as issued on 30 December 2019 and effective from 1 January 2020), foreign investors carrying out investment activities in China directly or indirectly shall submit investment information to the commerce administrative authorities pursuant to these Measures.

Business scope

According to the provisions of the Securities Law, a securities company can conduct any or all of the following businesses with approval from the CSRC: securities brokerage; securities investment consultation; financial advisory in relation to securities trading and securities investment; securities underwriting and sponsorship; margin trading and short-selling; securities market making; self-operated securities business; and other securities business.

According to the provisions of the Regulations on the Examination and Approval of the Scope of Business of Securities Companies (Provisional)(《證券公司業務範圍審批暫行規定》)(effective from 1 December 2008 and amended on 30 October 2020), securities companies under common control of an entity or individual or securities companies with control relationship shall not engage in the same business, unless effective measures are in place for division of operation regions or client bases and there is no competition between the companies. Unless otherwise specified by the CSRC, the scope of business of a securities company shall be approved by the CSRC upon its establishment in accordance with the statutory requirements, and no more than four types of new businesses shall be approved. A securities company shall obtain approval from the CSRC for any change in its scope of business. Changing business scope includes increasing business types and reducing business types. No more than two additional types of business can be applied for increasing business types at once.

Material changes

According to the provisions of the Securities Law and the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》)(as amended on 29 July 2014), a securities company shall obtain approval from the CSRC if it has any of the following acts:

- establishment, acquisition or de-registration of a branch of a securities company;
- change of the scope of business or registered capital;
- change of any shareholder(s) directly or indirectly holding more than 5 per cent. of the shares;
- change of important provisions of the articles of association of a securities company;
- merger, division, change of incorporation, cessation, dissolution and bankruptcy; or
- the establishment, acquisition or equity participation in securities institutions overseas by securities companies.

According to the Securities Law, change of scope of securities business, change of key shareholders or the company's actual controlling party, merger, division, closure, dissolution and bankruptcy of a securities company shall be subject to approval by the securities regulatory authority of the State Council.

According to the Administrative Provisions on Equities of Securities Companies (《證券公司股權管理規定》)(effective from 5 July 2019 and amended on 18 April 2021), where a securities company changes its major shareholder or actual controller, it shall apply to the CSRC for approval in accordance with the

PRC laws. Where the percentage of equity of the securities company actually controlled by a controlling shareholder or actual controller of the securities company increases to 100 per cent., the securities company shall file for record with the CSRC within 5 working days from the date when the company registration authority handles the change registration (or from the date of confirmation and registration of rights if the company change registration is not required according to law). Where a securities company changes its registered capital, equity or the actual controller holding more than 5 per cent. of its equity, which does not involve any of the circumstances aforementioned, it shall file for record with the local office of the CSRC at the place where the company is located within 5 working days from the date when the company registration authority handles the change registration (or from the date of confirmation and registration of rights if, according to the law, the company change registration is not required). This Paragraph shall not apply to the public offering of shares by securities companies or the equity change on Stock Exchanges or National Equities Exchange and Quotations (hereinafter referred to as the “NEEQ”).

The CSRC has gradually authorised its local branches to approve some applications for material changes by securities companies. In October 2012, according to the Decision of the State Council in Relation to the Cancellation and Adjustment of the Sixth Group of Items Requiring Administrative Approval (《國務院關於第六批取消和調整行政審批項目的決定》)(effective from 23 September 2012), the approval authority of the following material changes of securities companies was formally delegated to local branches of the CSRC: change of important provisions of the articles of association of the securities companies; establishment, acquisition or de-registration of a branch; change of registered capital, including the approval of the qualification of shareholder(s) or the de facto controller(s), or the change of de facto controller(s), controlling shareholder(s) or shareholder(s) with the largest shareholding of an unlisted securities company in connection with an increase in its registered capital, and approval of a reduction of registered capital by an unlisted securities company; change of shareholder(s) with more than 5 per cent. of shareholdings and de facto controller(s) of an unlisted securities company; and increase and decrease in the business of securities brokerage, securities investment consultation and financial advisory in relation to securities trading and securities investment, proprietary securities trading, securities asset management and securities underwriting.

According to the provisions of the Decision of the State Council on Cancellation and Delegation of Certain Administrative Examination and Approval Items (《國務院關於取消和下放一批行政審批項目的決定》)(issued on 28 January 2014 with immediate effect), the CSRC cancelled the approval requirements for the following three matters: the borrowing of subordinated debts by securities companies, annual foreign exchange risk exposure of licensed overseas futures companies, and special investment of securities companies.

According to the provisions of the Decision of the State Council on Cancellation and Adjustment of Certain Administrative Examination and Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》)(issued on 23 October 2014 with immediate effect), the CSRC cancelled the approval requirements for the following five matters: reorganisation of securities companies and extension of the reorganisation period; administration measures of secondary offering mutual funds; business rules of secondary offering; rules and regulations of margin financing and securities lending business of securities companies; the borrowing, issuance, payment and settlement of subordinated debts by institutions engaging in securities-related businesses.

According to the Notification No. 8 [2015] issued by the CSRC on 10 April 2015, 155 items previously subject to filing procedures were cancelled or adjusted, which include: the directors, supervisors, senior management or employees of a securities company holding or controlling less than 5 per cent. of equity interest in the securities company pursuant to a mid-or long-term incentive scheme; the change of shareholders holding less than 5 per cent. of equity interest in the securities company; a delay in registration of establishment or acquisition of branches by the securities company, etc.

According to Announcement on Matters relating to Cancellation or Adjustment of Certain Administrative Approval Items for Securities Firms (《關於取消或調整證券公司部分行政審批專案等事項的公告》) issued by the CSRC on 1 March 2020, some administrative examination and approval items for securities firms shall be cancelled and replaced by ex post record-filing, as from 1 March, 2020, the CSRC and its local branches no longer accept the administrative approval items for securities firms proposed by the administrative counterparts which are cancelled by the new Securities Law.

Establishment of subsidiaries, branches and securities business units

According to the provisions of the Regulations on Formation of Subsidiaries of Securities Companies (Provisional)(《證券公司設立子公司試行規定》)(amended on 11 October 2012 with immediate effect, subject to the approval of the CSRC, securities companies may establish wholly-owned subsidiaries and invest jointly in the establishment of subsidiaries with other investors who meet the requirements for shareholders of securities companies stipulated in the Securities Law. However, a securities company and its subsidiaries or subsidiaries under the control of the same securities company, shall not operate similar businesses having conflicts of interest or which are in competition.

Pursuant to the provisions of the Regulatory Requirements on Branches of Securities Companies (《證券公司分支機構監管規定》) (effective from 15 March 2013 and amended on 30 October 2020), branches of a securities company refer to branches and securities business units established by such securities company in the PRC for business operation. The establishment, acquisition and de-registration of branches of securities companies are subject to the record-filing with the local office of the CSRC. Securities companies shall meet the following requirements in order to establish or acquire branches: having a sound governance structure and effective internal management and being able to control the risks of their existing branches and the branches to be established; having risk control indicators in compliance with relevant rules for the previous year and those indicators remaining in compliance after the additional branches are established; having not received any administrative or criminal penalties for any material breach of rules or regulations for the past two years and having not had any material regulatory measures imposed on them for the previous year, and not being subject to any investigation for any branch related activities based on any alleged material breach of rules or regulations; having a secure and stable information technology system and no material information technology incident having occurred during the previous year; and other prudent requirements stipulated by the CSRC.

Entry Requirements for Futures Companies

Establishment

According to the Administrative Regulations on Futures Trading (《期貨交易管理條例》) and the Administrative Measures for Futures Companies (《期貨公司監督管理辦法》)(effective from 29 October 2014, subsequently amended on 7 December 2017 and 4 June 2019), the establishment of futures companies shall be approved by the CSRC subject to the following conditions:

- the minimum registered capital shall be RMB100 million;
- directors, supervisors and senior management shall be qualified for their positions, while practitioners shall have futures practice qualifications;
- the number of staff with futures practice qualifications shall not be less than 15, and the number of senior management staff with practice qualifications shall not be less than 3;
- the articles of association of the company shall comply with the requirements of laws and administrative regulations;
- major shareholders and the de facto controller shall have sustainable profitability, good reputation, and shall not have a record of material violation of laws or regulations in the past three years;

- premises and operation facilities shall be in compliance with requirements;
- sound risk management and internal control systems; and
- other conditions as stipulated by the CSRC.

According to the Provisions on Issues Relating to the Regulation of Controlling Interests and Equity Interests in Futures Companies (《關於規範控股、參股期貨公司有關問題的規定》)(effective from 1 June 2008), an entity shall not hold controlling interests and equity interests in more than two futures companies and shall not hold controlling interests in more than one futures company.

Material changes

According to the provisions of the Administrative Measures for Futures Companies (《期貨公司監督管理辦法》), approval of the CSRC shall be obtained for changes of shareholdings in any of the following situations: change of controlling shareholders or the largest shareholder; shareholding of an individual shareholder or the aggregate shareholding of associated shareholders, involving foreign shareholders, is increased to 5 per cent. or above. Save as aforesaid, an approval from the local branch office of the CSRC where the futures company is located shall be obtained if the shareholding of an individual shareholder or the aggregate shareholding of associated shareholders in the futures company is to be increased to 5 per cent. or above.

According to the Negative List (Edition 2020), the cultural, financial and other fields not listed in the Negative List for Foreign Investment Access and relevant measures for administrative approval, qualifications and national security shall be subject to the existing provisions. According to the Measures for Further Opening up the Financial Sector (《關於進一步擴大金融業對外開放的有關舉措》) promulgated by the State Council's Financial Stability and Development Committee on 20 July 2019, this limit on the foreign shareholding proportion with respect to futures companies will be removed in 2020.

In accordance with the State Council Decisions on the Cancellation and Adjustment of Various Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》)(issued on 23 October 2014 with immediate effect), the change of legal representative, domicile or place of business, or establishment or close of domestic branches, or change in the scope of business of a domestic branch by futures companies is no longer subject to administrative approval of a local branch of the CSRC.

In accordance with the State Council Decisions on the Cancellation and Adjustment of Various Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》)(issued on 24 February 2015 with immediate effect), the appointment of directors, supervisors and senior management of futures companies is no longer subject to qualifications approval of a local branch of the CSRC.

REGULATION OF OPERATIONS OF SECURITIES COMPANIES

The Issuer and its subsidiaries primarily engage in securities and related business, including but not limited to, securities brokerage, margin financing and securities lending, securities investment consultation, financial advisory business relating to securities trading and securities investment activities, proprietary securities trading, distribution of financial products of securities investment funds, intermediary business for futures companies, distribution of financial products, stock options market-making, securities underwriting and sponsorship, securities asset management, publicly-raised securities investment and management, private equity investment, and alternative investment.

Securities Brokerage

According to the provisions of the Regulations on Supervision and Administration of Securities Companies and the Provisions on Strengthening the Management of the Securities Brokerage Business (《關於加強證券經紀業務管理的規定》)(effective from 1 May 2010), a securities company engaging in securities brokerage business shall be in compliance with the following regulations:

- it shall have a sound management system for securities brokerage business;
- it shall objectively indicate its business qualifications, service responsibility, scope and other information of its securities brokerage business;
- it shall have a sound client management and service system for the securities brokerage business and strengthen the education of investors and protect the legitimate rights and interests of clients;
- it shall have a sound management system and rational performance appraisal system for securities brokers to regulate their behaviour;
- it shall have a sound management system for its securities business department to ensure law-abiding, stable and safe operation;
- it shall establish and manage the information systems for client account management, client deposits, agent trading, agent clearing and settlement, securities depository, transaction risk monitoring, etc., and shall establish a central storage for the above business data;
- if the securities business unit or a practitioner of a securities company violates laws, administrative regulations, provisions stipulated by regulatory agencies and other administrative department self-regulatory rules or regulations stipulated by securities companies for securities brokerage business, the securities company shall hold the department or practitioner accountable; and
- if it or its securities business unit violates the Provisions on Strengthening the Management of the Securities Brokerage Business (《關於加強證券經紀業務管理的規定》), the CSRC and its local branch office will take such measures as requiring rectification, regulatory interviews, issuance of caution letter, temporary suspension of license-related approvals, punishment of related personnel, suspension of new business approval, imposing limitations on business activities, and other regulatory measures. Any violation of laws and regulations will be punished in accordance with the law. If it constitutes a crime, the responsible parties will be transferred to the proper judicial organisation for prosecution.

Futures Brokerage

The provisions of the Administrative Regulations on Futures Trading (《期貨交易管理條例》) set out a licensing system that applies to the business of futures companies. The CSRC is responsible for the issuance of licenses according to the types of business of commodity futures and financial futures. Apart from domestic futures brokerage business, futures companies may also apply to conduct business of overseas futures brokerage, futures investment consultation and other futures business as specified by the CSRC. Futures trading shall strictly comply with the deposits system. A futures company engaged in brokerage business shall accept orders of clients and trade futures in its own name for clients, and the clients shall be solely liable for the transaction results.

Futures Intermediary Business

According to the Interim Measures on Provision of Intermediary Business to Futures Companies by Securities Companies (《證券公司為期貨公司提供中間介紹業務試行辦法》)(trial from 20 April 2007), a securities company providing intermediary business service to futures companies shall obtain relevant qualifications. Securities companies shall only engage in the provision of intermediary business service

to their wholly owned or controlled futures companies, or futures companies with which they are under common control of the same entity. Securities companies and futures companies shall be independent from each other. Securities companies shall employ adequate qualified practitioners to carry out futures intermediary business. Staff participating in the futures intermediary business in securities companies shall not take part in futures trading. Securities companies shall not, directly or indirectly, raise funds or provide guarantees for futures trading clients.

Distribution of Financial Products

According to the Administrative Provisions on the Distribution of Financial Products by Securities Companies (《證券公司代銷金融產品管理規定》)(effective from 12 November 2012 and amended on 20 March 2020), a securities company engaging in the distribution of financial products shall obtain relevant qualifications to carry out the distribution of financial products. Its personnel engaging in the distribution of financial products shall satisfy the criteria as required and comply with the administrative provisions on securities practitioners.. A securities company shall centralise the regulation of distribution of financial products and assess the eligibility of the client. The information given on the financial products shall be comprehensive, fair and accurate. A securities company is also required to set up a client feedback system.

Sales of Securities Investment Funds

According to the provisions of the Measures for Supervision and Administration of Sales Agencies for Publicly-offered Securities Investment Funds (《公開募集證券投資基金銷售機構監督管理辦法》)(as issued on 28 August 2020 and came into effect on 1 October 2020), engaging in fund sales business shall apply to the CSRC local office at their domicile for registration of fund sales business qualification, and apply for a “Securities and Futures Business Operation Permit”.

The following conditions shall be met when applying for registration of fund sales business qualification:

- having good financial status and standardized operations;
- having business sites, safety protection facilities and other facilities corresponding to the fund sales business, and an information management platform for handling fund sales business complying with the provisions of the CSRC;
- having a sound and efficient business management and risk management system, tax-related information due diligence and other systems for anti-money laundering, anti-terrorist financing and non-resident financial accounts being in compliance with the requirements of laws and regulations, and fund sales settlement fund management, investor suitability management, internal control and other systems complying with the provisions of the CSRC;
- having no less than 20 personnel that have obtained the fund sales qualification;
- having no record of criminal punishment or major administrative punishment in the past three years; having no record of major administrative regulatory measures taken for similar businesses in the past year; having no record of rectification due to major violations of laws and regulations, or under investigation by regulatory authorities for alleged major violations of laws and regulations; having no major changes which have or may have an impact on the company’s normal operations, or major litigation, arbitration etc.;
- having a department in charge of fund sales business;
- the financial risk control and other regulatory indicators comply with the provisions of the financial regulatory authorities of the State;

- the personnel having obtained the fund practicing qualification in the department in charge of fund sales business are not less than half of the number of personnel of the department; the department head has obtained the fund practicing qualification, and has work experience of undertaking fund business for more than 2 years or worked in financial institutions for more than 5 years; and the persons in charge of the fund sales business in branches shall obtain the fund practicing qualification; and
- other conditions as prescribed by the CSRC.

Securities Investment Consultation

According to the provisions of the Provisional Measures on Management of Investment Consultations on Securities and Futures (《證券、期貨投資諮詢管理暫行辦法》)(effective from 1 April 1998), a company which engages in securities investment consultation business shall obtain the required qualifications and a business license from the CSRC; practitioners of securities investment consultation shall obtain the relevant securities investment consultation qualifications and work under a qualified securities investment consulting institution before engagement in securities investment consultation business.

According to the Regulations on the Securities Investment Advisor Business (Provisional)(《證券投資顧問業務暫行規定》)(effective from 1 January 2011 and amended on 30 October 2020), a securities company and its investment advisors shall provide securities investment advisory service in good faith and shall not jeopardise the interests of clients by acting in favor of the securities company and its associates, investment advisors and their related parties, or other particular clients.

The Provisions on the Release of Securities Research Reports (Provisional)(《發佈證券研究報告暫行規定》)(effective from 1 January 2011 and amended on 20 March 2020) stipulate that the publishing of securities research reports by securities companies and securities investment advisory agencies shall abide by laws, administrative regulations and other relevant requirements, follow the principles of independence, objectiveness, fairness and prudence, effectively prevent conflicts of interest, and treat objects under issuance in a fair manner. They shall also be prohibited from disseminating false, untrue and misleading information and from engaging in or participating in insider trading or securities market manipulation.

Margin Financing and Securities Lending

According to the provisions of the Management Measures on Margin Financing and Securities Lending of Securities Companies (《證券公司融資融券業務管理辦法》)(effective from 1 July 2015), a securities company that applies for the qualification to engage in margin financing and securities lending business must satisfy the following conditions:

- it shall have the qualification to engage in the securities brokerage business;
- it shall have a sound system of corporate governance and effective internal controls in place to identify, control and prevent any potential operational risks and internal management risks;
- it shall have not been subject to any investigation or rectification for any breach of rules or regulations by the CSRC during the past two years;
- it shall have a sound financial position, with each of its risk control indicators in compliance with the relevant requirements for the recent two years and its registered capital and net capital are also in compliance with the requirements subsequent to the commencement of the margin financing and securities lending business;
- its clients' assets remain secured and intact with effective measures in place for clients' third-party fund depository, and clients' particulars remain true and intact;

- it shall maintain a comprehensive feedback mechanism that ensures the prompt and proper resolution of any disputes with its clients;
- it shall maintain a client eligibility evaluation system in compliance with the regulations and self-regulatory requirements to ensure that the client is qualified to invest in the relevant products;
- it shall maintain a resilient information security system, with no material incidents during the past year due to any management issues, and the systems designed for the margin financing and securities lending business shall have passed the tests of stock exchanges and securities registration and clearing institutions;
- it shall have an appropriate number of senior management and professionals who are responsible for the margin financing and securities lending business; and
- any other conditions stipulated by the CSRC.

Securities companies engaging in margin financing and securities lending shall open various accounts in their own name at securities registrars, including a special securities lending account, margin guarantee account, margin settlement account and margin capital settlement account. Such securities companies shall also open accounts at commercial banks, such as a special margin financing account and margin capital guarantee account. Securities companies shall, with reference to third-party custody of clients' transaction settlement funds, enter into a margin custody agreement with their clients and commercial banks. The capital and securities provided by securities companies to their clients are limited to those capital and securities in the special margin financing account and special securities lending account.

Before providing margin financing and securities lending service to its clients, a securities company shall collect information about its clients, including making credit investigation into its clients, knowing their identities, property status, income situations, securities investment experience, risk appetites and records of honesty and compliance. It shall also deal with client suitability management properly and keep records of such information in written or electronic form. A securities firm shall not open a credit account for anyone who meets any of the following conditions: failure to submit the required information; having less than half a year experience in securities trading; lacking the adequate risk bearing capability; less than RMB0.5 million of its average daily securities assets for the most recent 20 trading days; having records of major breaches of contracts; or being the shareholder or connected person of the securities company.

The term for margin financing and securities lending agreed between securities companies and their clients shall not exceed the time limit permitted by the relevant stock exchange. Securities companies may negotiate with their clients in respect of the rates at which the margin financing and securities lending services will be provided.

Amounts attributed to the margin financing and securities lending business by a securities firm shall not exceed four times of its net capital. A comprehensive management system, operating procedures, as well as a risk identification, evaluation and control system shall also be established.

Collateralised Stock Repurchase

According to the Measures on Collateralised Stock Repurchase and Registration and Settlement Business (《股票質押式回購交易及登記結算業務辦法》)(effective from 30 June 2017, and amended on 12 March 2018) promulgated jointly by CSDC and the Shanghai Stock Exchange and the Shenzhen Stock Exchange as amended and in effect as at 12 March 2018, respectively, the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall implement the trading permissions management of securities companies that participate in collateralised stock repurchase. Securities companies shall establish client qualification examination systems and perform due diligence with respect to their clients. Examination contents shall include identity, financial status, business status, credit status, guarantee status, usage of

funds, risk tolerance and cognition of the securities market. Securities companies shall provide to their clients a comprehensive introduction of the business rules and a full disclosure of the risks, and shall require the clients to sign the risk disclosure statement.

Securities Repurchase

According to the Measures on Securities Repurchase and Registration and Settlement Business (《約定購回式證券交易及登記結算業務辦法》) promulgated jointly by CSDC and each of the Shanghai Stock Exchange and the Shenzhen Stock Exchange on 10 December 2012, respectively, the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall implement the trading permissions management of securities companies that participate in securities repurchase. Securities companies shall establish a client qualification examination system. Examination contents shall include credit status, asset scale, risk tolerance and cognition of the securities market. Securities companies shall provide to their clients a comprehensive introduction of the business rules and a full disclosure of the risks.

Secondary Offering Business

Pursuant to the provisions of the Trial Measures on Supervision and Administration of the Secondary Offering Business (《轉融通業務監督管理試行辦法》)(implemented on 26 October 2011 and subsequently amended on 7 December 2017 and 30 October 2020), a secondary offering business refers to a business in which a securities finance company lends its funds or securities owned by itself or legally raised and its securities to a securities company for conducting margin financing and securities lending activities. To conduct a secondary offering business, a securities finance company shall, in its own name, open a securities account, a guaranteed securities account and a securities settlement account specific for a secondary offering business with the securities registration and settlement authority. A securities finance company shall also set up a client credit assessment mechanism to evaluate the credit of securities companies and determine and adjust the credit line based on the evaluation. Furthermore, a securities finance company shall charge deposits at a certain rate from securities companies for the secondary offering business.

Proprietary Securities Trading

Provisions of the Regulations on Supervision and Management of Securities Companies and the Guidelines on Proprietary Business of Securities Companies (《證券公司證券自營業務指引》)(effective from 11 November 2005) and the Regulations on Supervision and Management of Securities Companies (《證券公司監督管理條例》)(effective from 29 July 2014) stipulate that securities companies engaged in proprietary securities trading shall be limited to the trading of publicly offered stocks, debentures, warrants, securities investment funds or other securities approved by the securities regulatory authorities of the State Council. A securities company engaged in a proprietary securities trading business shall be registered under the name of the proprietary securities account holder. Risk control indicators, such as the proportion of the total value of proprietary securities to the net capital of the securities company, the proportion of the value of a single security to the net capital of the securities company, and the proportion of the amount of a single security to the total amount of issued securities, shall each comply with the regulations of the CSRC.

According to the List of Securities Investment Products for the Proprietary Business of Securities Companies (《證券公司證券自營投資品種清單》), which is the Appendix to Regulations on Investment Scopes of Proprietary Business of Securities Companies and Relevant Matters (《關於證券公司證券自營業務投資範圍及有關事項的規定》)(effective from 1 June 2011 and subsequently amended on 16 November 2012 and 20 March 2020), securities companies engaged in proprietary securities trading business are permitted to invest in the following securities:

- securities that have been or may be legally listed, traded and transferred on a domestic stock exchange;
- securities that have been listed and transferred on the NEEQ;

- private placement notes that have been or may be legally listed and transferred on qualified regional equity trading markets, and stocks that have been listed and transferred on qualified regional equity trading markets;
- securities that have been or may be legally traded on the domestic interbank market; and
- securities issued with the approval of the national financial regulatory authority or its authorised bodies or after filing with the national financial regulatory authority or its authorised bodies and traded over the counter at domestic financial institutions.

SECURITIES ASSET MANAGEMENT

According to the Administrative Measures on Private Offering Asset Management Business of Securities and Futures Business Organisations (《證券期貨經營機構私募資產管理業務管理辦法》), which be implemented with effect from 22 October 2018, and the Circular on Strengthening Supervision on Asset Management Business of Securities Companies (《關於加強證券公司資產管理業務監管的通知》)(effective from 14 March 2013), securities and futures business organisation engaging in private offering asset management business shall be subject to approval by the CSRC pursuant to the law, unless otherwise stipulated by laws, administrative regulations and the CSRC. Securities companies may set up a single asset management plan for a single investor, or set up a collective asset management plan for multiple investors. The number of investors of a collective asset management plan shall not be less than two, and shall not exceed 200.

The Administrative Regulations on Asset-backed Securitization of Securities Companies and Subsidiaries of Fund Management Companies (《證券公司及基金管理公司子公司資產證券化業務管理規定》)(promulgated on 19 November 2014 with immediate effect) allows securities companies and subsidiaries of fund management companies which are qualified for client asset management to conduct the asset-backed securitization business.

Pursuant to the Interim Provisions on Operation and Management of Private Asset Management Business of Securities and Futures Operation Institutions (《證券期貨經營機構私募資產管理業務運作管理暫行規定》)(promulgated on 14 July 2016 with effect from 18 July 2016), securities companies (i) shall neither sell asset management plans in breach of rules, nor engage in such acts as inappropriate publicity, misleading or deceiving investor, or, in any means guaranteeing to the investors that their principal will not suffer any loss or promising a minimum return, (ii) shall establish a structured asset management plan and shall not violate the principle of “sharing of interests and risks and matching risks with returns”, (iii) shall not entrust any individual or unqualified third party with the provisions of investment advice, and managers shall not be exempted from legal liability on the grounds of such entrustment, and (iv) shall not engage in or participate in private asset management business with a “cash-pooling feature”.

Management of Publicly Offered Securities Investment Funds

Pursuant to the Securities Investment Funds Law (《證券投資基金法》) and the Interim Provisions on the Management of Publicly Offered Securities Investment Funds by Asset Management Institutions (《資產管理機構開展公募證券投資基金管理業務暫行規定》)(effective from 1 June 2013), publicly offered securities investment fund managers shall be fund management companies or other institutions such as securities companies approved by the CSRC. Any securities company applying for business of fund management shall comply with the following conditions:

- it has over three years’ management experience in securities assets, with good performance in securities products during the past three years;
- it shall have comprehensive corporate governance, sound internal control and effective risk management;

- its operations shall have been in good condition during the past three years, with robust finance;
- it shall act honestly and in compliance with relevant requirements, without any material breach of laws and regulations as filed by regulatory authorities during the past three years, and shall not be subject to any current investigation or rectification for any material breach of laws and regulations;
- it is a member of the AMAC;
- its total AUM shall not be less than RMB20 billion or its AUM or CAM business shall not be less than RMB2 billion;
- during the past 12 months, every risk control indicator has met the specified criteria continuously; and
- it shall meet other requirements of the CSRC.

Securities companies engaging in management of publicly offered securities investment funds shall establish dedicated departments for fund business, building a separate fund decision-making process and relevant firewall system; have information systems and security facilities as required; establish systems for fair trading and connected transaction management, optimise the monitoring mechanism for fair trading and irregular trading, treat different assets under management fairly and prevent insider trading.

The Securities Investment Funds Law also stipulates matters such as registration for mutual funds, trading of fund units, scope of investment fund and its restriction, protection of fund holders' rights and information disclosure, etc.

The Administrative Measures on Operations of subscription convening publicly-offered of Securities Investment Funds (《公開募集證券投資基金運作管理辦法》) which came into effect on 8 August 2014 has set up provisions on public fund offering, the subscription convening publicly-offered, redemption and trading of fund unit, the investment of fund assets, the distribution of fund income, the subscription convening publicly-offered of fund share holders' meetings, and other fund operational activities.

The Administrative Measures on Information Disclosure for Publicly Offered Securities Investment Funds (《公開募集證券投資基金信息披露管理辦法》)(effective from 1 September 2019 and amended on 20 March 2020) regulates the category of the information that the fund information disclosure obligors of a publicly-offered fund should disclose of, and the format, media, methods and timeliness requirements thereto.

Private Equity Fund Business

Pursuant to the Provisions of Management Practices for Private Equity Fund Subsidiaries of a Securities Companies (《證券公司私募投資基金子公司管理規範》)(as promulgated on 30 December 2016 with immediate effect) issued by the SAC, securities companies which engage in private equity fund business shall establish a private equity fund subsidiary in accordance with the requirements of the relevant regulatory authorities. If a private equity fund subsidiary needs special purpose vehicles (“SPVs”) for purposes such as fund management, it shall hold 35 per cent. or more equity interests or capital investment in, and have management control in, such SPV; a fund management SPV established under the private equity fund subsidiary shall only manage the private equity funds for which the fund management SPV was established. Business of each affiliated SPV shall be explicit and non-repetitive.

The private equity fund subsidiary and the fund management SPVs under it shall invest their own funds in the private equity fund established by the fund management SPV. The amount of investment in respect of each of the funds shall not exceed 20 per cent. of the total amount of such fund.

Alternative Investment

According to the Regulations on Investment Scopes of Securities Investment and Trading Business of Securities Companies and Relevant Matters (《關於證券公司證券自營業務投資範圍及有關事項的規定》) and the Management Criteria for Alternate Investment Subsidiaries of a Securities Firm (《證券公司另類投資子公司管理規範》)(promulgated on 30 December 2016 with immediate effect) securities companies may establish alternative investment subsidiaries to engage in investment on financial products which are excluded on the List of Securities Investment Products for the Securities Investment and Trading of Securities Companies (《證券公司證券自營投資品種清單》). Alternative subsidiaries shall not engage in businesses other than investment businesses; securities companies shall explicitly part the business scopes between alternative subsidiaries and other subsidiaries to avoid conflicts of interests and transfer of benefits; alternative subsidiaries shall not be financed, shall not provide guarantees and loans, and shall not act as a contributory which bears joint liability of an investee enterprise.

Securities Underwriting and Sponsorship

According to the regulations of the Administrative Measures for the Sponsorship of the Offering and Listing of Securities (《證券發行上市保薦業務管理辦法》)(effective from 1 December 2008, and amended on 14 June 2009, 7 December 2017 and 12 June 2020), securities companies shall apply for the sponsoring institution qualification from the CSRC to sponsor the offering and listing business of securities. A sponsor performing the responsibilities of sponsor shall designate a sponsor representative who has good conduct and professional capability to organise and implement a sponsored project to be specifically responsible for the sponsor service. Where an issuer applies for the following issuance matters and adopts the method of underwriting method pursuant to the law, it shall engage a securities company qualified for providing the sponsor service to perform the responsibilities of sponsor: initial public offering of shares; offering of new shares or convertible corporate bonds by a listed company; public offering of depository receipts; and any other circumstances determined by the CSRC.

Any securities firm applying for sponsoring institution qualification shall meet the following requirements:

- its registered capital shall not be less than 100 million yuan and net capital shall not be less than 50 million yuan;
- it shall have a sound corporate governance and internal control system, and risk control indicators shall comply with the relevant provisions;
- its sponsor service department shall have sound business rules and an internal risk assessment and control system, reasonable internal organisational structure and corresponding back-office support such as research capacity and sales capacity;
- it shall have a good the sponsor service team with a reasonable professional structure, and the number of practitioners shall not be less than 35, including not less than 20 persons who have been engaging in the sponsoring-related services in the most recent 3 years;
- it shall have no less than 4 sponsor representatives;
- it shall not have been subject to administrative punishment in the most recent 3 years due to major violation of laws and regulations; and
- other conditions stipulated by the CSRC.

In addition, the Views of the CSRC on Further Promoting IPO Reform (《中國證監會關於進一步推進新股發行體制改革的意見》)(promulgated on 30 November 2013 with immediate effect) further stipulated that sponsor institutions and securities service institutions shall undertake in public offering and listing

documents that if false, or misleading statements are made, or a material omission occurs in the documents issued, prepared and produced by sponsor institutions and securities service institutions for initial public offerings which result in losses to investors, then sponsor institutions and securities service institutions must compensate the losses of investors in accordance with the law.

According to the Administrative Measures for the Issuance and Trading of Corporate Notes (《公司債券發行與交易管理辦法》)(effective from 15 January 2015 and amended on 26 February 2021), the issuance of corporate notes shall be underwritten by securities companies with qualification to engage in securities underwriting business. When underwriting corporate notes, underwriters shall be in compliance with the Administrative Measures for the Issuance and Trading of Corporate notes and applicable regulations on risk management and internal control issued by the CSRC and the SAC, to formulate a strict risk management and internal control system, clarify operating procedures, ensure adequate staffing, strengthen process management such as pricing and allotment, and effectively control business risks.

Lead Brokerage in the National Equities Exchange and Quotations

According to the Administrative Measures on National Equities Exchange and Quotations Company Limited (Provisional)(《全國中小企業股份轉讓系統有限責任公司管理暫行辦法》)(effective from 31 January 2013 and amended on 7 December 2017), securities companies may act as lead broker in the NEEQ. The lead brokerage business includes recommending the listing of shares of joint stock companies, continuously supervising listed companies, trading shares of joint stock companies on behalf of investors, providing market-making service for the transfer of shares, and other businesses as specified by the National Equities Exchange and Quotations Company Limited.

Under the supervision of the National Equities Exchange and Quotations Company Limited, lead brokers, law firms, accounting firms and other institutions and personnel providing services in relation to the transfer of shares shall act in good faith and diligently perform their legal duties in strict compliance with laws, regulations and industry standards, and shall also be responsible for the truthfulness, accuracy and completeness of documents they issue.

Over-the-Counter Market Business

As the provisions of the Administrative Measures of Securities Companies on Over-the-Counter Market (for Trial Implementation)(《證券公司櫃檯市場管理辦法(試行)》)(effective from 15 August 2014) stipulate, securities companies shall engage in over-the-counter business in accordance with the provisions and be subject to the governance of the SAC. Apart from private equity products which are subject to prior approval and filing as explicitly required by financial regulatory authorities, private equity products issued, sold and transferred by securities companies in over-the-counter markets are subject to filing after the issuance, selling and transfer. Products issued, sold and transferred by securities companies in over-the-counter markets include but are not limited to: products such as asset management plans and corporate debt financing instruments established or underwritten by securities companies or their subsidiaries by way of private placing; products established by other institutions such as banks, insurance companies and trust companies and issued, sold and transferred by securities companies; and financial derivatives and other products as allowed by the CSRC and the SAC.

CORPORATE GOVERNANCE AND RISK CONTROL

Corporate Governance and Risk Control of Securities Companies

Corporate governance

Securities companies shall comply with the corporate governance requirements regarding the composition, operation, convening and voting procedures of shareholders' meetings, the board of directors and the supervisory committee as set out in the Company Law, the Securities Law, the

Regulations on Supervision and Management of Securities Companies (《證券公司監督管理條例》)(effective from 1 June 2008 and amended on 29 July 2014) and the Rules for Governance of Securities Companies (《證券公司治理準則》)(as amended on 20 March 2020).

Securities companies shall establish a sound corporate governance structure. The corporate governance structure of securities companies includes proper decision-making processes and rules of procedures, a highly efficient and rigorous business operating system, a sound and effective internal control and feedback system, and effective incentive and restraint mechanisms. The boards of supervisors and independent directors of securities companies shall fully exercise their supervising functions to avert the risks of manipulation by substantial shareholders or control by insiders.

A securities company that engages in two or more businesses in securities brokerage, asset management, margin financing and securities lending, securities underwriting and sponsoring shall have a remuneration and nomination committee, an audit committee and a risk control committee under its board of directors to perform the duties and exercise the rights as specified in the articles of association of the securities company. The persons in charge of the remuneration and nomination committee and the audit committee shall be independent directors.

The Regulatory Measures on Qualifications of Directors, Supervisors and Senior Management of Securities Companies (《證券公司董事、監事和高級管理人員任職資格監管辦法》)(amended on 19 October 2012 with immediate effect), specifies the requirements on the qualifications of directors, supervisors and senior management. According to the provisions of the Securities Law, the directors, supervisors and senior management personnel of securities companies shall be honest, morally upright, be familiar with the provisions of securities laws and administrative regulations, and possess business management abilities to perform their duties. Appointment and removal of directors, supervisors and senior management personnel of securities company shall be filed with the securities regulatory authority of the State Council.

Risk control

Pursuant to the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》)(as amended on 20 March 2020), a securities company shall calculate the risk control indicators such as its net capital, risk coverage ratio, capital leverage, liquidity coverage ratio and net stable funding ratios and prepare the calculation sheets of net capital, risk capital reserves, total on-balance-sheet and off-balance sheet assets, liquidity coverage rate, net stable funding rate and risk control indicators in accordance with relevant provisions and in compliance with the principle of prudence and the principle of substance over form. The Administrative Measures for Risk Control Indicators of Securities Companies stipulates a warning standard and a minimum regulatory standard for risk control indicators that securities companies are required to comply with. The CSRC may make adjustments to the standards for risk control indicators, calculation requirements and the ratio of risk capital reserves of a particular business according to the governance structure, the internal control level and the status quo of risk control of the securities companies.

The Provisions on the Calculation Standard for Risk Control Indicators of Securities Companies (《證券公司風險控制指標計算標準規定》)(effective from 1 October 2016 and amended on 1 June 2020) provides different basis of calculation for different risk capital reserves of securities companies based on their different businesses and different types of securities companies.

Pursuant to the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》)(promulgated on 30 December 2016 with immediate effect), securities companies shall implement comprehensive risk management to avoid risks such as liquidity risks, market risks, credit risks, operation risks and reputation risks in business operation, shall establish and improve a comprehensive risk management system that is in line with their development strategies, including feasible management systems, a sound organisational framework, a reliable information technology

system, a quantitative risk indicators system, a team of professionals and an effective risk response mechanism and shall evaluate regularly the comprehensive risk management system and improve risk management promptly based on the evaluation results.

Pursuant to the provisions of the Guidelines for the Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》)(effective from 30 December 2016), securities companies shall strengthen liquidity risk management and establish a sound liquidity risk management system for effective identification, measurement, monitoring and control of liquidity risks.

Pursuant to the provisions of the Regulations on Risk Settlement of Securities Companies (《證券公司風險處置條例》)(amended on 6 February 2016), the securities regulatory authorities of the State Council shall organise, coordinate and supervise the risk settlement of securities companies. In the event that risk control indicators don't meet relevant requirements or there are situations that may impact sustainable business operation or any major risk is found, the securities regulatory authorities of the State Council may take risk settlement measures such as rectification, custody, takeover, administrative restructuring, revocation, bankruptcy, liquidation and reorganisation, etc.

Pursuant to Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》)(effective from 1 October 2017 and amended on 20 March 2020), the compliance management of securities companies shall cover all businesses, departments, branches, subsidiaries at all levels and all staff, and shall be carried out throughout various stages such as decision-making, implementation, supervision and feedback. The securities company shall have a chief compliance officer, who shall, as a senior manager, directly report to the board of directors and examine, supervise and inspect the operation compliance and management activities of the securities company as well as the staff's practices.

Classified regulation

Pursuant to the provisions of the Regulations on Classification of Securities Companies (《證券公司分類監管規定》)(effective from 26 May 2009, subsequently amended on 14 May 2010, 6 July 2017 and 10 July 2020), the CSRC classifies securities companies into five types and eleven categories as A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D and E, based on the risk control capability, competitiveness and continuous compliance of securities companies for prudent regulation purpose. “**Regulatory points**” system is one of the systems adopted by the CSRC to assess the continuous compliance of securities companies: certain incidents leading to the imposition of penalties will result in the CSRC deducting the corresponding amount of “regulatory points”, which may ultimately have negative effects on the securities companies’ regulatory rating. However, when determining the regulatory rating of a securities company, the CSRC will not only consider the deduction in regulatory points but will also take into consideration its risk management capability (mainly assessed on the basis of the securities companies’ capital adequacy, corporate governance and continuous compliance management, comprehensive risk control, safety of IT system, protection of clients’ interest and information disclosure) and market competitiveness (industry-wide ranking of aspects such as net income, net profit, brokerage business, investment banking business, asset management business, comprehensive strength and innovation capacity) and assess the condition of the securities companies as a whole.

Pursuant to the principle of classified regulation, the CSRC sets up different standards on risks control indicators and calculating proportions for risk capital reserves for different types of securities companies and treats them differently in respect of regulation resource allocation and the frequency of on-site and off-site inspections.

Corporate Governance and Risk Control of Futures Companies

Corporate governance

The provisions of the Supervisory and Administrative Measures for Futures Companies (《期貨公司監督管理辦法》)(effective from 29 October 2014, amended on 7 December 2017 and 4 June 2019) stipulate that the CSRC implements the management system on the qualifications of directors, supervisors, senior management and other futures practitioners of futures companies. The business, personnel, assets, and finance of a futures company shall be strictly separated from those of its shareholders, de facto controller and other affiliated parties, and they should have independent operations and accounting; a futures company shall have a board of supervisors or supervisors, and shall appoint a chief risk officer, etc.

The Management Measures on Appointment of Directors, Supervisors and Senior Management of Futures Companies (《期貨公司董事、監事和高級管理人員任職管理辦法》)(effective from 15 January 2021) further strengthens the management of appointment of the directors, supervisors and senior management of futures companies.

Risk control

According to the Supervision and Administrative Measures for Futures Companies (《期貨公司監督管理辦法》), the Administrative Measures on Futures Trading (《期貨交易管理條例》), and the Administrative Measures for Risk Monitoring Indicators of Futures Companies (《期貨公司風險監管指標管理辦法》)(promulgated on 18 April 2017), futures companies shall establish effective operations systems and procedures related to risk management, internal control and futures margin depository so as to effectively isolate risks among different business as well as to ensure the safety of clients' assets and transactions. A futures company engaging in futures brokerage and other futures business at the same time shall strictly implement the systems for the separation of business and capital, while mixed operations are prohibited. Futures companies shall maintain a chief risk officer responsible for monitoring and inspecting compliance and risk management in its operation and management. The CSRC may dynamically adjust the standard of futures companies' risk management indicators and its calculation requirements based on industry opinions, together with consideration of the development of the futures market and futures industry with respect to the principle of prudent supervision.

Classified regulation

Pursuant to the provisions of the Regulations on Classification of Futures Companies (《期貨公司分類監管規定》)(effective from 12 April 2011 and amended on 15 February 2019), the CSRC classifies futures companies into five types and eleven categories as A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D and E, based on the risk management capability, the capability of serving the real economy, market competitiveness and continuous compliance of futures companies for prudent regulation purposes. According to the principle of classified regulation, the CSRC set up various standards on margin proportions of futures investors for different types of futures companies and treats them differently in respect of regulation resource allocation and the frequency of on-site and off-site inspections, and stipulate different risk capital provision computation ratios for different types of futures companies.

Corporate Governance and Risk Control of Asset Management Company

Corporate governance

Pursuant to provisions of the Regulations on Formation of Subsidiaries of Securities Companies (Provisional)(《證券公司設立子公司試行規定》)(as amended on 11 October 2012), as the subsidiary of a securities company, an asset management company shall establish a sound corporate governance structure, sound risk management system, compliance management system and internal control system, and a securities company shall not take advantage of its capacity as controlling shareholder to damage the legal rights and interests of its asset management subsidiaries and their clients. Proper Chinese Wall

systems should be established between a securities company and its subsidiaries, and between subsidiaries controlled by the same securities company to avoid potential risk transference or conflicts of interests.

Risk control

In accordance with provisions of the Administrative Measures on Private Offering Asset Management Business of Securities and Futures Business Organisations (《證券期貨經營機構私募資產管理業務管理辦法》)(effective from 22 October 2018), the securities companies shall comply with prudent operation rules, formulate scientific and reasonable investment strategies and risk management system, effectively prevent and control risks, and ensure that their business matches their capital, management capacity and risk control level, and shall implement centralised operation management, establish and improve upon internal control and compliance management system, adopt effective measures, manage private offering asset management business and other businesses separately, control improper flow and use of sensitive information, and prevent insider trading, use of undisclosed information for trading, conflict of interest and profit tunneling.

Pursuant to Regulations on the Operation and Management of Private Asset Management Plans for Securities and Futures Operators (《證券期貨經營機構私募資產管理計劃運作管理規定》)(effective from 22 October 2018), a securities and futures operator shall prepare an investment description when raising funds under an asset management scheme. The risk disclosure shall have targeted content and a clear, definite and understandable statement, and fully disclose various risks, such as the market risk, credit risk, liquidity risk, operational risk, related-party transaction risk and specific risk in regard to the employment of investment consultants in an eye-catching manner.

Corporate Governance and Risk Control of Sponsoring Institution

Corporate governance

Pursuant to provisions of the Regulations on Formation of Subsidiaries of Securities Companies (Provisional)(《證券公司設立子公司試行規定》)(as amended on 11 October 2012), as the subsidiary of a securities company, a company engaged in securities sponsoring and underwriting business shall establish a sound corporate governance structure, sound risk management system, compliance management system and internal control system, and a securities company shall not take advantage of its capacity as controlling shareholder to damage the legal rights and interests of its subsidiaries and their clients. Proper Chinese Wall systems should be established between a securities company and its subsidiaries to avoid potential risk transference or conflicts of interests.

Risk control

According to provisions of the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities (《證券發行上市保薦業務管理辦法》)(effective from 1 December 2008 and subsequently amended on 14 June 2009, 7 December 2017 and 12 June 2020), a sponsor shall establish an internal control and organizational system with reasonable division of work, well-defined rights and responsibilities, mutual checks and balances and effective supervision, give full play to the whole-process internal control role of project undertaking, quality control, internal audit compliance and risk control, form a scientific, reasonable and effective decision-making, implementation and supervision mechanism for the sponsor service and ensure that the sponsor service is included into the scope of the overall compliance management and risk control of the company. A sponsor shall establish, improve and implement an internal control system that covers all procedures of the sponsor service and all sponsor service personnel, including but not limited to the project initiation system, quality control system, inquiry and verification system, internal audit system, feedback reporting system, risk event reporting system, compliance inspection system and emergency response system, etc., conduct comprehensive evaluation of the effectiveness of the internal control of the sponsor service on a regular basis, ensure that the person in charge of the sponsor service, the person in charge of the internal audit, the person in

charge of the sponsor service department, the sponsor representatives, the project co-organisers and other persons related to the sponsor service perform their responsibilities diligently, strictly control risks and enhance the overall quality of the sponsor service.

Corporate Governance and Risk Control of Private Equity Subsidiaries

Corporate governance

Pursuant to provisions of the Regulations for Private Equity Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》), securities companies shall strengthen people management and avoid moral risks. Employees of securities companies shall not serve as director, supervisors, senior management members or investment practitioners members concurrently for a private equity fund subsidiary and its SPV affiliates if conflicts of employees between private equity fund subsidiaries, securities companies and other subsidiaries arise. For employees taking up the above duties concurrently, securities companies shall establish a strict and effective internal control mechanism to avoid conflicts of interests and moral risks arising. Securities companies, private equity subsidiaries and their SPV affiliates, private equity funds and other subsidiaries of securities companies, shall establish an effective information isolation mechanism, strengthen the isolation, monitoring and management of sensitive information and prevent dissemination and improper use of sensitive information between each business, so as to prevent insider trading and the risk of benefit transfer.

Risk control

Pursuant to provisions of the Regulations for Private Equity Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》), securities companies should integrate subsidiaries' compliance and risk management into the security companies' comprehensive risk management system, in order to avoid private equity fund subsidiaries related risks such as compliance risks, liquidity risks, market risks, credit risks and operation risks.

OTHER REGULATIONS

Foreign Exchange Control

The lawful currency of the PRC is Renminbi, which is subject to foreign exchange controls and is not freely convertible. SAFE, under the authority of the PBOC, is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to provisions of the Regulations on the Foreign Exchange Management of the People's Republic of China (《中華人民共和國外匯管理條例》)(the “**Foreign Exchange Management Regulations**”), (amended on 5 August 2008 with immediate effect), international payments and transfers are classified into current account items and capital account items. In the PRC, current international payments and transfers are not subject to approval from foreign exchange administration, while capital account items are.

According to the Foreign Exchange Management Regulations, current account foreign exchange income may, in accordance with the relevant requirements of the state, be retained or sold to any financial institution engaged in foreign exchange settlement and sales business. Where any foreign exchange income on capital account shall be retained or sold to a financial institution engaged in foreign exchange settlement and sales business, approval shall be obtained from the relevant foreign exchange administrative authority, other than where no approval is required under state provisions. PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, with the provision of valid receipts and proof of transactions. Foreign invested enterprises which need foreign exchange for the distribution of profits to shareholders, and PRC enterprises, which in accordance with regulations are required to pay dividends to shareholders in foreign exchange, may with the provision of shareholders' resolutions of such PRC enterprises or board resolutions on the distribution of profits, and with the

submission of other required supporting documents, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks. Convertibility of foreign exchange in respect of capital account items, such as private equity investment and capital contribution, is generally subject to restriction, and applicable prior approval from SAFE or the relevant branch.

According to the Foreign Exchange Management Regulations and the Circular of the State Administration of Foreign Exchange on Distributing the Administrative Measures for Registration of Foreign Debts (《國家外匯管理局關於發佈〈外債登記管理辦法〉的通知》)(promulgated on 28 April 2013), the state exercises scale management on administering foreign debts. Foreign currency borrowings shall be handled in accordance with relevant requirements of the state and registered as foreign debts with the relevant foreign exchange administrative authority.

On 9 June 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》)(the “SAFE Circular 16”). The SAFE Circular 16 unifies the Discretionary Foreign Exchange Settlement for all the domestic institutions. The Discretionary Foreign Exchange Settlement refers to the foreign exchange capital in the capital account which has been confirmed by the relevant policies subject to the Discretionary Foreign Exchange Settlement (including foreign exchange capital, foreign loans and funds remitted from the proceeds from the overseas listing) can be settled at the banks based on the actual operational needs of the domestic institutions. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital is temporarily determined as 100 per cent.

Furthermore, SAFE Circular 16 stipulates that the use of foreign exchange incomes of capital accounts by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The foreign exchange incomes of capital accounts and capital in Renminbi obtained by the foreign-invested enterprises from foreign exchange settlement shall not be used for the following purposes:

- directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations;
- directly or indirectly used for investment in securities or financial schemes other than bank guaranteed products unless otherwise provided by relevant laws and regulations;
- used for granting loans to non-connected enterprises, unless otherwise permitted by its business scope; and
- used for the construction or purchase of real estate that is not for self-use (except for the real estate enterprises).

Information Disclosure

The Notice on the Relevant Issues Regarding Information Disclosure of Securities Companies (《關於證券公司信息公示有關事項的通知》)(effective from 25 July 2006) sets forth the specific requirements on information disclosure by securities companies, including methods, requirements and contents of information disclosure.

Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (《關於加強上市證券公司監管的規定》)(amended on 17 September 2020), requires timely disclosure of regular reports and interim reports by listed securities companies within the prescribed period. Meanwhile, it requires that listed companies shall establish a sound information management system in accordance with the characteristics of the securities industry in the PRC, their practices and general regulations regarding information disclosure by listed companies.

Anti-Money Laundering

Securities companies shall comply with the requirements related to anti-money laundering stipulated in the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》)(effective from 1 January 2007), the Provisions on Anti-Money Laundering of Financial Institutions (《金融機構反洗錢規定》)(effective from 1 January 2007), and the Measures on Administration of Identification of Clients and Preservation of Client Identities Information and Trading Records of Financial Institutions (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》)(effective from 1 August 2007).

The Measures on Anti-Money Laundering by the Securities and Futures Industry (《證券期貨業反洗錢工作實施辦法》), enacted by the CSRC and effective from 1 October 2010, further regulates the anti-money laundering regulations for the securities and futures industries, as well as the anti-money laundering responsibilities of the institutions engaging in sales of funds in their business operation. Securities and futures entities shall also establish and enhance internal control systems for anti-money laundering.

The Financial Action Task Force on Money Laundering (“**FATF**”) is an inter-governmental body established in 1989 with the objective of setting standards and promoting effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF monitors the progress of its members in implementing necessary measures, reviewing money laundering and terrorist financing techniques and countermeasures, and promoting the adoption and implementation of appropriate measures globally. The PRC became a member of the FATF in 2007, and the first mutual evaluation report was adopted in June 2007 with a follow-up report published in March 2012.

International Convention for the Suppression of the Financing of Terrorism (《制止向恐怖主義提供資助的國際公約》)

The International Convention for the Suppression of the Financing of Terrorism was adopted by Resolution 54/109 on 9 December 1999 at the 54th session of the General Assembly of the United Nations. This convention aims to prevent, prosecute and punish the financing of terrorist activities and to promote inter-governmental co-operation to achieve this purpose. The government of the PRC ratified this convention on 28 February 2006 with some reservations.

The United Nations Convention Against Corruption (《聯合國反腐敗的公約》)

The PRC is a party to the United Nations Convention against Corruption, a multilateral convention adopted by the General Assembly of the United Nations on 31 October 2003. This convention requires parties to implement anti-corruption measures affecting their laws, constitution and practices, to measures aimed at promoting the prevention, detection and sanctioning of corruption, as well as to strengthen the cooperation between ratifying parties on these matters. The government of the PRC ratified this convention on 27 October 2005, with reservation on paragraph 2 of Article 66.

PRC CURRENCY CONTROLS

This section contains a summary of certain laws and regulations currently relevant to the Group's operations in the PRC.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

CURRENT ACCOUNT ITEMS

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012.

Since July 2013, the procedures for cross-border Renminbi trade settlement under current account items have been simplified. A cash pooling arrangement for qualified multinational enterprise group companies was introduced in November 2014, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. In addition, the eligibility requirements for multinational enterprise groups have been lowered and the cap for net cash inflow has been increased in September 2015. In January 2018, the People's Bank of China released the Notice which stipulates that for any cross-border transactions that can use a foreign exchange currency for settlement in accordance with the law, enterprises may use Renminbi for settlement. In June 2018, the People's Bank of China released the Notice which opened the cross-border Renminbi purchase and sale business under securities investment.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

CAPITAL ACCOUNT ITEMS

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Prior to 2013, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms, foreign enterprises are now permitted use Renminbi to settle all capital account items that can be settled in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements specifically for capital account payments in Renminbi are being removed gradually.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "foreign debt") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "outbound loans"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "cross-border security"). Under the current rules promulgated by SAFE and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign

currencies. After piloting in the free trade zones, PBOC launched a nation-wide system of macro-prudential management on cross-border financing in 2016, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi, and in January 2017, PBOC further improved the policy framework on the basis of the comprehensive assessment on the implementation of the macro-prudential management policy for all-round cross-border financing and released Notice on Matters Concerning Macro-Prudential Management on All-round Cross-border Financing.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“RQFII”) regime and the China Interbank Bond Market (“CIBM”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Interbank foreign exchange market is also opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There can be no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The following summary of certain taxation provisions under the PRC and Hong Kong laws is based on current law and practice. It does not purport to be comprehensive and does not constitute legal or tax advice. Prospective investors should consult their own tax advisers regarding the tax consequences of an investment in the securities.

PRC TAXATION

Income Tax

Pursuant to the “PRC Enterprise Income Tax Law”(中華人民共和國企業所得稅法) and the “PRC Individual Income Tax Law”(中華人民共和國個人所得稅法) as well as their respective implementation rules, an income tax is levied on the payment of interest in respect of debt securities, including bonds issued by enterprises established within the territory of China to non-resident enterprises (including Hong Kong enterprises) and non-resident individuals (including Hong Kong resident individuals). The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest unless there is an applicable tax treaty between the PRC and the jurisdiction in which the holders reside that reduces or exempts such PRC income tax. However, the tax so charged on interest paid on the Bonds to non-PRC holders which, or who, are residents of Hong Kong (including enterprises and individuals) for purposes of the avoidance of the double taxation arrangement between China and Hong Kong will be 7 per cent. of the gross amount of the interest pursuant to the arrangement between China and Hong Kong.

According to the “PRC Enterprise Income Tax Law” and the “PRC Individual Income Tax Law” and their implementation rules, it is unclear whether the capital gains of non-resident enterprises and non-resident individuals derived from a sale or exchange of the Bonds will be subject to PRC income tax. If such capital gains are determined as income sourced in China by PRC tax authority, those non-resident holders may be subject to enterprise income tax at a rate of 10 per cent. or individual income tax at a rate of 20 per cent. of the gross proceeds unless there is an applicable tax treaty between the PRC and the jurisdiction in which the relevant non-resident holders reside which reduces or exempts such income tax. According to the double taxation arrangement between China and Hong Kong, residents of Hong Kong (including enterprise and individual) will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Bonds.

Value-added Tax

Circular 36 confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to the Tentative Regulations on the Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) which was introduced by the State Council on 13 December 1993 and amended by the State Council on 10 November 2008, 6 February 2016 and 19 November 2017 and Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China; however, where the services are provided by offshore entities or individuals to onshore entities or individuals and such services take place solely outside the PRC, they should not be deemed as services provided within the territory of China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC.

HONG KONG TAXATION

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements.

The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions.

Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the offshore restricted shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are published generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement dated 27 April 2021 with Shanxi Securities International, Limited, CLSA Limited, Bank of China Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB International Capital Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, CMBC Securities Company Limited and Huatai Financial Holdings (Hong Kong) Limited (collectively, the “**Joint Lead Managers**”) (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers severally and not jointly agreed to subscribe or procure purchasers or subscribers to subscribe for the Bonds in the proportions indicated in the following table at the Issue Price (100 per cent. of their principal amount). Any subsequent offering of the Bonds to investors may be at a price different from the Issue Price.

	Principal amount of Bonds to be subscribed
	<i>(USD)</i>
Shanxi Securities International Limited	51,000,000
CLSA Limited	51,000,000
Bank of China Limited.	50,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch.	8,000,000
CMB International Capital Limited	8,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	8,000,000
Guotai Junan Securities (Hong Kong) Limited	8,000,000
CMBC Securities Company Limited.	8,000,000
Huatai Financial Holdings (Hong Kong) Limited	8,000,000
Total.	<u>200,000,000</u>

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers customary fees and commissions, and that the Issuer will indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. Shanxi Securities International Limited is a member of the Group.

The Joint Lead Managers and their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services and/or Transactions**”). The Joint Lead Managers and certain of their respective subsidiaries and affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and/or its affiliates for which they have received, or will receive, fees and expenses in the ordinary course of their business.

In connection with the offering of the Bonds (the “**Offering**”), some of the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the Offering. Accordingly, references herein to the Bonds being ‘offered’ should be read as including any offering of the Bonds to such Managers and/or their respective affiliates, or affiliates of the Issuer, for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “*Risk Factors* –

Risks Relating to the Bonds – An active trading market for the Bonds may not develop”). The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, some of the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Some of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in such capacity (the “**Stabilisation Manager**”) or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would or is intended to permit a public offering of the Bonds, or possession or distribution of this Offering Circular (in proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

If a jurisdiction requires that the offering be made by a licenced broker or dealer and any Joint Lead Manager or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Joint Lead Manager has represented that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

People's Republic of China

Each Joint Lead Manager has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Public Offer Selling Restriction Under the Prospectus Regulation

In relation to each Member State of the European Economic Area (each, a “**Relevant State**”), each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of the Bonds which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant State except that it may make an offer of such Bonds to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Public Offer Selling Restriction under the UK Prospectus Regulation

In relation to the United Kingdom, each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of the Bonds which are the subject of the offering contemplated by this Offering Circular to the public in the United Kingdom except that it may make an offer of such Bonds to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Bonds shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**FSMA**” means the Financial Services and Markets Act 2000 and the expression an “**offer of Bonds to the public**” in relation to any Bonds in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 233799815 and the International Securities Identification Number for the Bonds is XS2337998152. The Legal Entity Identifier (LEI) Code of the Issuer is 300300E1007214000085.
2. **Authorisations and Regulatory Filings:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was approved by a resolution of the board of directors of the Issuer passed on 11 March 2020 and a resolution of the shareholders of the Issuer on 30 March 2020.
3. **NDRC Approval and Foreign Debt Registration:** The Issuer will undertake to register or caused to be registered within the prescribed period after the Issue Date (as defined in the Terms and Conditions) with the SAFE the Foreign Debt Registration. The Issuer shall use its best endeavours to complete the Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and shall comply with all applicable PRC laws and regulations in relation to the Foreign Debt Registration.

Pursuant to the NDRC Circular, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 4 March 2021 evidencing such registration and will undertake to file or cause to be filed with the NDRC the Post-issuance Filing and comply with all applicable PRC laws, rules and regulations in connection with the Post-Issuance Filing.

4. **Listing:** Application will be made for the listing of the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and it is expected that the dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on or about 5 May 2021.
5. **No Material Adverse Change or Significant Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2020.
6. **Litigation:** Save as disclosed in this Offering Circular, none of the Issuer or any of its subsidiaries has been involved in any governmental, litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
7. **Available Documents:** Copies of the 2019 Financial Statements and the 2020 Financial Statements, and the articles of association of the Issuer, the Trust Deed and the Agency Agreement, will be available for inspection from the Issue Date at the specified office of the Issuer at East Tower, Shanxi International Trade Center, 69 Fuxi Street, 030002, Taiyuan, Shanxi, China during normal business hours, so long as any of the Bonds is outstanding.
8. **Financial Statements:** KPMG has audited and rendered unqualified audit opinions on the 2019 Financial Statements and 2020 Financial Statements. The 2019 Financial Statements and the 2020 Financial Statements (which are included in this Offering Circular) are in the Chinese language and such financial statements have been translated into English for the purposes of inclusion in this Offering Circular for reference purposes only. Should there be any inconsistency between the Chinese Financial Statements and the English Translated Financial Statements, the Chinese Financial Statements shall prevail. The English Translated Financial Statements does not itself constitute audited financial statements, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the Chinese Financial Statements that are included in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them have independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained therein is accurate, truthful or complete.

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Shanxi Securities Company Limited

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS
ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

毕马威华振审字第 2102985 号

The Shareholders of Shanxi Securities Company Limited:

Opinion

We have audited the accompanying financial statements of Shanxi Securities Company Limited ("Shanxi Securities"), which comprise the consolidated and company balance sheet as at 31 December 2020, the consolidated and company income statement, the consolidated and company cash flow statement, the consolidated and company statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Shanxi Securities as at 31 December 2020, and the consolidated and company financial performance and cash flows of Shanxi Securities for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Shanxi Securities in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Assessment of fair value of financial instruments	
<i>Refer to the accounting policies described in Note III.9 and III.18, and Note V.4, V.8, V.10, V.11 and V.21 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2020, the carrying amount of Shanxi Securities' financial assets and liabilities measured at fair value totalled RMB24.458 billion and RMB751 million, respectively. The valuation of Shanxi Securities' financial instruments measured at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for active markets. Especially for Level 1 and Level 2 financial instruments measured at fair value, the inputs of valuation models are market quotation and observable data, respectively. Where such observable data is not readily available, as in the case of Level 3 financial instruments measured at fair value, estimates need to be developed which involve significant management judgement. We have identified assessment of the fair value of financial instruments as a key audit matter because of the complexity involved in valuing certain financial instruments and the significant judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of financial instruments included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the valuation, independent price verification, front office/back office reconciliations and valuation model approval for financial instruments; • assessing the fair values of Level 1 financial instruments in active markets on a sample basis by comparing the fair values applied by Shanxi Securities with public available market data; • reading investment agreements entered into during 2020, on a sample basis, to understand the relevant investment terms and identify conditions that were relevant to the valuation of financial instruments; • evaluating the valuation models used by Shanxi Securities to value certain financial instruments and to perform, on a sample basis, independent valuations of the financial instruments, compare these valuations with Shanxi Securities' s valuations (including using the work of our internal valuation specialists), and test the input data of fair value calculation; • assessing whether the disclosures in the financial statements appropriately reflect the exposure to financial instrument valuation risk with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Consolidation of structured entities	
<i>Refer to the accounting policies described in Note III.6 and Note VII.2 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Shanxi Securities may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management plan or a trust plan, etc. In determining whether a structured entity is required to be consolidated by Shanxi Securities, management is required to consider the power Shanxi Securities is able to exercise over the activities of the entity and its exposure to and ability to influence its variable returns from the entity. In certain circumstances Shanxi Securities may be required to consolidate a structured entity even though it has no equity interest therein. The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively. We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by Shanxi Securities or not and because the impact of consolidating structured entities on the financial statements could be significant.	Our audit procedures to assess the consolidation of structured entities included the following: • understanding and assessing the design and implementation of key internal controls of financial reporting over consolidation of structured entities; • selecting structured entities, on a sample basis, for each key product type and performing the following procedures for each item selected: - inspecting the related contracts, internal documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement Shanxi Securities has with the structured entity and to assess management's judgement over whether Shanxi Securities has the ability to exercise power over the structured entity; - evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from Shanxi Securities' involvement in such an entity;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Consolidation of structured entities	
<i>Refer to the accounting policies described in Note III.6, and Note VII.2 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
	- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with Shanxi Securities' economic interests in the structured entity to assess management's judgement over Shanxi Securities' ability to influence its variable returns from the structured entity; - evaluating management's judgement over whether the structured entity should be consolidated or not. • assessing the disclosures in the financial statements in relation to structured entities with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Assessing impairment of goodwill	
<i>Refer to the accounting policies described in Note III.14 and III.17, and Note V.14 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
As of 31 December 2020, the carrying amount of Shanxi Securities' goodwill was RMB477 million. The above goodwill comprises: (1) the goodwill of RMB49 million formed through the acquisition of the securities trading branches as well as the merger and reorganisation of securities assets in previous years; (2) the goodwill of RMB428 million formed from the acquisition of 100% equity of Gelin Futures Company Limited in the previous years. There is a risk that the carrying value of goodwill may not be fully recovered through the future cash flows to be generated from the relevant cash-generating asset group (the smallest identifiable group of assets that generates cash inflows independently) or set of asset groups to which the goodwill have been allocated. In order to assess the recoverable amount of goodwill, management engaged external valuation experts to assess the fair values of asset group or set of asset groups, or calculate the value-in-use of the relevant asset group or set of asset groups using the discounted cash flow model with a cash flow forecast.	Our audit procedures to assess impairment of goodwill included the following: - enquiring the management to understand the process and control for assessing impairment of goodwill; - based on our understanding on businesses of Shanxi Securities and requirements under relevant accounting standards, assessing the management's identification on relevant asset group and set of asset groups, and evaluating the methods and basis for allocating goodwill to relevant asset group and set of asset groups; - assessing the competency, professionalism and objectivity of external valuation experts engaged by Shanxi Securities; - obtaining and reading the evaluation reports issued by external valuation experts, reviewing the evaluation basis, assumptions and parameters disclosed in the evaluation reports, and assessing the rationality of valuation results with the assistance of valuation experts of the firm; - based on our understanding on the securities industry and businesses of Shanxi Securities, assessing the assumptions and key judgements that the management used to estimate future cash flows by comparing key parameters (including estimated income and costs, long-term average growth rates) with the approved financial budgets and industry statistics;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Assessing impairment of goodwill	
<i>Refer to the accounting policies described in Note III.14 and III.17, and Note V.14 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
We identified assessing potential impairment of goodwill in financial statements as a key audit matter because of its significance to the financial statements, and also because determining whether any impairment is required involves a significant degree of management judgement and estimation, including key assumptions involved in the evaluation of fair value or present value of future cash flows, all of which could be inherently uncertain and could be subject to management bias.	• based on our understanding on Shanxi Securities and market data for comparable companies in the same industry, assessing the discount rate used by the management to calculate the present value of expected future cash flows; • performing the sensitivity analysis on the discount rate and other key assumptions used by the management to assess the effects of changes in key assumptions on the results of impairment assessments, and consider whether there are indications of management bias in the selection of key assumptions; • assessing the relevant disclosures on goodwill and impairment assessment in the financial statements with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.10 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
Impairment of financial assets is determined based on the expected credit loss ("ECL") model since the adoption of the revised Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement by Shanxi Securities on 1 January 2019. Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments based on the ECL model involves a significant degree of accounting estimates and management judgement, including stage classification of credit impairment and estimation on probability of default, loss given default, exposure at default, discount rate and other parameters, as well as consideration of forward-looking adjustment and other adjustment factors, so a considerable level of management judgement is required in the selection and assumption of these parameters. External macro-environment and Shanxi Securities' internal credit risk management strategy greatly affect the determination of the ECL model. In assessing the above key parameters and assumptions, Shanxi Securities considers historical defaults, historical loss experience, internal credit rating, external credit rating and other adjustment factors.	Our audit procedures to assess the determination of impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments included the following: • understanding and assessing the design and effectiveness of key internal controls of financial reporting over approval, recording, monitoring, classification and impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments; • assessing the reliability of the ECL model and parameters used in impairment provision by management, including stage classification, probability of default, loss given default, exposure at default, discount rate, forward-looking adjustment and management's adjustment, and assessing the reasonableness of key management judgement involved, with the help of our financial risk management experts.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.10 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
When applying judgement in determining probability of default, management considers multiple factors, including recoverable amounts, borrowers' financial position, recoverable amounts of collaterals, order of payment to claim for compensation, existence of other creditors and their degree of cooperation. Where stocks of the listed company are taken as collaterals, guaranteed securities sector, liquidity, trade restriction, concentration, volatility, performance guarantee and issuer's operating results are also taken into account. We identified determining the impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments as a key audit matter because of its inherent uncertainty and the involvement of management judgement, and also because of its significance to Shanxi Securities' state of operation and capital position.	• assessing the completeness and accuracy of key data used as parameters in the ECL model. For key internal data relevant to original files, we compare business ledgers used for assessing impairment provision by management and general ledger to assess the data integrity of the list; we compare the information of a single financial asset with relevant agreements and other relevant documents on a sampling basis to assess the accuracy of business ledgers; we verify key external data with public sources to examine its accuracy; • assessing carefully input parameters in relation to subjective judgements by seeking external supporting evidence and comparing with internal historical records, etc. As part of the above procedures, we also enquire management whether there are any adjustments of key assumptions and input parameters compared with that of prior periods and accounting standards transition periods, and corresponding reasons (if any) and consider their consistency with management judgement. Also, we compare economic factors and market information applied in the model to assess their compliance with the market and economic development;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.10 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
	• assessing the reasonableness of stage classification of management's credit impairment by sampling on the risk-oriented basis. Based on the selected samples, we check overdue loans information and learn about the borrowers' credit risk profile, guaranteed securities sector, liquidity, volatility, performance guarantee and impact of COVID-19 on the issuer's operating status; • assessing the appropriateness of loss given default of credit-impaired financial assets, including assessing expected cash flows of collaterals and other credit enhancement and evaluating the reliability of recovery plan of financial assets, based on the selected samples; • reviewing the accuracy of the calculation of impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments on the selected samples with the ECL model based on the procedures performed; • assessing the relevant disclosures in the financial statements with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Other Information

Management is responsible for the other information. The other information comprises all the information included in 2020 Annual Report of Shanxi Securities, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Shanxi Securities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Shanxi Securities or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Shanxi Securities' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanxi Securities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shanxi Securities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shanxi Securities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2102985 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Shi Jian (Engagement Partner)

Beijing, China

Tang Yinghui

16 April 2021

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2020
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Assets					
Cash and bank balances	V.1	17,221,704,814	15,734,010,625	11,821,294,115	11,413,358,584
- Cash held for brokerage clients		10,752,989,736	8,460,155,123	6,937,640,375	5,722,482,254
Clearing settlement funds	V.2	5,212,171,280	2,620,361,716	5,202,054,905	2,579,273,485
- Cash held for brokerage clients		1,377,001,845	1,281,863,152	1,251,334,259	1,105,580,728
Receivable from margin clients	V.3	7,237,799,738	5,468,405,079	7,022,592,569	5,185,923,202
Derivative financial assets	V.4	25,399,386	18,351,897	7,047,489	-
Financial assets held under resale agreements ("Reverse REPOs")	V.5	2,909,890,823	2,742,426,644	2,510,436,285	2,191,408,463
Accounts receivable	V.6, XVII.1	110,334,334	100,204,889	54,320,316	54,876,044
Refundable deposits	V.7	3,266,499,930	2,940,672,900	1,145,198,241	1,266,202,443
Financial investments:		24,482,913,220	23,685,130,840	21,374,768,855	21,662,843,157
Financial assets held for trading	V.8	22,521,225,349	22,247,491,671	19,466,907,374	20,325,501,850
Debt investments	V.9	50,144,943	32,520,311	34,314,029	-
Other debt investments	V.10	1,693,438,010	1,165,745,108	1,693,438,010	1,152,414,175
Other equity instrument investments	V.11	218,104,918	239,373,750	180,109,442	184,927,132
Long-term equity investments	VII.3, XVII.2	295,210,881	421,754,695	5,198,519,948	4,192,380,851
Fixed assets	V.12	376,978,614	384,302,724	334,978,570	336,689,202
Intangible assets	V.13	143,246,203	117,553,798	136,110,295	107,883,971
Goodwill	V.14	476,939,901	476,939,901	49,096,844	49,096,844
Deferred tax assets	V.16	191,483,677	174,961,762	82,399,293	96,304,212
Other assets	V.15, XVII.3	501,476,023	810,699,711	1,296,650,477	852,556,989
Total assets		<u>62,452,048,824</u>	<u>55,695,777,181</u>	<u>56,235,468,202</u>	<u>49,988,797,447</u>

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		<i>31 December</i> <i>2020</i>	<i>31 December</i> <i>2019</i>	<i>31 December</i> <i>2020</i>	<i>31 December</i> <i>2019</i>
Liabilities and equity					
Liabilities					
Short-term loans	V.18	224,453,083	183,832,245	-	-
Short-term debt securities issued	V.19	5,520,485,844	4,323,301,803	5,344,091,022	4,323,301,803
Placements from financial institutions	V.20	10,022,257,097	5,511,784,061	10,022,257,097	5,511,784,061
Financial liabilities held for trading	V.21	730,528,365	2,132,321,710	730,528,365	2,132,321,710
Derivative financial liabilities	V.4	20,883,097	19,615,860	-	1,263,963
Financial assets sold under repurchase agreements ("REPOs")	V.22	6,799,897,076	12,200,643,294	6,799,897,076	12,087,837,182
Customer brokerage deposits	V.23	12,817,075,071	10,149,086,367	8,079,837,113	6,729,037,782
Employee benefits payable	V.24	220,586,623	150,267,996	89,439,290	44,615,292
Taxes payable	V.25	142,252,957	93,071,311	109,971,858	63,553,870
Accounts payable	V.26	90,780,258	25,186,640	76,044,210	12,619,705
Long-term debt securities issued	V.27	7,654,291,213	6,251,917,663	7,646,442,689	6,246,181,664
Deferred tax liabilities	V.16	6,421,703	33,049,056	-	-
Other liabilities	V.28	750,692,966	1,405,958,569	320,250,340	292,462,758
Total liabilities		<u>45,000,605,353</u>	<u>42,480,036,575</u>	<u>39,218,759,060</u>	<u>37,444,979,790</u>

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity (continued)					
Equity					
Share capital	V.29	3,589,771,547	2,828,725,153	3,589,771,547	2,828,725,153
Capital reserve	V.30	9,723,419,390	6,713,296,178	9,688,853,085	6,692,880,816
Other comprehensive income	V.31	(41,830,649)	(54,799,201)	(40,993,307)	(102,823,892)
Surplus reserve	V.32	650,431,550	556,740,074	650,431,550	556,740,074
General risk reserve	V.33	730,222,510	628,719,120	659,896,752	565,756,468
Trading risk reserve	V.33	696,137,095	599,220,321	659,896,752	565,756,468
Retained earnings	V.34	1,557,284,480	1,382,574,910	1,808,852,763	1,436,782,570
Total equity attributable to shareholders of the Company		16,905,435,923	12,654,476,555	17,016,709,142	12,543,817,657
Non-controlling interests	V.35	546,007,548	561,264,051	N/A	N/A
Total equity		17,451,443,471	13,215,740,606	17,016,709,142	12,543,817,657
Total liabilities and equity		62,452,048,824	55,695,777,181	56,235,468,202	49,988,797,447

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2020
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2020	2019	2020	2019
Operating income					
Net fee and commission income	V.36, XVII.4	1,460,542,805	1,173,916,736	971,105,233	752,121,221
From: Securities brokerage business		520,392,525	347,651,347	519,641,972	341,054,360
Investment banking business		651,757,095	572,460,829	284,116,407	232,114,726
Asset management business		78,343,995	91,085,810	85,948,459	105,523,592
Futures brokerage business		128,293,829	83,841,343	-	-
Fund management business		63,426,702	62,918,817	63,426,702	62,918,817
Investment consulting business		18,328,659	15,958,590	17,971,693	10,509,726
Net interest income / (expenses)	V.37	6,714,315	(142,572,076)	(142,123,659)	(190,893,890)
Including: Interest income		1,048,750,442	1,082,769,356	896,021,797	940,866,157
Interest expense		(1,042,036,127)	(1,225,341,432)	(1,038,145,456)	(1,131,760,047)
Investment income	V.38, XVII.5	1,695,573,140	1,063,569,409	1,536,778,990	1,050,678,805
Net gains / (losses) from changes in fair value	V.39	(226,606,949)	256,937,470	(56,111,840)	43,384,476
Foreign exchange (losses) / gains		1,301,949	(9,866,941)	(1,668,419)	441,455
Other operating income	V.40	371,936,759	2,725,971,207	8,517,354	9,565,988
Other income	V.41	32,734,974	30,348,871	16,691,564	20,071,743
(Losses) / Gains from disposal of assets	V.42	(224,952)	3,876,061	(224,952)	3,876,061
Total operating income		<u>3,341,972,041</u>	<u>5,102,180,737</u>	<u>2,332,964,271</u>	<u>1,689,245,859</u>
Operating expenses					
Taxes and surcharges	V.43	(26,688,174)	(22,604,650)	(22,446,799)	(18,919,988)
Operating and administrative expenses	V.44, XVII.6	(1,820,967,194)	(1,567,386,381)	(1,139,620,193)	(926,125,037)
Credit impairment (losses) / (reversal)	V.45	(104,890,631)	(176,544,789)	30,160,856	(30,406,625)
Reversal of other impairment losses	V.46	1,979,159	17,941,901	-	-
Other operating expenses	V.47	(381,977,626)	(2,685,981,550)	(661,341)	-
Total operating expenses		<u>(2,332,544,466)</u>	<u>(4,434,575,469)</u>	<u>(1,132,567,477)</u>	<u>(975,451,650)</u>
Operating profit		<u>1,009,427,575</u>	<u>667,605,268</u>	<u>1,200,396,794</u>	<u>713,794,209</u>

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

		<i>The Group</i>		<i>The Company</i>	
	<i>Note</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Operating profit (continued)		1,009,427,575	667,605,268	1,200,396,794	713,794,209
Add: Non-operating income	V.48	4,943,840	3,110,431	450,054	83,000
Less: Non-operating expenses	V.49	(8,836,614)	(4,937,394)	(8,676,181)	(2,078,899)
Profit before income tax		1,005,534,801	665,778,305	1,192,170,667	711,798,310
Less: Income tax expense	V.50	(243,231,262)	(145,855,829)	(250,767,831)	(126,561,125)
Net profit for the year		<u>762,303,539</u>	<u>519,922,476</u>	<u>941,402,836</u>	<u>585,237,185</u>
(1) Net profit classified by continuity of operations:					
1. Net profit from continuing operations		762,303,539	519,922,476	941,402,836	585,237,185
2. Net profit from discontinued operations		N/A	N/A	N/A	N/A
(2) Net profit classified by ownership:					
1. Attributable to shareholders of the Company		750,927,346	510,183,708	941,402,836	585,237,185
2. Attributable to non-controlling interests		11,376,193	9,738,768	N/A	N/A
Other comprehensive income, net of tax					
Other comprehensive income (net of tax) attributable to shareholders of the Company					
I Items that will not be reclassified to profit or loss:					
1. Changes in fair value of other equity instrument investments		1,261,660	(117,559,431)	2,712,393	(112,370,492)

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The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2020	2019	2020	2019
II Items that may be reclassified to profit or loss:					
1. Changes in fair value of other debt investments		73,132,930	(37,471,770)	72,930,748	(38,003,001)
2. Credit losses of other debt investments		(18,319,140)	29,736,510	(18,300,640)	29,736,677
3. Translation differences arising from translation of foreign currency financial statements		(44,340,519)	17,112,181	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		3,367,304	(498,933)	N/A	N/A
Other comprehensive income, net of tax	V.31	<u>15,102,235</u>	<u>(108,681,443)</u>	<u>57,342,501</u>	<u>(120,636,816)</u>
Total comprehensive income for the year		<u>777,405,774</u>	<u>411,241,033</u>	<u>998,745,337</u>	<u>464,600,369</u>
Attributable to:					
Shareholders of the Company		762,662,277	402,001,198	998,745,337	464,600,369
Non-controlling interests		14,743,497	9,239,835	N/A	N/A
Earnings per share:					
(1) Basic earnings per share	V.51	<u>0.23</u>	<u>0.18</u>		
(2) Diluted earnings per share	V.51	<u>0.23</u>	<u>0.18</u>		

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The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2020
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2020	2019	2020	2019
Cash flows from operating activities					
Net increase in customer brokerage deposits		2,667,087,994	1,771,945,639	1,349,898,620	1,697,971,305
Interest, fees and commission income received		3,952,082,833	3,408,326,886	2,891,887,953	2,864,626,269
Net decrease in financial assets held for trading		593,023,470	2,779,099,536	1,896,360,469	2,636,303,634
Net increase in financial liabilities held for trading		-	393,808,730	-	393,808,730
Net increase in placements from financial institutions		4,525,000,000	-	4,525,000,000	-
Proceeds from other operating activities	V.52(1)	478,933,358	6,120,471,759	172,159,438	3,464,801,946
Sub-total of cash inflows		<u>12,216,127,655</u>	<u>14,473,652,550</u>	<u>10,835,306,480</u>	<u>11,057,511,884</u>
Net increase in receivable from margin clients		(1,777,790,975)	(998,660,617)	(1,817,351,589)	(912,467,809)
Net decrease in financial liabilities held for trading		(1,427,041,597)	-	(1,427,041,597)	-
Net cash paid for REPOs business		(5,518,346,948)	(1,577,842,862)	(5,606,195,995)	(1,516,906,582)
Net cash paid for trading of derivative financial instruments		(129,973,068)	(254,321,432)	(194,978,633)	(191,351,126)
Net decrease in placements from financial institutions		-	(1,170,000,000)	-	(1,170,000,000)
Cash paid for interest, fee and commission		(991,532,270)	(889,406,700)	(891,881,657)	(875,911,646)
Payment to and for employees		(1,143,461,715)	(1,006,348,680)	(699,196,934)	(560,337,446)
Payment of various taxes		(441,727,889)	(287,892,250)	(350,985,641)	(238,660,275)
Payment for other operating activities	V.52(2)	(2,245,376,391)	(4,330,933,743)	(1,243,483,011)	(639,751,274)
Sub-total of cash outflows		<u>(13,675,250,853)</u>	<u>(10,515,406,284)</u>	<u>(12,231,115,057)</u>	<u>(6,105,386,158)</u>
Net cash (outflows)/inflows from operating activities	V.53(1)(a), XVII. 7(1)	<u>(1,459,123,198)</u>	<u>3,958,246,266</u>	<u>(1,395,808,577)</u>	<u>4,952,125,726</u>

These financial statements were approved by the Board of Directors on 16 April 2021.

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Zhang Lide
Head of the
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The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2020	2019	2020	2019
Cash flows from investing activities					
Proceeds from disposal of other equity instrument investments		9,034,216	35,809,256	8,434,215	35,809,256
Proceeds from disposal of investments		151,500,000	-	-	-
Cash received from investment income		12,374,966	8,641,520	60,077,878	177,242
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		3,115,068	14,392,638	1,648,172	14,029,828
Proceeds from other investing activities		-	100,000,000	-	-
Sub-total of cash inflows		<u>176,024,250</u>	<u>158,843,414</u>	<u>70,160,265</u>	<u>50,016,326</u>
Net payment for acquisition of subsidiaries and other business units		(35,000,000)	(424,908,915)	(1,006,139,097)	(330,000,000)
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(115,629,053)	(92,298,841)	(118,400,809)	(79,780,198)
Payment for other investing activities		(410,000,000)	-	-	-
Sub-total of cash outflows		<u>(560,629,053)</u>	<u>(517,207,756)</u>	<u>(1,124,539,906)</u>	<u>(409,780,198)</u>
Net cash outflows from investing activities		<u>(384,604,803)</u>	<u>(358,364,342)</u>	<u>(1,054,379,641)</u>	<u>(359,763,872)</u>

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The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		2020	2019	2020	2019
Cash flows from financing activities:					
Proceeds from issuance of debt securities		3,176,163,163	2,000,000,000	2,994,000,000	1,995,760,000
Proceeds from investors		3,771,169,606	-	3,757,018,663	-
Proceeds from issuance of beneficiary certificates		15,376,560,000	23,125,450,000	15,376,560,000	23,125,450,000
Proceeds relating to other financing activities		40,784,001	183,634,900	-	-
Sub-total of cash inflows		<u>22,364,676,770</u>	<u>25,309,084,900</u>	<u>22,127,578,663</u>	<u>25,121,210,000</u>
Repayments of debt securities issued		(15,893,960,000)	(24,950,030,000)	(15,893,960,000)	(24,950,030,000)
Payment for dividends or interest		(747,658,290)	(678,943,990)	(735,862,321)	(673,067,181)
Payment for other financing activities		(30,000,000)	(1,118,644)	-	-
Sub-total of cash outflows		<u>(16,671,618,290)</u>	<u>(25,630,092,634)</u>	<u>(16,629,822,321)</u>	<u>(25,623,097,181)</u>
Net cash inflows/(outflows) from financing activities		<u>5,693,058,480</u>	<u>(321,007,734)</u>	<u>5,497,756,342</u>	<u>(501,887,181)</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>(46,473,202)</u>	<u>3,324,665</u>	<u>(5,031,271)</u>	<u>878,107</u>
Net increase in cash and cash equivalents	V 53(1)(b) , XVII.7(2)	3,802,857,277	3,282,198,855	3,042,536,853	4,091,352,780
Add: Cash and cash equivalents at the beginning of the year		<u>18,136,083,250</u>	<u>14,853,884,395</u>	<u>13,936,063,999</u>	<u>9,844,711,219</u>
Cash and cash equivalents at the end of the year	V.53(2), XVII.7(3)	<u>21,938,940,527</u>	<u>18,136,083,250</u>	<u>16,978,600,852</u>	<u>13,936,063,999</u>

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili
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Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2020
(Expressed in Renminbi Yuan, unless otherwise stated)

Note	Equity attributable to shareholders of the Company										
	Share capital	Capital reserve	comprehensive income	Other	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings	Sub-total	Non-controlling interests	Total
Balance at 31 December 2019	2,828,725,153	6,713,296,178	(54,799,201)		556,740,074	628,719,120	599,220,321	1,382,574,910	12,654,476,555	561,264,051	13,215,740,606
Changes in equity during the year											
1. Total comprehensive income											
2. Shareholders' contributions and decrease of capital											
- Contribution by ordinary shareholders	761,046,394	3,010,123,212	-		-	-	-	-	3,771,169,606	-	3,771,169,606
- Refund of contribution by shareholders	-	-	-		-	-	-	-	-	(30,000,000)	(30,000,000)
3. Appropriation of profits											
- Appropriation to surplus reserve	-	-	-		94,140,284	-	-	(94,140,284)	-	-	-
- Appropriation to general risk reserve	-	-	-		-	101,503,390	-	(101,503,390)	-	-	-
- Appropriation to trading risk reserve	-	-	-		-	-	96,916,774	(96,916,774)	-	-	-
- Distributions to shareholders	-	-	-		-	-	-	(282,872,515)	(282,872,515)	-	(282,872,515)
4. Transfers within equity											
- Transfer of other comprehensive income to retained earnings	-	-	1,233,621		(448,808)	-	-	(784,813)	-	-	-
Sub-total of 1 to 4	761,046,394	3,010,123,212	12,968,552		93,691,476	101,503,390	96,916,774	174,709,570	4,250,959,368	(15,256,503)	4,235,702,865
Balance at 31 December 2020	3,589,771,547	9,723,419,390	(41,830,649)		650,431,550	730,222,510	696,137,095	1,557,284,480	16,905,435,923	546,007,548	17,451,443,471

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

Note	Share capital	Capital reserve	comprehensive income	Equity attributable to shareholders of the Company					Non-controlling interests	Total
				Other income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings		
Balance at 31 December 2018	2,828,725,153	6,713,296,178	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	12,443,281,412	553,578,988	12,996,860,400
Add: Changes in accounting policies	-	-	34,172,597	(7,217,920)	-	-	(76,324,474)	(49,369,797)	(436,128)	(49,805,925)
Balance at 1 January 2019	2,828,725,153	6,713,296,178	35,398,572	500,014,829	564,673,545	538,877,528	1,212,925,810	12,393,911,615	553,142,860	12,947,054,475
Changes in equity during the year										
1. Total comprehensive income	-	-	(108,182,510)	-	-	-	510,183,708	402,001,198	9,239,835	411,241,033
2. Decrease of capital	-	-	-	-	-	-	-	-	-	-
- Refund of contribution by shareholders	-	-	-	-	-	-	-	-	(1,118,644)	(1,118,644)
3. Appropriation of profits										
- Appropriation to surplus reserve	V.32	-	-	58,523,719	-	-	(58,523,719)	-	-	-
- Appropriation to general risk reserve	V.33	-	-	-	64,045,575	-	(64,045,575)	-	-	-
- Appropriation to trading risk reserve	V.33	-	-	-	-	60,342,793	(60,342,793)	-	-	-
- Distributions to shareholders	V.34	-	-	-	-	-	(141,436,258)	(141,436,258)	-	(141,436,258)
4. Transfers within equity										
- Transfer of other comprehensive income to retained earnings	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-	-	-
Sub-total of 1 to 4	-	-	(90,197,773)	56,725,245	64,045,575	60,342,793	169,649,100	260,564,940	8,121,191	268,686,131
Balance at 31 December 2019	2,828,725,153	6,713,296,178	(54,799,201)	556,740,074	628,719,120	599,220,321	1,382,574,910	12,654,476,555	561,264,051	13,215,740,606

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Company Statement of Changes in Equity
for the year ended 31 December 2020
(Expressed in Renminbi Yuan, unless otherwise stated)

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings	Total
Balance at 31 December 2019	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657
Changes in equity during the year								
1. Total comprehensive income	-	-	57,342,501	-	-	-	941,402,836	998,745,337
2. Shareholders' contributions of capital	761,046,394	2,995,972,269	-	-	-	-	-	3,757,018,663
3. Appropriation of profits	-	-	-	94,140,284	-	-	(94,140,284)	-
- Appropriation to surplus reserve	-	-	-	-	-	-	(94,140,284)	-
- Appropriation to general risk reserve	-	-	-	-	94,140,284	-	(94,140,284)	-
- Appropriation to trading risk reserve	-	-	-	-	-	-	(94,140,284)	-
- Distributions to shareholders	-	-	-	-	-	-	(94,140,284)	-
4. Transfers within equity	-	-	-	-	-	-	(282,872,515)	(282,872,515)
- Transfer of other comprehensive income to retained earnings	-	-	4,488,084	(448,808)	-	-	(4,039,276)	-
Sub-total of 1 to 4	761,046,394	2,995,972,269	61,830,585	93,691,476	94,140,284	94,140,284	372,070,193	4,472,891,485
Balance at 31 December 2020	3,589,771,547	9,688,853,085	(40,993,307)	650,431,550	659,896,752	659,896,752	1,808,852,763	17,016,709,142

These financial statements were approved by the Board of Directors on 16 April 2021.

Wang Yili Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 14 to 148 form part of these financial statements.

Shanxi Securities Company Limited
Company Statement of Changes in Equity
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings	Total
Balance at 31 December 2018	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183
Add: Changes in accounting policies	-	-	20,141,566	(7,217,920)	-	-	(64,961,283)	(52,037,637)
Balance at 1 January 2019	2,828,725,153	6,692,880,816	(171,813)	500,014,829	507,232,749	507,232,749	1,184,739,063	12,220,653,546
Changes in equity during the year								
1. Total comprehensive income	-	-	(120,636,816)	-	-	-	585,237,185	464,600,369
2. Appropriation of profits	-	-	-	58,523,719	-	-	(58,523,719)	-
- Appropriation to surplus reserve	-	-	-	58,523,719	-	-	(58,523,719)	-
- Appropriation to general risk reserve	-	-	-	-	58,523,719	58,523,719	(58,523,719)	-
- Appropriation to trading risk reserve	-	-	-	-	-	-	(141,436,258)	(141,436,258)
- Distributions to shareholders	-	-	-	-	-	-	-	-
3. Transfers within equity	-	-	-	-	-	-	-	-
- Transfer of other comprehensive income to retained earnings	-	-	17,984,737	(1,788,474)	-	-	(16,186,263)	-
Sub-total of 1 to 3	-	-	(102,652,079)	56,725,245	58,523,719	58,523,719	252,043,507	323,164,111
Balance at 31 December 2019	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657

These financial statements were approved by the Board of Directors on 16 April 2021.

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		(Company stamp)

The notes on pages 14 to 148 form part of these financial statements.

I GENERAL INFORMATION

Shanxi Province Securities Company was incorporated on 28 July 1988. On the date of establishment, Shanxi Province Securities Company obtained the Corporate Legal Person Business Licence (the registration number: 140000100003883) issued by Shanxi Administration for Industry and Commerce, and obtained the licence for operating securities business (No. Z20614000) granted by China Securities Regulatory Commission (hereinafter referred to as “CSRC”).

After the approval of CSRC on 31 December 1998, Shanxi Province Securities Company changed its name into Shanxi Securities Limited Liability Company after the reorganisation, and the registered capital is RMB200,000,000.

Approved by the *Official Reply on Matters Concerning the Merger and Reorganisation of Securities Business Organisations in Shanxi* issued by CSRC (Zheng Jian Ji Gou Zi [2000] No.81) on 28 April 2000, Shanxi Securities Limited Liability Company merged and reorganised with securities assets of 5 trust companies in Shanxi in December 2001. The newly established company after the merger and reorganisation continued to use the name of Shanxi Securities Limited Liability Company, and the registered capital was changed to RMB1,025,000,000.

Approved by the *Official Reply on the Equity Change and Capital Expansion of Shanxi Securities Limited Liability Company* issued by CSRC (Zheng Jian Ji Gou Zi [2006] No.138) on 10 July 2006, the registered capital of Shanxi Securities Limited Liability Company increased by RMB278,800,000 to RMB1,303,800,000 according to the resolution of 2004 annual general meeting of shareholders held by Shanxi Securities Limited Liability Company on 29 June 2005 and provisions under the revised Articles of Association. The increased registered capital should be paid up by Shanxi Guoxin Investment Group Co., Ltd. (formerly named Shanxi Guoxin Investment (Group) Company, hereinafter referred to as “Shanxi Guoxin”) before 18 July 2006.

Approved by the *Official Reply on the Conversion into A Company Limited by shares of Shanxi Securities Limited Liability Company* issued by CSRC (Zheng Jian Xu Ke Zi [2008] No.100) on 18 January 2008, Shanxi Securities Limited Liability Company was changed into a company limited by shares according to the resolution of the 2007 second general meeting of shareholders held by Shanxi Securities Limited Liability Company on 24 December 2007 and provisions under the revised Articles of Association. Shanxi Securities Limited Liability Company converted the net assets determined on the base date (30 September 2007) into share capital of RMB2,000,000,000 with the equity discount ratio of 99.9246667%, and the unconverted part of RMB1,507,802 was included in the capital reserve. Shanxi Securities Limited Liability Company changed its name into Shanxi Securities Company Limited (hereinafter referred to as “the Company”) after the conversion, the registered capital was changed to RMB2,000,000,000, and the total share capital was 2,000,000,000 shares with a par value of RMB1 per share.

Approved by the *Official Reply on Approving the Initial Public Offering of Shares of Shanxi Securities Company Limited* issued by CSRC (Zheng Jian Xu Ke Zi [2010] No.1435) on 19 October 2010, the Company completed the issuance of 399,800,000 RMB ordinary shares to domestic investors on 4 November 2010, and was listed on the Shenzhen Stock Exchange on 15 November 2010. On 24 November 2010, the registered capital of the Company was changed to RMB2,399,800,000, and the total share capital increased to 2,399,800,000 shares.

Approved by the *Official Reply on Approving the Purchase of Assets with Cash and Issuance of Shares by Shanxi Securities, the Merger with Dahua Futures Co., Ltd. by Gelin Futures Co., Ltd.* issued by CSRC (Zheng Jian Xu Ke [2013] No.964) on 23 July 2013, the Company purchased 100% equity of Gelin Futures by issuing 118,925,153 shares to the original shareholders of Gelin Future Co., Ltd. (hereinafter referred to as “Gelin Futures”) through private placement, and paying cash consideration of RMB168,161,700 on 13 November 2013. The total share capital of the Company increased from 2,399,800,000 shares to 2,518,725,153 shares after the completion of this transaction.

Approved by the *Official Reply on Approving the private placement of Shares by Shanxi Securities Company Limited* issued by CSRC (Zheng Jian Xu Ke [2015] No.2873) on 11 December 2015, the Company completed the private placement of 310,000,000 RMB ordinary shares to domestic investors on 25 December 2015, and these shares were listed on the Shenzhen Stock Exchange on 20 January 2016. On 24 February 2016, the registered capital of the Company was changed to RMB2,828,725,153, and the total share capital increased from 2,518,725,153 shares to 2,828,725,153 shares.

According to the *Official Reply on the Gratuitous Transfer of the Equity of Shanxi Securities Company Limited held by Shanxi Guoxin Investment Group Company Limited to Shanxi Financial Investment Holdings Limited* (Jin Cai Jin [2016] No.8) on 1 February 2016, Shanxi Guoxin gratuitously transferred all equity interests of the Company to Shanxi Financial Investment Holdings Limited (hereinafter referred to as “Shanxi Financial Holdings”).

According to the *Official Reply on Approving the Changes in over 5% Equity Shareholders of Shanxi Securities Company Limited and the Exemption on the Obligation of Acquiring Shanxi Securities Company Limited through the Tender Offer by Shanxi Financial Investment Holdings Limited* issued by CSRC (Zheng Jian Xu Ke [2016] No.1765) on 19 August 2016, CSRC approved the shareholder qualification that Shanxi Financial Holdings held over 5% equity interests of Shanxi Securities, and exempted the tender offer obligation of Shanxi Financial Holdings arising from the increase in shares of the Company (approximately 30.84% of the Company's total number of shares) by the gratuitous transfer of state-owned assets. The Company completed the transfer procedures on 2 September 2016. The controlling shareholders of the Company changed to Shanxi Financial Holdings, and the ultimate controlling party was still the Finance Department of Shanxi Province.

Approved by the *Official Reply on Approving the Allotment of Shares by Shanxi Securities Company Limited* issued by CSRC (Zheng Jian Xu Ke [2020] No.722) on 29 April 2020, the Company completed the allotment of 761,046,394 RMB ordinary shares to all shareholders on 29 June 2020, and it was listed on the Shenzhen Stock Exchange on 10 July 2020. Upon completion of the allotment of shares, the registered capital of the Company was changed to RMB3,589,771,547, and the total share capital increased from 2,828,725,153 shares to 3,589,771,547 shares.

As at 31 December 2020, the Company has established 126 securities branches in Shanxi, Beijing, Shanghai, Shenzhen, Xi'an, Ningbo, Chongqing, Jinan and other cities (31 December 2019: 128 securities branches). For related information of subsidiaries of the Company, please refer to Note VII.

The Company and its subsidiaries (hereinafter referred to as “the Group”) mainly engaged in securities brokerage business, margin financing and securities lending, securities proprietary trading, securities underwriting business, securities investment consulting business, financial advisory related to securities trading and securities investment activities, proxy sale of securities investment funds, intermediary introduction business for futures companies, proxy sale of financial products, asset management business, public fund management, brokerage of commodity futures, brokerage of financial futures, futures investment consulting, management of investments and assets, purchase and resale of bulk commodity, future arbitrage and hedging services of futures, etc.

II BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the Ministry of Finance (“MOF”) of People’s Republic of China. These financial statements truly and completely present the consolidated and company financial position as at 31 December 2020, and the consolidated and company financial performance and cash flows for the year then ended.

These financial statements also comply with the disclosure requirements of *Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports* revised by CSRC in 2014 and *Special Provisions on the Preparation of Notes to the Financial Statements of Securities Companies (2018)* issued by CSRC in 2018.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company is a financial institution of which the operating cycle is not clearly identifiable.

4 Functional currency

The Company’s functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company’s subsidiaries have functional currencies that are different from the Company’s functional currency. Their financial statements have been translated based on the accounting policies set out in Note III.8.

5 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition date fair values. It is not required to apply the accounting of business combination described as below.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.14). If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity method in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.10(2)(b)); any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

6 Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries and structured entities. Control exists when the investor has all of following: power over the investee, exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries and structured entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of subsidiaries are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entities, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. The general objectives of structured entities are clearly defined and narrow in scope.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

Assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding “retained earnings and translation differences with respect to a foreign operation in other comprehensive income”, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9 Financial instruments

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.20.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost by the Group.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its present contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- financial investments at fair value through other comprehensive income.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instruments.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

For accounts receivable and contract assets, loss allowance always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for accounts receivable and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If credit risk on financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale (see Note III.25(1)). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.17.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.10(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.10(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.26(1)).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.17.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

11 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in the supply of services, for rental to others or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.12.

When the Company was merged and reorganised in 2001, the fixed assets invested by shareholders of state-owned shares was accounted for according to the valuation confirmed by the state-owned assets management department.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment is classified as held for sale (see Note III.26(1)).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<i>Class</i>	<i>Estimated useful life</i>	<i>Residual value rate</i>	<i>Depreciation rate</i>
Plant and buildings	20 to 35 years	3% to 4%	2.74% to 4.85%
Electronic computer	3 to 5 years	3% to 4%	19.20% to 32.33%
Motor vehicles	4 to 7 years	3% to 4%	13.71% to 24.25%
Electrical and communication equipment	3 to 10 years	3% to 4%	9.60% to 32.33%
Office equipment	3 to 5 years	3% to 4%	19.20% to 32.33%

Estimated useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.17.

(4) For the recognition and measurement of fixed assets acquired under finance leases, refer to Note III.25(3).

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

12 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17).

13 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.26(1)).

When the Company was merged and reorganised in 2001, the intangible assets invested by shareholders of state-owned shares was accounted for according to the valuation confirmed by the state-owned assets management department.

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.17). Other development expenditure is recognised as an expense in the period in which it is incurred.

14 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

15 Inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase and other expenditure incurred in bringing the inventories to their present location and condition. Cost of inventories recognised is calculated using the specific identification method.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for impairment, and is recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

16 Long-term deferred expenses

The long-term deferred expenses to be apportioned include the improvement of fixed assets leased for operation and other expenses that have already occurred but should be borne by the current and future periods and whose apportionment period is more than one year, and shall be apportioned equally in stages according to the expected benefit period.

17 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long-term equity investments
- goodwill, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.18) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

18 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

19 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

20 Revenue

The following accounting policies relating to revenue will apply from 1 January 2020. For the accounting policies relating to revenue in 2019, refer to the Group's financial statements for 2019.

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (see Note III.9(6)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(1) Fee and commission income

Fee and commission income is measured at the fair value of the consideration received or receivable under the contract or agreement when the services are provided in the course of the Group's ordinary activities.

Relevant fee and commission income is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

(a) Brokerage income

Fee income from securities brokerage trading and futures brokerage are recognized as revenue on the trading day.

(b) Income from investment banking business

Income from underwriting is recognized when the Group satisfies the performance obligation in the underwriting contract.

Based on contractual terms, sponsorship income are recognized as revenue over time as the Group satisfies the performance obligations, or at a point in time when the performance obligation is fulfilled.

(c) Income from advisory services

Based on the nature of the advisory services and contractual terms, Income from advisory services are recognized as revenue over time as the Group satisfies the performance obligations, or at a point in time when the performance obligation is fulfilled.

(d) Income from asset management and fund management business

Based on contractual terms, income from the asset management business for entrusted clients and income from fund management fee are recognized as revenue for the current period according to the calculation method as stipulated in relevant contracts or agreements over time as the Group satisfies the performance obligations provided that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(2) Interest income

Interest income and interest expense are recognised on a time proportion basis with reference to the timing of amount lent or borrowed and the applicable effective interest rate.

(3) Investment income

The interest, bonus, dividends or cash dividends obtained from the Group's financial assets held for trading, other equity instrument investment, derivative financial instruments and other investments during the holding period are recognized as income for the current period.

Where a transfer of a financial asset meets the criteria for derecognition, the difference between the two amounts below is recognised in investment income:

- the carrying amount of the part derecognised;
- the sum of the consideration for the part derecognised and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in equity for the part derecognised.

For the long-term equity investments accounted for using the cost method, the Group recognises its share of the cash dividends or profit distributions declared by the investee as income for the current period; for the long-term equity investments accounted for using the equity method, the Group calculates its share of the investee's net profit or adjusted net profit to recognise investment income.

21 Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

22 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance and unemployment insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Other long-term employee benefits

Other long-term employee benefits of the Group are annual performance salaries or deferred bonuses that need not to be paid within 12 months of the end of the reporting period. Based on the amount of benefits expected during the future reporting period, the Group recognises the present value of discounted benefits as liabilities with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

23 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income, or offset against related expenses in the periods in which the expenses or losses are recognised; or included in other income or non-operating income, or offset against the related expenses directly.

24 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the period, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

25 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties, are depreciated in accordance with the Group's depreciation policies described in Note III.11(2). Impairment losses are recognised in accordance with the accounting policy described in Note III.17. Other assets leased out under operating leases are disclose accounting policy based on the above requirements. Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amounts of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Note III.11(2) and III.17, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs.

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognised finance charges, are presented in balance sheet.

26 Assets held for sale and discontinued operations

(1) Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition;
- The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.18) less costs to sell (except financial assets (see Note III.9) and deferred tax assets (see Note III.24)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.18) less costs to sell is recognised as an impairment loss in profit or loss.

(2) Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

27 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

28 General risk reserve

In accordance with the *Financial Rules for Financial Enterprises* (Order of MOF No.42) and the application guidance (Caijin [2007] No.23) issued by the MOF, and the *Guideline of Supervision of Annual Report of Securities Companies* issued by the CSRC, the Company and its subsidiary, Zhong De Securities Co., Ltd. (hereinafter referred to as "Zhong De Securities"), are required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve. Appropriation to general risk reserve may not be made if prior year's accumulated loss was not covered by net profit of current year.

In accordance with the *Financial Rules for Financial Enterprises* (Order of MOF No.42) and the application guidance (Caijin [2007] No.23) issued by the MOF, the Company's subsidiary, Gelin Dahua Futures Co., Ltd. (hereinafter referred to as "Gelin Dahua"), is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve. Appropriation to general risk reserve may not be made if prior year's accumulated loss was not covered by net profit of current year.

29 Trading risk reserve

Pursuant to the requirements of *Securities Law of the People's Republic of China* and the *Guideline of Supervision of Annual Report of Securities Companies* issued by the CSRC, the Company and its subsidiary, Zhong De Securities, appropriated 10% of its net profit after tax to the trading risk reserve to cover securities trading loss. Appropriation to trading risk reserve may not be made if prior year's accumulated loss was not covered by the net profit of current year.

30 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

31 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

32 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(1) Significant accounting estimates

Expect for accounting estimates related to depreciation and amortisation of assets such as fixed assets and intangible assets (see Note III.11 and 13) and provision for impairment of various types of assets (see Note V.3, 5, 6, 9, 10 and 15, and Note XVII.1 and 3). Other significant accounting estimates are as follows:

- (i) Note V.16 – Recognition of deferred tax asset;
- (ii) Note XI. – Fair value measurements of financial instruments.

(2) Significant accounting judgements

Significant judgements made by the Group in the application of accounting policies are as follows:

- (i) Note VII. – Significant judgements and assumptions in determining control, joint control or significant influence over other entity.

33 Changes in significant accounting policies

(1) Description and reasons of changes in accounting policies

Since 2020, the Group has adopted the relevant requirements of the following accounting standards issued by the MOF recently:

- CAS No.14 - Revenue (Revised) ("new revenue standard")
- CAS Bulletin No.13 (Caikuai [2019] No.21)
- The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10)

(a) New revenue standard

New revenue standard replaces CAS No.14 – Revenue and CAS No.15 - Construction Contracts issued by the MOF in 2006 ("previous revenue standard").

Under previous revenue standard, the Group recognised revenue when the risks and rewards had transferred to the customers. The Group's revenue from sales of goods was recognised when the following conditions were met: the significant risks and rewards of ownership of the goods had been transferred to the customer, the amount of revenue and related costs could be reliably measured, the relevant economic benefits would probably flow to the Group and the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and revenue from construction contracts were recognised by reference to the stage of completion of the transaction at the balance sheet date.

Under new revenue standard, revenue is recognised when the customer obtains control of the promised goods or services in the contract:

- Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The Group satisfies a performance obligation over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.
- The Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions under new revenue standard, such as contract costs, advance receipts, etc.

- Under new revenue standard, the Group presents a contract asset or a contract liability in the balance sheet based on the relationship between the Group's performance and the customer's payment. At the same time, the Group provides more disclosures on revenue and related information based on the disclosure requirements under new revenue standard, such as relevant accounting policies, significant judgements (measurement of variable consideration, the method used to allocate the transaction price to each performance obligation, the assumption used for estimating stand-alone selling price of each performance obligation, etc.), information of contracts with customers (revenue recognised in current period, contract balance, performance obligation, etc.), information of assets related to contract costs, etc.

The adoption of new revenue standard does not have any significant effect on the financial position or financial performance of the Group.

(b) CAS Bulletin No.13

CAS Bulletin No.13 has amended the three elements of constituting a business, providing specific guidance on the determination of a business, and introducing an optional concentration test when the acquirer determine whether an acquired set of assets that not involving enterprises under common control constitute a business.

In addition, CAS Bulletin No.13 has further clarified that related parties of an entity also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc.

CAS Bulletin No.13 takes effect on 1 January 2020. The Group has adopted the accounting policy change prospectively. The adoption of CAS Bulletin No.13 does not have any significant effect on the financial position, financial performance or related party disclosures of the Group.

(c) Caikuai [2020] No.10

Caikuai [2020] No.10 provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the Covid-19 pandemic. If an entity elects to apply the practical expedient, the entity does not need to assess whether a lease modification has occurred or to reassess the lease classification.

Caikuai [2020] No.10 takes effect on 24 June 2020 (the implementation date). The entity is allowed to adjust the related rent concessions that occurred between 1 January 2020 and the implementation date. The adoption of Caikuai [2020] No.10 does not have any significant effect on the financial position or financial performance of the Group.

IV TAXATION

Main types of taxes and corresponding tax rates for the Group:

<i>Tax type</i>	<i>Tax basis</i>	<i>Tax rate and levying rate</i>
Corporate income tax (1)	Based on taxable profits	16.5% ~ 25%
Value-added tax (VAT)	Output VAT is calculated on taxable revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	1.5% ~ 16%
Urban maintenance and construction tax	the VAT paid	5% or 7%
Education surcharge	the VAT paid	3%
Local education surcharge	the VAT paid	2%

(1) Corporate income tax

The corporate income tax rate of the Company and its domestic subsidiaries is 25% (2019: 25%). The corporate income tax (profits tax) rate of its subsidiaries in Hong Kong (see Note VII.1) is 16.5% (2019: 16.5%).

The calculation and payment of the income tax of the headquarters and branches of the Company shall be carried out in accordance with the *Notice of the State Administration of Taxation on the Issuance of Measures for the Administration of Income Tax Collection of Tax Enterprises for Cross-regional Business Summary* issued by the State Administration of Taxation [2012] No.57, *Announcement of the State Administration of Taxation on Strengthening Follow-up Management after Cancellation of Three Types of Enterprises Income Tax Approval* issued by the State Administration of Taxation [2015] No.6, and *Announcement of the State Administration of Taxation on Revising Some Tax Normative Documents* issued by the State Administration of Taxation [2018] No.31.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash and bank balances

(1) Listed by category

<i>Item</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Cash on hand	6,811	-
Cash at bank	16,913,187,720	15,673,251,016
Including: Cash held for brokerage clients	10,752,989,736	8,460,155,123
Self-owned deposits	6,156,537,700	7,211,542,333
Cash at bank of structured entities	3,660,284	1,553,560
Others	308,510,283	60,759,609
Total	<u>17,221,704,814</u>	<u>15,734,010,625</u>

As at 31 December 2020, the total amount of cash and bank balances in Hong Kong is RMB390,332,827 (31 December 2019: RMB553,044,817).

As at 31 December 2020, the restricted cash and bank balances of the Group mainly include the risk reserve deposits held for public fund management business amounting to RMB31,168,766 and the fixed deposits of RMB300,000,000 with a maturity period of over one year that are pledged by the Company's subsidiaries for their borrowings;

As at 31 December 2019, the restricted cash and bank balances of the Group mainly include the risk reserve deposits held for public fund management business amounting to RMB23,464,469 and the payable to customer of dividend from convertible bonds amounted to RMB35,861,449.

(2) Listed by currencies

	31 December 2020			31 December 2019		
	In original currency	Exchange rate	Amount in RMB	In original currency	Exchange rate	Amount in RMB
Cash on hand						
HKD	8,092	0.8416	6,811	-	-	-
Total cash on hand			6,811			-
Customers' deposits for brokerage trading						
RMB			9,740,887,632			7,764,952,058
USD	17,747,822	6.5249	113,904,999	16,338,983	6.9762	111,632,721
HKD	113,011,494	0.8416	95,114,994	110,359,802	0.8958	98,858,104
Others (Note 1)			228,537			916,566
Sub-total			9,950,136,162			7,976,359,449
Customers' deposits for margin trading						
RMB			802,853,574			483,795,674
Sub-total			802,853,574			483,795,674
Total cash held for brokerage clients			10,752,989,736			8,460,155,123
Self-owned deposits						
RMB			5,610,713,506			6,804,442,937
USD	21,292,873	6.5249	138,927,673	16,263,232	6.9762	113,455,562
HKD	207,845,336	0.8416	174,930,949	139,318,181	0.8958	124,798,440
Others (Note 1)			257,381			89,362
Sub-total			5,924,829,509			7,042,786,301
Self-owned deposits for margin business						
RMB			231,708,191			168,756,032
Sub-total			231,708,191			168,756,032
Total self-owned deposits			6,156,537,700			7,211,542,333
Cash at bank of structured entities						
RMB			3,660,284			1,553,560
Total cash at bank			16,913,187,720			15,673,251,016
Others						
RMB			308,510,283			60,759,609
Total			17,221,704,814			15,734,010,625

Note 1: As at 31 December 2020, other foreign currencies for the Group refer to the Euro, British pound, Japanese yen and Singaporean dollar etc (31 December 2019: Identical).

Margin financing and securities lending:

	<i>31 December 2020</i>	<i>31 December 2019</i>
Self-owned deposits for margin trading Including: RMB	231,708,191	168,756,032
Customers' deposits for margin trading Including: RMB	802,853,574	483,795,674
Total	<u>1,034,561,765</u>	<u>652,551,706</u>

2 Clearing settlement funds

(1) Listed by category

	<i>31 December 2020</i>	<i>31 December 2019</i>
Cash held for brokerage clients	1,377,001,845	1,281,863,152
Self-owned deposits	3,835,074,197	1,337,530,081
Clearing settlement funds of structured entities	95,238	968,483
Total	<u>5,212,171,280</u>	<u>2,620,361,716</u>

As at 31 December 2020, the balance of the Group's restricted clearing settlement funds which include the cash held for brokerage clients of its subsidiary amounted RMB208,489 (31 December 2019: RMB208,489).

(2) Listed by currencies

	31 December 2020			31 December 2019		
	In original currency	Exchange rate	Amount in RMB	In original currency	Exchange rate	Amount in RMB
Cash held for brokerage clients for brokerage trading						
RMB			1,117,202,339			1,014,750,381
USD	3,808,296	6.5249	24,848,747	4,020,798	6.9762	28,049,891
HKD	7,729,811	0.8416	6,505,718	5,988,201	0.8958	5,364,111
Sub-total			<u>1,148,556,804</u>			<u>1,048,164,383</u>
Customers' deposits for margin business						
RMB			228,445,041			233,698,769
Sub-total			<u>228,445,041</u>			<u>233,698,769</u>
Total cash held for brokerage clients			<u>1,377,001,845</u>			<u>1,281,863,152</u>
Self-owned deposits						
RMB			3,834,838,014			1,337,324,231
HKD	280,622	0.8416	236,183	229,800	0.8958	205,850
Sub-total			<u>3,835,074,197</u>			<u>1,337,530,081</u>
Total self-owned deposits			<u>3,835,074,197</u>			<u>1,337,530,081</u>
Clearing settlement funds of structured entities						
RMB			95,238			968,483
Total			<u>5,212,171,280</u>			<u>2,620,361,716</u>

3 Receivable from margin clients

	31 December 2020	31 December 2019
Receivable from margin financing and securities lending	7,059,376,038	5,212,872,405
Margin financing	<u>318,688,909</u>	<u>358,568,593</u>
Sub-total	7,378,064,947	5,571,440,998
Less: Provision for impairment	<u>(140,265,209)</u>	<u>(103,035,919)</u>
Net value of receivable from margin clients	<u>7,237,799,738</u>	<u>5,468,405,079</u>

(1) Analysed by types of the counterparties

	31 December 2020	31 December 2019
Domestic		
Including: Individuals	6,401,432,283	4,776,430,669
Institutions	657,943,755	436,441,736
Less: Provision for impairment	(36,783,469)	(26,949,203)
Sub-total	<u>7,022,592,569</u>	<u>5,185,923,202</u>
Overseas		
Including: Individuals	197,925,623	96,668,780
Institutions	120,763,286	261,899,813
Less: Provision for impairment	(103,481,740)	(76,086,716)
Sub-total	<u>215,207,169</u>	<u>282,481,877</u>
Total carrying amount	<u>7,237,799,738</u>	<u>5,468,405,079</u>

(2) Analysed by the fair value of collaterals

	<u>Fair value of collaterals</u>	
<i>Category of collaterals</i>	<u>31 December 2020</u>	<u>31 December 2019</u>
Stocks	21,080,659,363	14,768,781,756
Cash	1,047,441,503	411,057,475
Bonds	-	337,801,760
Total	<u>22,128,100,866</u>	<u>15,517,640,991</u>

(3) Receivable from margin clients pledged as collaterals

As at 31 December 2020 and 31 December 2019, the Group has not pledged any receivable from margin clients for the purpose of REPOs business.

4 Derivative financial instruments

	31 December 2020			31 December 2019		
	Non-hedging instrument			Non-hedging instrument		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives						
Interest rate swaps	34,890,000,000	423,233	-	16,300,000,000	-	-
Treasury futures	4,855,821,549	-	-	1,951,692,800	-	-
Currency derivatives	72,505,420	-	-	213,604,610	-	-
Equity derivatives						
Stock index futures	326,803,234	-	-	883,311,864	-	-
Stock options	49,999,997	417,700	-	275,000,000	-	(1,165,213)
Equity swaps	390,004,502	6,195,666	-	-	-	-
Other derivative instruments						
Commodity futures	565,017,352	-	-	2,459,888,491	-	(98,750)
Over-the-counter options	187,310,694	18,351,897	(20,883,097)	120,010,890	18,351,897	(18,351,897)
Others	169,422,677	10,890	-	360,206,627	-	-
Total		25,399,386	(20,883,097)		18,351,897	(19,615,860)

Under the daily mark-to-market and settlement arrangement, the profit or loss on the position of the interest rate swap contracts and future contracts of the Group was settled on a daily basis, and reflected in the Group's clearing settlement funds and income statement, rather than in the above items of derivative financial instruments.

5 Financial assets held under resale agreements ("reverse REPOs")

(1) Listed by category of financial assets

	31 December 2020	31 December 2019
Bonds	2,086,876,715	1,696,944,024
Stocks	840,306,076	990,211,471
Bills	-	96,350,000
Sub-total	2,927,182,791	2,783,505,495
Less: Provision for impairment	(17,291,968)	(41,078,851)
Total	2,909,890,823	2,742,426,644

(2) Listed by type of business

	31 December 2020	31 December 2019
Bonds-based pledged reverse REPOs	1,987,882,369	803,628,348
Stock-based pledged reverse REPOs	838,797,134	911,126,096
Bonds-based outright reverse REPOs	98,994,346	893,315,676
Agreed REPO-style securities trading	1,508,942	79,085,375
Bills-based outright reverse REPOs	-	96,350,000
Sub-total	2,927,182,791	2,783,505,495
Less: Provision for impairment	(17,291,968)	(41,078,851)
Total	<u>2,909,890,823</u>	<u>2,742,426,644</u>

(3) Stock-based lending analysed by residual maturity

	31 December 2020	31 December 2019
Within 1 month (inclusive)	110,314,520	112,060,274
1 to 3 months (inclusive)	109,934,430	136,091,207
3 months to 1 year (inclusive)	536,599,793	587,765,026
More than 1 year	-	75,209,589
Overdue	81,948,391	-
Sub-total	838,797,134	911,126,096
Less: Provision for impairment	(17,276,879)	(40,287,997)
Total	<u>821,520,255</u>	<u>870,838,099</u>

(4) Agreed REPO-style securities trading analysed by residual maturity

	<i>31 December 2020</i>	<i>31 December 2019</i>
Within 1 month (inclusive)	-	-
1 to 3 months (inclusive)	-	2,068,800
3 months to 1 year (inclusive)	1,508,942	77,016,575
Sub-total	1,508,942	79,085,375
Less: Provision for impairment	(15,089)	(790,854)
Total	<u>1,493,853</u>	<u>78,294,521</u>

(5) Information of the collaterals of reverse REPOs

	<i>Fair value of collaterals</i>	
<i>Category of collaterals</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Collaterals	6,879,672,632	5,534,085,393
Including: Available-for-sale or repledged collaterals	99,862,810	1,068,328,133
Including: Sold or repledged collaterals	48,936,590	473,467,380

6 Accounts receivable

	31 December 2020	31 December 2019
Fee and commission income receivable	54,115,034	70,720,460
Warehouse receipts sales receivable	27,434,275	27,446,813
Trading receivable	46,985,497	47,304,567
Others	43,178,564	5,958,253
Sub-total	171,713,370	151,430,093
Less: Provision for impairment	(61,379,036)	(51,225,204)
Total carrying amount	<u>110,334,334</u>	<u>100,204,889</u>

Note: There are no receivables from shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above receivables. Accounts due from related parties among accounts receivables above are shown in Note IX.5.

7 Refundable deposits

	31 December 2020			31 December 2019		
	Amount in original currency	Exchange rate	Amount in RMB equivalent	Amount in original currency	Exchange rate	Amount in RMB equivalent
Trading margin						
Including: RMB			1,791,624,128			1,488,573,763
USD	36,016,676	6.5246	234,993,112	22,030,482	6.9762	153,689,046
HKD	7,901,567	0.8416	6,650,275	25,842,372	0.8958	23,149,080
Others			348,847			624,707
Margin business						
Including: RMB			470,627,753			277,853,969
Performance security						
Including: RMB			762,255,815			996,782,335
Total			<u>3,266,499,930</u>			<u>2,940,672,900</u>

8 Financial assets held for trading

	31 December 2020					
	Fair value			Initial cost		
	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total fair value	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total initial cost
Bonds	15,268,555,930	-	15,268,555,930	15,013,555,949	-	15,013,555,949
Bills	1,777,250,750	-	1,777,250,750	1,761,999,131	-	1,761,999,131
Stocks	1,685,786,988	-	1,685,786,988	1,486,662,591	-	1,486,662,591
Funds	928,818,778	-	928,818,778	909,346,522	-	909,346,522
Equity	829,243,092	-	829,243,092	806,328,022	-	806,328,022
Wealth-management products	737,422,806	-	737,422,806	737,390,000	-	737,390,000
Asset management plans	735,791,246	-	735,791,246	718,385,904	-	718,385,904
Debt	268,450,150	-	268,450,150	314,555,095	-	314,555,095
Asset-backed securities	190,000,000	-	190,000,000	200,000,000	-	200,000,000
Others	99,905,609	-	99,905,609	120,671,352	-	120,671,352
Total	22,521,225,349	-	22,521,225,349	22,068,894,566	-	22,068,894,566

As at 31 December 2020, the Group has securities lent of RMB35,082,255 among financial assets held for trading.

As at 31 December 2020, the Group has financial assets held for trading with a total book value of RMB4,193,413,604 and RMB2,011,888,650 for the purpose of REPOs business and bond lending business respectively. Besides, the Group has pledged bills with a total book value of RMB1,588,603,480 for the purpose of REPOs business and restricted stocks of RMB325,115,485.

	31 December 2019					
	Fair value			Initial cost		
	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total fair value	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total initial cost
Bonds	9,700,872,010	-	9,700,872,010	9,474,295,832	-	9,474,295,832
Bills	7,907,426,414	-	7,907,426,414	7,899,811,462	-	7,899,811,462
Stocks	2,381,731,839	-	2,381,731,839	1,995,853,721	-	1,995,853,721
Funds	720,480,641	-	720,480,641	710,010,891	-	710,010,891
Asset management plans	792,623,739	-	792,623,739	774,223,165	-	774,223,165
Asset-backed securities	380,619,374	-	380,619,374	360,925,422	-	360,925,422
Wealth-management products	150,000,000	-	150,000,000	150,000,000	-	150,000,000
Equity	123,172,654	-	123,172,654	152,444,508	-	152,444,508
Debt	90,565,000	-	90,565,000	101,970,000	-	101,970,000
Total	22,247,491,671	-	22,247,491,671	21,619,535,001	-	21,619,535,001

As at 31 December 2019, the Group has securities lent of RMB51,908,847 among financial assets held for trading.

As at 31 December 2019, the Group has financial assets held for trading with a total book value of RMB4,377,359,431 and RMB1,174,569,820 for the purpose of REPOs business and bond lending business respectively. Besides, the Group has pledged bills with a total book value of RMB7,441,387,313 for the purpose of REPOs business and restricted stocks of RMB518,848,544.

9 Debt investments

<i>Item</i>	<i>31 December 2020</i>			
	<i>Initial cost</i>	<i>Interest</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Debt	34,338,289	-	(24,260)	34,314,029
Enterprise bonds	32,582,030	600,802	(17,351,918)	15,830,914
Total	<u>66,920,319</u>	<u>600,802</u>	<u>(17,376,178)</u>	<u>50,144,943</u>

<i>Item</i>	<i>31 December 2019</i>			
	<i>Initial cost</i>	<i>Interest</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Enterprise bonds	34,827,783	642,213	(2,949,685)	32,520,311
Total	<u>34,827,783</u>	<u>642,213</u>	<u>(2,949,685)</u>	<u>32,520,311</u>

10 Other debt investments

31 December 2020					
	Initial cost	Interest	Fair value changes	Accumulated provision for impairment	Carrying amount
Local government bonds	828,000,000	9,006,203	23,691,407	(118,854)	860,697,610
Treasury bonds	360,000,000	3,004,663	6,564,533	(25,773)	369,569,196
Enterprise bonds	281,394,877	(8,485,456)	(41,271,095)	(74,406,110)	231,638,326
Medium-term bills	84,446,517	(699,422)	21,207,997	(245,971)	104,955,092
Privately placed instruments	78,932,000	4,062,977	35,816,229	(609,766)	118,811,206
Asset-backed securities	10,834,000	54,140	(3,121,560)	(4,899,663)	7,766,580
Total	1,643,607,394	6,943,105	42,887,511	(80,306,137)	1,693,438,010
31 December 2019					
	Initial cost	Interest	Fair value changes	Accumulated provision for impairment	Carrying amount
Local government bonds	885,000,000	2,954,921	31,459,944	(126,090)	919,414,865
Enterprise bonds	307,951,597	(11,757,548)	(101,886,876)	(100,039,618)	194,307,173
Medium-term bills	36,158,108	-	15,864,962	(4,559,783)	52,023,070
Total	1,229,109,705	(8,802,627)	(54,561,970)	(104,725,491)	1,165,745,108

As at 31 December 2020, among the Group's other debt investments, the carrying amount of bonds that pledged for REPOs business and bond lending business is RMB348,312,469 and RMB569,172,092.

As at 31 December 2019, among the Group's other debt investments, the carrying amount of bonds that pledged for bond lending business is RMB919,414,865.

11 Other equity instrument investments

<i>31 December 2020</i>			
	<i>Initial cost</i>	<i>Fair value at the end of the year</i>	<i>Dividend income recognised for the year</i>
Equity instruments not held for trading	411,073,931	218,104,918	77,878
Total	411,073,931	218,104,918	77,878

<i>31 December 2019</i>			
	<i>Initial cost</i>	<i>Fair value at the end of the year</i>	<i>Dividend income recognised for the year</i>
Equity instruments not held for trading	435,592,257	239,373,750	377,242
Total	435,592,257	239,373,750	377,242

(1) Other equity instrument investments disposed

(a) Other equity instrument investments disposed during 2020

<i>Item</i>	<i>Fair value upon derecognition during the year</i>	<i>Dividend income for the year</i>	<i>Accumulated income / (loss) of amount transferred from other comprehensive income to retained earnings upon derecognition</i>
Equity of Pearlcare	18,406,575	-	6,679,932
Stocks of All-Powerful	1,173,000	-	(3,820,103)
Other stocks	6,902,169	-	(667,981)
Total	26,481,744	-	2,191,848

As at 31 December 2020, the Group disposed of some other equity instrument investments, which transfers net disposal gains of RMB2,191,848 from other comprehensive income to retained earnings.

(b) Other equity instrument investments disposed of during 2019

<i>Item</i>	<i>Fair value upon derecognition during the year</i>	<i>Dividend income for the year</i>	<i>Accumulated loss of amount transferred from other comprehensive income to retained earnings upon derecognition</i>
Kangde Xin stocks	31,073,397	-	14,768,588
Other stocks	4,735,859	-	3,216,149
Total	<u>35,809,256</u>	<u>-</u>	<u>17,984,737</u>

As at 31 December 2019, the Group disposes of some other equity instrument investments, which transfers disposal loss of RMB17,984,737 from other comprehensive income to retained earnings.

12 Fixed assets

(1) Changes of fixed assets

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
Cost						
As at 1 January 2019	434,701,509	274,930,122	3,367,993	36,576,278	33,746,184	783,322,086
Additions during the year	24,580,254	23,804,020	-	2,022,227	3,218,175	53,624,676
Disposals/written-offs during year	(7,181,720)	(18,770,597)	(18,465)	(4,175,313)	(2,390,064)	(32,536,159)
Effect of changes in exchange rates	-	172,995	-	-	4,058	177,053
As at 31 December 2019	452,100,043	280,136,540	3,349,528	34,423,192	34,578,353	804,587,656
Additions during the year	3,196,001	33,222,910	-	1,037,841	6,982,278	44,439,030
Disposals/written-offs during year	-	(10,460,995)	-	(3,402,872)	(2,571,962)	(16,435,829)
Effect of changes in exchange rates	-	(233,540)	-	-	(15,172)	(248,712)
As at 31 December 2020	<u>455,296,044</u>	<u>302,664,915</u>	<u>3,349,528</u>	<u>32,058,161</u>	<u>38,973,497</u>	<u>832,342,145</u>
Accumulated depreciation						
As at 1 January 2019	152,697,371	186,475,648	3,257,205	31,891,622	25,835,403	400,157,249
Charge for the year	14,511,617	25,677,864	-	1,474,234	2,340,074	44,003,789
Disposals/written-offs during year	(831,129)	(17,075,615)	(1,103)	(3,885,628)	(2,193,145)	(23,986,620)
Effect of changes in exchange rates	-	107,719	-	-	2,795	110,514
As at 31 December 2019	166,377,859	195,185,616	3,256,102	29,480,228	25,985,127	420,284,932
Charge for the year	16,747,218	27,888,719	-	1,402,313	2,956,196	48,994,446
Disposals/written-offs during year	-	(8,819,372)	-	(3,211,780)	(1,720,177)	(13,751,329)
Effect of changes in exchange rates	-	(154,488)	-	-	(10,030)	(164,518)
As at 31 December 2020	<u>183,125,077</u>	<u>214,100,475</u>	<u>3,256,102</u>	<u>27,670,761</u>	<u>27,211,116</u>	<u>455,363,531</u>
Carrying amounts						
As at 31 December 2020	<u>272,170,967</u>	<u>88,564,440</u>	<u>93,426</u>	<u>4,387,400</u>	<u>11,762,381</u>	<u>376,978,614</u>
As at 31 December 2019	<u>285,722,184</u>	<u>84,950,924</u>	<u>93,426</u>	<u>4,942,964</u>	<u>8,593,226</u>	<u>384,302,724</u>

(2) As at 31 December 2020, the fixed assets including:

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
The carrying amount of fixed assets leased out under operating leases	66,343,357	-	-	-	-	66,343,357
The carrying amount of fixed assets with incomplete title deeds	88,043,102	-	-	-	-	88,043,102
The carrying amount of fixed assets fully depreciated and continue to be used	<u>-</u>	<u>7,802,646</u>	<u>55,993</u>	<u>1,170,338</u>	<u>958,009</u>	<u>9,986,986</u>

As at 31 December 2019, the fixed assets including:

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
The carrying amount of fixed assets leased out under operating leases	76,665,209	-	-	-	-	76,665,209
The carrying amount of fixed assets with incomplete title deeds	89,045,927	-	-	-	-	89,045,927
The carrying amount of fixed assets fully depreciated and continue to be used	-	4,511,310	55,993	467,659	619,317	5,654,279

13 Intangible assets

	<i>Software fees</i>	<i>Securities trading seat rights</i>	<i>Land use rights</i>	<i>Total</i>
Cost				
As at 1 January 2019	267,642,056	28,714,125	1,290,795	297,646,976
Additions during the year	38,900,916	-	-	38,900,916
Disposals during the year	(1,288,500)	-	-	(1,288,500)
Effect of changes in exchange rates	-	19,581	-	19,581
As at 31 December 2019	305,254,472	28,733,706	1,290,795	335,278,973
Additions during the year	66,003,779	-	-	66,003,779
Disposals during the year	(2,341,897)	-	-	(2,341,897)
Effect of changes in exchange rates	-	(54,139)	-	(54,139)
As at 31 December 2020	368,916,354	28,679,567	1,290,795	398,886,716
Accumulated amortisation				
As at 1 January 2019	165,407,996	17,153,686	376,614	182,938,296
Charge for the year	36,040,837	-	34,542	36,075,379
Disposals during the year	(1,288,500)	-	-	(1,288,500)
As at 31 December 2019	200,160,333	17,153,686	411,156	217,725,175
Charge for the year	39,867,796	-	34,542	39,902,338
Disposals during the year	(1,987,000)	-	-	(1,987,000)
As at 31 December 2020	238,041,129	17,153,686	445,698	255,640,513
Carrying amounts				
As at 31 December 2020	130,875,225	11,525,881	845,097	143,246,203
As at 31 December 2019	105,094,139	11,580,020	879,639	117,553,798

14 Goodwill

(1) Changes in goodwill

<i>Events from which goodwill arose</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Disposals during the year</i>	<i>Balance at the end of the year</i>
Gross book value				
Restructuring goodwill (a)	49,096,844	-	-	49,096,844
Gelin Futures goodwill (b)	427,843,057	-	-	427,843,057
Sub-total	476,939,901	-	-	476,939,901
Provision for impairment	-	-	-	-
Carrying amount of goodwill	476,939,901	-	-	476,939,901

(a) The restructuring goodwill was formed in the Company's restructuring "Separation of Bank and Securities, Separation of Trust and Securities" in 1998, the Company acquired the securities trading branches of Beijing Agricultural trust and investment corporation in 1999, and the Company merged and reorganised the securities asset of 5 trust companies in Shanxi in 2001. The goodwill formed above stopped amortisation since 31 December 2006, and shall be tested for impairment at the end of each year.

(b) In 2013, the Group acquired 100% equity of Gelin Futures by paying cash and issuing shares. At the same time, Gelin Futures absorbed and merged the Dahua Futures Company Limited (hereinafter referred to as "Dahua Futures") and changed its name to Gelin Dahua.

The fair value of identifiable net assets of Gelin Futures on the purchase date was determined based on the Zhong Lian Ping Bao Zi [2013] No.984 evaluation report issued by China United Assets Appraisal Group Limited, the difference between the merger consideration and the fair value of identifiable net assets of Gelin Futures on the purchase date was regarded as the goodwill.

(2) Provision for impairment of goodwill

The Group allocates goodwill to the following asset group and set of asset groups which are determined by operating segments:

	<i>31 December 2020</i>	<i>31 December 2019</i>
Securities brokerage	49,096,844	49,096,844
Futures brokerage	427,843,057	427,843,057
Total	476,939,901	476,939,901

The recoverable amount of securities brokerage asset group or set of asset groups is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a pre-tax discount rate of 13%. The cash flows beyond the five-year budget period were assumed to keep a stable growth. Based on the estimated recoverable amount, no impairment loss was recognised. However, as key assumptions on which management has made in respect of future cash projections are subject to change, an adverse change in the assumptions could cause the carrying amount to exceed its recoverable amount.

The recoverable amount of futures brokerage asset group or set of asset group is calculated based on the fair value assessed via market approach. The key assumptions include the recent transaction price of the fair trade in the futures companies, the correlation analysis of the transaction price and economic indicators, disposal costs and other parameters.

15 Other assets

	31 December 2020	31 December 2019
Other receivables (1)	335,436,914	425,200,157
Long-term deferred expenses (2)	47,795,348	46,928,688
Prepayments (3)	29,144,771	17,007,417
Inventories (4)	-	207,857,416
Others	89,098,990	113,706,033
Total	<u>501,476,023</u>	<u>810,699,711</u>

(1) Other receivables

	31 December 2020	31 December 2019
Balance of other receivables	541,158,237	546,845,812
Less: Provision for impairment	<u>(205,721,323)</u>	<u>(121,645,655)</u>
Net other receivables	<u>335,436,914</u>	<u>425,200,157</u>

Note: Accounts due from related parties among accounts receivables above are shown in Note IX.5.

Gelin Dahua Capital Management Co., Ltd. ("Gelin Dahua Capital Management"), a subsidiary of the Company, has amounts due from clients of RMB367.04 million and makes provision for impairment of RMB183.52 million based on the excess of the carrying amount over the expected recoverable amount.

(2) Long-term deferred expenses

	<i>Renovation and engineering expenses</i>	<i>Operating rental rent</i>	<i>Others</i>	<i>Total</i>
As at 1 January 2020	36,698,809	5,928,861	4,301,018	46,928,688
Additions during the year	16,618,351	559,549	2,209,114	19,387,014
Amortisation for the year	(14,799,355)	(1,811,552)	(1,608,823)	(18,219,730)
Disposals during the year	(147,876)	-	(152,748)	(300,624)
As at 31 December 2020	<u>38,369,929</u>	<u>4,676,858</u>	<u>4,748,561</u>	<u>47,795,348</u>

	<i>Renovation and engineering expenses</i>	<i>Operating rental rent</i>	<i>Others</i>	<i>Total</i>
As at 01 January 2019	34,637,558	7,678,241	4,555,332	46,871,131
Additions during the year	15,341,001	-	1,468,292	16,809,293
Amortisation for the year	(12,042,491)	(1,749,380)	(992,827)	(14,784,698)
Disposals during the year	(1,237,259)	-	(729,779)	(1,967,038)
As at 31 December 2019	<u>36,698,809</u>	<u>5,928,861</u>	<u>4,301,018</u>	<u>46,928,688</u>

(3) Prepayments

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Amount</i>	<i>Percentage</i>	<i>Amount</i>	<i>Percentage</i>
Prepaid corporate income tax	14,488,660	49.72%	-	-
Prepayments for purchase of software	4,673,926	16.04%	8,068,888	47.44%
Prepayments for rent	3,099,271	10.63%	2,201,996	12.95%
Prepayments for information fee	991,113	3.40%	1,664,723	9.79%
Prepayments for house purchase and engineering	55,720	0.19%	2,020,742	11.88%
Others	5,836,081	20.02%	3,051,068	17.94%
Total	<u>29,144,771</u>	<u>100.00%</u>	<u>17,007,417</u>	<u>100.00%</u>

There are no prepayments to shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above prepayments. Prepayments to related parties among prepayments above are shown in Note IX.5.

(4) Inventories

(a) Items

<u>31 December 2020</u>			
		<i>Provision for impairment of inventories</i>	<i>Carrying amount</i>
	<i>Gross book value</i>		
Goods in stock	-	-	-

<u>31 December 2019</u>			
		<i>Provision for impairment of inventories</i>	<i>Carrying amount</i>
	<i>Gross book value</i>		
Goods in stock	209,836,575	(1,979,159)	207,857,416

(b) Provision for impairment of inventories

	<i>Balance at 1 January 2020</i>	<i>Additions during the year</i>	<i>Written back during the year</i>	<i>Balance at 31 December 2020</i>
Provision for impairment of goods in stock	1,979,159	-	(1,979,159)	-

	<i>Balance at 1 January 2019</i>	<i>Additions during the year</i>	<i>Written back during the year</i>	<i>Balance at 31 December 2019</i>
Provision for impairment of goods in stock	19,921,060	1,979,159	(19,921,060)	1,979,159

16 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before set-off

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Deferred tax assets</i>	<i>Deductible temporary differences</i>	<i>Deferred tax assets</i>	<i>Deductible temporary differences</i>
Fair value changes	79,334,964	317,339,856	83,235,032	332,940,128
- Financial assets held for trading	20,758,631	83,034,524	12,964,235	51,856,940
- Derivative financial instruments	12,932,603	51,730,412	7,320,137	29,280,548
- Other debt investments	-	-	13,588,372	54,353,488
- Other equity instrument investments	44,462,847	177,851,388	46,863,006	187,452,024
- Financial liabilities held for trading	1,180,883	4,723,532	2,499,282	9,997,128
Deductible tax losses	30,412,621	121,650,484	29,042,513	116,170,052
Provision for impairment of credit assets	76,209,027	304,836,108	56,999,461	227,997,844
Provision for impairment of other assets	-	-	494,790	1,979,159
Charged but unpaid wages and bonuses	8,211,553	32,846,212	11,044,569	44,178,276
Unrealised return on investment	4,782,010	19,128,040	6,632,857	26,531,428
Others	3,477,547	13,910,188	2,970,628	11,882,513
Total	<u>202,427,722</u>	<u>809,710,888</u>	<u>190,419,850</u>	<u>761,679,400</u>

(2) Deferred tax liabilities before set-off:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Deferred tax liabilities</i>	<i>Taxable temporary differences</i>	<i>Deferred tax liabilities</i>	<i>Taxable temporary differences</i>
Fair value changes	(13,004,590)	(52,018,360)	(40,244,483)	(160,977,932)
- Financial assets held for trading	(2,282,713)	(9,130,852)	(40,244,483)	(160,977,932)
- Other debt investments	(10,721,877)	(42,887,508)	-	-
Unrealised return on investment	(181,932)	(727,728)	(3,393,384)	(13,573,536)
Revaluation	(3,643,908)	(14,575,632)	(4,042,507)	(16,170,028)
Others	(535,318)	(2,141,272)	(826,770)	(3,307,080)
Total	<u>(17,365,748)</u>	<u>(69,462,992)</u>	<u>(48,507,144)</u>	<u>(194,028,576)</u>

(3) The amount of set-off between deferred tax assets and deferred tax liabilities

	31 December 2020	31 December 2019
Deferred tax assets	(10,944,045)	(15,458,088)
Deferred tax liabilities	<u>10,944,045</u>	<u>15,458,088</u>

The net deferred tax assets and deferred tax liabilities after set-off are as follows:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Net deferred tax assets or liabilities</i>	<i>Deductible or taxable temporary differences after set-off</i>	<i>Net deferred tax assets or liabilities</i>	<i>Deductible or taxable temporary differences after set-off</i>
Deferred tax assets	191,483,677	765,934,708	174,961,762	699,847,048
Deferred tax liabilities	<u>(6,421,703)</u>	<u>(25,686,812)</u>	<u>(33,049,056)</u>	<u>(132,196,224)</u>

(4) Details of unrecognised deferred tax assets

As at 31 December 2020, in accordance with the accounting policies set out in Note III.(24), the Group has not recognised unused tax losses of RMB208,499,180 (31 December 2019: RMB140,637,997) as deferred tax assets, as it is not probable that future taxable profits against which the losses can be utilised will be available for some of the subsidiaries included in the consolidated scope.

17	Impairment of assets								
(1)	Movements of provisions for impairment								
		Balance at the beginning of the year	Additions during the year	Decrease during the year Reversals during the year	Write-offs/transfers out during the year	Effect of changes in exchange rates	31 December 2020		
	Provision for impairment of	103,035,919	41,745,293	-	-	(4,516,003)	140,265,209		
	- receivable from margin clients								
	- financial assets held under resale	41,078,851	-	(23,786,883)	-	-	17,291,968		
	- accounts receivable	51,225,204	12,202,179	-	(2,037,998)	(10,349)	61,379,036		
	- debt investments	2,949,685	15,073,728	-	-	(647,235)	17,376,178		
	- other debt investments	104,725,491	-	(24,419,354)	-	-	80,306,137		
	- other receivables	121,645,655	84,075,668	-	-	-	205,721,323		
	Sub-total of financial instruments and of other items	424,660,805	153,096,868	(48,206,237)	(2,037,998)	(5,173,587)	522,339,851		
	- inventories	1,979,159	-	(1,979,159)	-	-	-		
	Sub-total of other assets	1,979,159	-	(1,979,159)	-	-	-		
	Total	426,639,964	153,096,868	(50,185,396)	(2,037,998)	(5,173,587)	522,339,851		

	Balance under the original financial instruments standards	Adjustment on initial application of the new financial instruments standards	Balance at the beginning of the year after adjustment	Additions during the year	Decrease during the year		Effect of changes in exchange rates	31 December 2019
					Reversals during the year	Write-offs/transfers out during the year		
Provision for impairment of								
- receivable from margin clients	64,286,454	13,818,719	78,105,173	23,683,072	-	-	1,247,674	103,035,919
- financial assets held under resale agreements	7,906,436	55,150,709	63,057,145	-	(21,978,294)	-	-	41,078,851
- accounts receivable	31,818,213	1,267,954	33,086,167	22,591,677	(1,195,004)	(3,257,636)	-	51,225,204
- debt investments	-	1,644,492	1,644,492	1,254,582	-	-	50,611	2,949,685
- available-for-sale financial assets	46,328,195	(46,328,195)	-	-	-	-	-	-
- other debt investments	-	65,088,927	65,088,927	39,648,902	(167)	(12,171)	-	104,725,491
- other receivables	8,564,034	1,766,482	10,330,516	112,540,021	-	(1,224,882)	-	121,645,655
Sub-total of financial instruments and of other items	158,903,332	92,409,088	251,312,420	199,718,254	(23,173,465)	(4,494,689)	1,298,285	424,660,805
- inventories	19,921,060	-	19,921,060	-	(17,941,901)	-	-	1,979,159
Sub-total of other assets	19,921,060	-	19,921,060	-	(17,941,901)	-	-	1,979,159
Total	178,824,392	92,409,088	271,233,480	199,718,254	(41,115,366)	(4,494,689)	1,298,285	426,639,964

(2) Provisions for impairment of ECL by stage:

31 December 2020				
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Provision for impairment of				
- receivable from margin clients	38,921,520	-	101,343,689	140,265,209
- financial assets held under resale agreements	7,583,577	-	9,708,391	17,291,968
- accounts receivable	-	3,606,682	57,772,354	61,379,036
- debt investments	24,260	-	17,351,918	17,376,178
- other debt investments	1,099,645	-	79,206,492	80,306,137
- other assets	-	12,769,467	192,951,856	205,721,323
Total	47,629,002	16,376,149	458,334,700	522,339,851

31 December 2019				
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
Provision for impairment of				
- receivable from margin clients	26,068,685	-	76,967,234	103,035,919
- financial assets held under resale agreements	6,919,868	6,488,290	27,670,693	41,078,851
- accounts receivable	-	910,293	50,314,911	51,225,204
- debt investments	-	2,949,685	-	2,949,685
- other debt investments	603,707	-	104,121,784	104,725,491
- other assets	-	1,169,119	120,476,536	121,645,655
Total	33,592,260	11,517,387	379,551,158	424,660,805

18 Short-term loans

	31 December 2020	31 December 2019
Unsecured loans	180,966,251	183,832,245
Pledged loans	43,486,832	-
Total	224,453,083	183,832,245

19 Short-term debt securities issued

	31 December 2020	31 December 2019
Beneficiary certificates (a)	5,344,091,022	4,323,301,803
Short-term debentures issued (b)	176,394,822	-
Total	<u>5,520,485,844</u>	<u>4,323,301,803</u>

(a) Beneficiary certificates

	Fixed annual interest rate	Principal outstanding at 1 January 2020	Issuance for the year	Redemption for the year	Principal outstanding at 31 December 2020	Interest accrued at 31 December 2020
Beneficiary certificates	2.0%-8.18%	4,286,260,000	15,309,230,000	(14,316,900,000)	5,278,590,000	65,501,022

The Company issued a number of beneficiary certificates for periods within one year in 2020, with annual interest rate ranging from 2.75% to 5% for undue products.

(b) Short-term debentures issued

Name of bond	Issuance date	Maturity date	Nominal interest rate	Principal outstanding at 1 January 2020	Issuance during the year	Redemption for the year	Principal outstanding at 31 December 2020	Interest accrued at 31 December 2020
SSIFH 4 1/2 05/21/21	2020-05-21	2021-05-21	4.50%	-	176,163,163	-	176,163,163	231,659

20 Placements from financial institutions

	31 December 2020	31 December 2019
Margin refinancing (a)	3,714,851,111	3,731,229,861
Placements from bank and other financial institutions (b)	<u>6,307,405,986</u>	<u>1,780,554,200</u>
Total	<u>10,022,257,097</u>	<u>5,511,784,061</u>

(a) Margin refinancing

<i>Residual maturity</i>	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Balance</i>	<i>Interest rate range</i>	<i>Balance</i>	<i>Interest rate range</i>
Within 1 month	806,700,000	2.50%-2.80%	-	-
Over 1 month but less than 3 months (inclusive)	2,908,151,111	2.80%	1,923,508,333	3.5%
Over 3 months but less than 12 months (inclusive)	-	-	1,807,721,528	3.25-3.50%
Total	<u>3,714,851,111</u>		<u>3,731,229,861</u>	

(b) Placements from bank and other financial institutions

<i>Residual maturity</i>	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Balance</i>	<i>Interest rate range</i>	<i>Balance</i>	<i>Interest rate range</i>
Within 1 month	6,307,405,986	2.21%-3.60%	1,780,554,200	3.00% - 3.60%
Total	<u>6,307,405,986</u>		<u>1,780,554,200</u>	

21 Financial liabilities held for trading

	<u>31 December 2020</u>					
	<u>Fair value</u>			<u>Initial cost</u>		
	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total fair value</i>	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total initial cost</i>
Borrowed bonds that sold out	680,458,502	-	680,458,502	666,811,693	-	666,811,693
Beneficiary certificates	50,069,863	-	50,069,863	50,000,000	-	50,000,000
Total	<u>730,528,365</u>	<u>-</u>	<u>730,528,365</u>	<u>716,811,693</u>	<u>-</u>	<u>716,811,693</u>

	<u>31 December 2019</u>					
	<u>Fair value</u>			<u>Initial cost</u>		
	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total fair value</i>	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total initial cost</i>
Borrowed bonds that sold out	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290
Total	<u>2,132,321,710</u>	<u>-</u>	<u>2,132,321,710</u>	<u>2,093,853,290</u>	<u>-</u>	<u>2,093,853,290</u>

22 Financial assets sold under repurchase agreements ("REPOs")

(1) Listed by underlying financial assets:

	<i>31 December 2020</i>	<i>31 December 2019</i>
Bonds	5,211,963,155	4,613,363,707
Bank acceptance bills	1,587,933,921	7,587,279,587
Total	6,799,897,076	12,200,643,294

(2) Listed by type of business

	<i>31 December 2020</i>	<i>31 December 2019</i>
Bonds-based pledged REPOs	5,014,515,033	4,582,511,601
Bills-based pledged REPOs	1,587,933,921	6,205,549,739
Bonds-based outright REPOs	197,448,122	30,852,106
Bills-based outright REPOs	-	1,381,729,848
Total	6,799,897,076	12,200,643,294

(3) Information of the collaterals of REPOs

	<i>Fair value of collaterals</i>	
<i>Category of collaterals</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Bonds	5,743,724,809	4,853,397,709
Bank acceptance bills	1,588,603,480	7,441,387,313
Total	7,332,328,289	12,294,785,022

23 Customer brokerage deposits

	31 December 2020	31 December 2019
<u>Customer brokerage deposits for brokerage trading</u>		
Individual investors	8,635,219,095	7,718,586,226
Institutional investors	2,556,600,309	1,377,357,693
<u>Customer brokerage deposits for margin trading</u>		
Individual investors	1,094,573,154	1,006,436,991
Institutional investors	530,682,513	46,705,457
Total	<u>12,817,075,071</u>	<u>10,149,086,367</u>

24 Employee benefits payable

(1) Employee benefits payable:

	<i>Balance at 1 January 2020</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2020</i>
Short-term employee benefits and long-term employee benefits	151,049,692	1,234,579,887	(1,166,094,128)	219,535,451
Post-employment benefits - defined contribution plans	(781,696)	7,829,055	(5,996,187)	1,051,172
Total	<u>150,267,996</u>	<u>1,242,408,942</u>	<u>(1,172,090,315)</u>	<u>220,586,623</u>

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Short-term employee benefits and long-term employee benefits	134,568,862	940,589,000	(924,108,170)	151,049,692
Post-employment benefits - defined contribution plans	(600,452)	78,829,571	(79,010,815)	(781,696)
Termination benefits	-	42,935	(42,935)	-
Total	<u>133,968,410</u>	<u>1,019,461,506</u>	<u>(1,003,161,920)</u>	<u>150,267,996</u>

As at 31 December 2020, the Group had 2,637 employees (31 December 2019: 2,517 employees), including 10 senior managers of the Company (31 December 2019: 5 senior managers).

In financial year 2020, the total compensation paid to the Company's senior managers is RMB22.56 million (2019: RMB19.99 million).

(2) Short-term employee benefits and long-term employee benefits

	<i>1 January 2020</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>31 December 2020</i>
Salaries, bonuses, allowances	149,514,516	1,093,832,957	(1,044,703,503)	198,643,970
Staff welfare	(11,619)	23,806,074	(23,789,254)	5,201
Social insurance	184,462	37,470,916	(37,745,810)	(90,432)
Including: Medical insurance	200,566	36,615,351	(36,903,990)	(88,073)
Work-related injury insurance	(23,981)	118,328	(94,173)	174
Maternity insurance	7,877	737,237	(747,647)	(2,533)
Labour union fee, staff and workers' education fee	1,510,065	26,955,747	(7,535,834)	20,929,978
Housing fund	(147,732)	50,025,322	(49,830,856)	46,734
Service fee	-	2,478,799	(2,478,799)	-
Other social insurance	-	10,072	(10,072)	-
Total	151,049,692	1,234,579,887	(1,166,094,128)	219,535,451

	<i>1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>31 December 2019</i>
Salaries, bonuses, allowances	130,564,246	831,835,792	(812,885,522)	149,514,516
Staff welfare	5,201	6,141,421	(6,158,241)	(11,619)
Social insurance	(1,471,119)	44,821,345	(43,165,764)	184,462
Including: Medical insurance	(1,378,636)	41,426,739	(39,847,537)	200,566
Work-related injury insurance	(32,079)	924,147	(916,049)	(23,981)
Maternity insurance	(60,404)	2,470,459	(2,402,178)	7,877
Labour union fee, staff and workers' education fee	5,374,888	9,855,701	(13,720,524)	1,510,065
Housing fund	95,646	44,416,066	(44,659,444)	(147,732)
Service fee	-	3,509,438	(3,509,438)	-
Other social insurance	-	9,237	(9,237)	-
Total	134,568,862	940,589,000	(924,108,170)	151,049,692

(3) Post-employment benefits - defined contribution plans

	<i>Balance at 1 January 2020</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2020</i>
Basic pension insurance	(786,115)	6,994,248	(5,157,403)	1,050,730
Unemployment insurance	4,419	(52,844)	48,867	442
Mandatory provident fund schemes	-	887,651	(887,651)	-
Total	(781,696)	7,829,055	(5,996,187)	1,051,172

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Basic pension insurance	(609,905)	75,625,353	(75,801,563)	(786,115)
Unemployment insurance	9,453	2,483,380	(2,488,414)	4,419
Mandatory provident fund schemes	-	720,838	(720,838)	-
Total	<u>(600,452)</u>	<u>78,829,571</u>	<u>(79,010,815)</u>	<u>(781,696)</u>

(4) Termination benefits

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Severance payment	<u>-</u>	<u>42,935</u>	<u>(42,935)</u>	<u>-</u>

25 Taxes payable

	<i>31 December 2020</i>	<i>31 December 2019</i>
Corporate income tax payable	80,541,190	64,681,141
Individual income tax withheld and to be paid on agency	42,649,986	14,021,386
VAT payable	14,320,792	10,826,909
Urban maintenance and construction tax payable	275,529	317,379
Others	<u>4,465,460</u>	<u>3,224,496</u>
Total	<u>142,252,957</u>	<u>93,071,311</u>

26 Accounts payable

	<i>31 December 2020</i>	<i>31 December 2019</i>
Currency brokerage charges payable	52,503,351	-
Fee and commission expenses payable	12,449,528	4,088,028
Accounts payable for warehouse receipts purchase	9,999,000	4,269,696
Broker's risk reserve payable	7,415,386	8,531,677
Accounts payable to clients	6,000,000	8,000,000
Others	2,412,993	297,239
Total	90,780,258	25,186,640

27 Long-term debt securities issued

	<i>31 December 2020</i>	<i>31 December 2019</i>
Corporate bonds issued (1)	3,078,455,604	3,115,713,443
Subordinated debentures issued (1)	4,558,018,699	3,054,591,998
Beneficiary certificates issued with maturity period over 1 year	17,816,910	81,612,222
Total	7,654,291,213	6,251,917,663

(1) Movements of long-term debt securities issued:

Debenture	Face value	Issuance date	Maturity period	Coupon rate	Issuance amount	Principal payable at 1 January 2020	Issuance during the year	Amortisation of discounts or premium	Repayment during the year	Principal payable at 31 December 2020	Interest accrued at 31 December 2020
17 Shanzheng 01 (a)	100	2017-03-15	3 years	4.76%	1,500,000,000	1,499,909,513	-	90,487	(1,500,000,000)	-	-
17 Shanzheng 02 (b)	100	2017-03-15	5 years	5.10%	500,000,000	499,854,638	-	-	-	499,854,638	20,400,000
18 Shanzheng C1 (c)	100	2018-12-04	3 years	4.85%	2,000,000,000	2,000,000,000	-	-	-	2,000,000,000	7,441,096
19 Shanzheng C1 (d)	100	2019-01-11	3 years	4.85%	1,000,000,000	1,000,000,000	-	-	-	1,000,000,000	47,174,863
19 Shanzheng 01 (e)	100	2019-01-22	3 years	4.10%	1,000,000,000	1,000,000,000	-	-	-	1,000,000,000	38,647,541
20 Shanzheng 01 (f)	100	2020-09-01	3 years	3.90%	1,500,000,000	-	1,500,000,000	-	-	1,500,000,000	19,553,425
20 Shanzheng C1 (g)	100	2020-12-14	3 years	4.60%	1,500,000,000	-	1,500,000,000	-	-	1,500,000,000	3,402,740
Total					9,000,000,000	5,999,764,151	3,000,000,000	90,487	(1,500,000,000)	7,499,854,638	136,619,665

(a) The Company issued the corporate bond "17 Shanzheng 01" on 15 March 2017 with the approval of CSRC [2017] No.251. The total issuance amount is RMB1,500,000,000, with a maturity of 3 years, a coupon rate of 4.76% and annual payment of interest.

(b) The Company issued the corporate bond "17 Shanzheng 02" on 15 March 2017 with the approval of CSRC [2017] No.251. The total issuance amount is RMB500,000,000, with a maturity of 5 years, a coupon rate of 5.10% and annual payment of interest.

(c) The Company issued the subordinated debenture "18 Shanzheng C1" on 4 December 2018 with the approval of the Shenzhen Stock Exchange (SZSE) [2018] No.598. The total issuance amount is RMB2,000,000,000, with a maturity of 3 years, a coupon rate of 4.85% and annual payment of interest.

(d) The Company issued the subordinated debenture "19 Shanzheng C1" on 11 January 2019 with the approval of the Shenzhen Stock Exchange (SZSE) [2018] No.598. The total issuance amount is RMB1,000,000,000, with a maturity of 3 years, a coupon rate of 4.85% and annual payment of interest.

- (e) The Company issued the corporate bond "19 Shanzheng 01" on 22 January 2019 with the approval of CSRC [2017] No.251. The total issuance amount is RMB1,000,000,000, with a maturity of 3 years, a coupon rate of 4.10% and annual payment of interest.
- (f) The Company issued the corporate bond "20 Shanzheng 01" on 1 September 2020 with the approval of CSRC [2020] No.1606. The total issuance amount is RMB1,500,000,000, with a maturity of 3 years, a coupon rate of 3.90% and annual payment of interest.
- (g) The Company issued the subordinated debenture "20 Shanzheng C1" on 14 December 2020 with the approval of CSRC [2020] No.1924. The total issuance amount is RMB1,500,000,000, with a maturity of 3 years, a coupon rate of 4.60% and annual payment of interest.

28 Other liabilities

	<i>31 December 2020</i>	<i>31 December 2019</i>
Other payables (1)	395,892,812	476,823,489
Payables to other beneficiary of limited partnership enterprises in consolidated financial statements	205,703,730	287,116,675
Risk reserve for future business (2)	86,659,818	80,290,997
Payables to other beneficiary of structured entities (3)	46,045,320	513,697,700
Others	16,391,286	48,029,708
Total	<u>750,692,966</u>	<u>1,405,958,569</u>

(1) Other payables

(a) Listed by nature

	31 December 2020	31 December 2019
Payables to fund companies from client's subscription	150,255,214	122,940,888
House rental fee payable	39,877,351	14,001,042
Option premium payable	37,734,930	38,744,940
Payable to Deutsche Bank Hong Kong Branch	28,565,984	27,820,241
Software development fee payable	27,718,986	18,878,200
Payable to securities investors protection fund	7,227,026	4,100,989
Others	104,513,321	250,337,189
Total	395,892,812	476,823,489

(b) There are no payables to shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above payables.

(c) Accounts payable to related parties among other accounts payable above are shown in Note IX.5.

(2) Risk reserve for future business

In accordance with the Provisional Regulations on Financial Management of Commodity Futures Trading issued by the MOF, the subsidiary of the Company, Gelin Dahua, charged the risk reserve for future business at 5% of the commission fee of futures brokerage, which is accounted in the profit and loss of current period. When the risk reserve for future business is used to offset the losses caused by its own or write-off the advance risk loss which is difficult to recover according to relevant regulations, the balance of the risk reserve is reduced.

(3) Payables to other beneficiary of structured entities

The payables to other beneficiary of structured entities are the interest of structured entities in the consolidated scope that belongs to other investors. The information of structured entities in the consolidated scope is showed in Note VII.2.

29 Share capital

	<i>1 January 2020</i>	<i>Increased during the year</i>	<i>Decreased during the year</i>	<i>31 December 2020</i>
Unlimited shares: the ordinary shares of RMB	<u>2,828,725,153</u>	<u>761,046,394</u>	<u>-</u>	<u>3,589,771,547</u>

30 Capital reserve

	<i>1 January 2020</i>	<i>Increased during the year</i>	<i>Decreased during the year</i>	<i>31 December 2020</i>
Share premium	<u>6,713,296,178</u>	<u>3,010,123,212</u>	<u>-</u>	<u>9,723,419,390</u>

31 Other comprehensive income

Item	Balance at 1 January 2020 attributable to shareholders of the Company	Movements during the year					Balance at 31 December 2020 attributable to shareholders of the Company	
		Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company		Net-of-tax amount attributable to non- controlling interests
Items that will not be reclassified to profit or loss Including: Gains or losses arising from changes in fair value of other equity instrument investments	(142,940,911)	6,083,616	-	(2,922,464)	(724,036)	2,495,281	(58,165)	(140,445,630)
	(142,940,911)	6,083,616	-	(2,922,464)	(724,036)	2,495,281	(58,165)	(140,445,630)
Sub-total								
Items that may be reclassified to profit or loss Including: Other comprehensive income recognised under equity method Changes in fair value of other debt investments Credit losses of other debt investments Translation differences arising from translation of foreign currency financial statements	109,193	-	-	-	-	-	-	109,193
	(40,816,499)	70,583,912	26,859,267	-	(24,310,249)	73,132,930	-	32,316,431
	78,560,915	23,329,458	(47,748,812)	-	6,100,214	(18,319,140)	-	60,241,775
Sub-total								
Total								

32 Surplus reserve

	31 December 2020	31 December 2019
Surplus reserve at the end of last year	556,740,074	507,232,749
Add: Adjustments to changes in accounting policies	-	(7,217,920)
Appropriation to surplus reserve	94,140,284	58,523,719
Transfer of other comprehensive income to retained earnings	(448,808)	(1,798,474)
	<u>650,431,550</u>	<u>556,740,074</u>
Surplus reserve at the end of the year	<u>650,431,550</u>	<u>556,740,074</u>

33 General risk reserve and trading risk reserve

	1 January 2020	Increased during the year	Decreased during the year	31 December 2020
General risk reserve	628,719,120	101,503,390	-	730,222,510
Trading risk reserve	599,220,321	96,916,774	-	696,137,095
Total	<u>1,227,939,441</u>	<u>198,420,164</u>	<u>-</u>	<u>1,426,359,605</u>

34 Retained earnings

	31 December 2020	31 December 2019
Retained earnings at the end of last year	1,382,574,910	1,289,250,284
Add: Adjustments to changes in accounting policies	-	(76,324,474)
Add: Net profits for the year attributable to shareholders of the Company	750,927,346	510,183,708
Less: Appropriation to surplus reserve	(94,140,284)	(58,523,719)
Appropriation to general risk reserve	(101,503,390)	(64,045,575)
Appropriation to trading risk reserve	(96,916,774)	(60,342,793)
Distributions to shareholders (1)	(282,872,515)	(141,436,258)
Add: Transfer of other comprehensive income to retained earnings	(784,813)	(16,186,263)
	<u>1,557,284,480</u>	<u>1,382,574,910</u>
Retained earnings at the end of the year (2)	<u>1,557,284,480</u>	<u>1,382,574,910</u>

(1) Distributions to shareholders

Pursuant to the shareholders' approval in 2018 annual general meeting of shareholders held on 17 May 2019, a cash dividend of RMB0.05 per share, totalling RMB141,436,258 based on 2,828,725,153 shares issued at the end of 2018, was declared and paid to the Company's ordinary shareholders.

Pursuant to the shareholders' approval in 2019 annual general meeting of shareholders held on 19 May 2020, a cash dividend of RMB0.1 per share, totalling RMB282,872,515 based on 2,828,725,153 shares issued at the end of 2019, was declared and paid to the Company's ordinary shareholders.

(2) Retained earnings at the end of the year

As at 31 December 2020, the consolidated retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB99,435,480 (31 December 2019: RMB91,713,932).

35 Non-controlling interests

Non-controlling interests attributable to minority shareholders of each subsidiary

	<i>31 December 2020</i>	<i>31 December 2019</i>
Zhong De Securities	383,823,059	374,649,994
Shan Zheng Investment	162,184,489	186,614,057
Total	<u>546,007,548</u>	<u>561,264,051</u>

36 Net fee and commission income

	2020	2019
Net income from securities brokerage		
- Income from securities brokerage	683,504,295	481,543,391
- Securities brokerage trading	629,388,637	455,179,077
- Leasing out trading seats	7,533,244	11,951,853
- Proxy sale of financial products	46,582,414	14,412,461
- Expenses on securities brokerage	(163,111,770)	(133,892,044)
- Securities brokerage trading	(163,111,770)	(133,892,044)
Net income from futures brokerage		
- Income from futures brokerage	206,557,249	175,183,916
- Expenses on futures brokerage	(78,263,420)	(91,342,573)
Net income from investment banking business		
- Income from investment banking business	673,103,463	587,960,257
- Securities underwriting	512,596,502	377,718,857
- Securities sponsorship	17,075,472	15,543,396
- Financial advisory services (1)	143,431,489	194,698,004
- Expenses on investment banking business	(21,346,368)	(15,499,428)
- Securities underwriting	(13,108,036)	(15,202,598)
- Financial advisory services (1)	(8,238,332)	(296,830)
Net income from asset management business		
- Income from asset management business	121,161,191	91,085,810
- Expenses on asset management business	(42,817,196)	-
Fund management business		
- Income from fund management business	66,780,649	65,479,841
- Expenses on fund management business	(3,353,947)	(2,561,024)
Investment advisory business		
- Income from investment advisory business	20,347,527	15,958,590
- Expenses on investment advisory business	(2,018,868)	-
Net fee and commission income	<u>1,460,542,805</u>	<u>1,173,916,736</u>
Including: Total fee and commission income	1,771,454,374	1,327,880,908
Total fee and commission expenses	(310,911,569)	(153,964,172)

(1) The analysis by nature of net income from financial advisory services are as follows:

	2020	2019
Net income from merge and acquisition financial advisory services		
- From domestic listed companies	5,886,793	39,783,019
- From others	-	3,413,208
Net income from other financial advisory services	129,306,364	151,204,947
Net income from financial advisory business	135,193,157	194,401,174

37 Net interest income / (expenses)

	2020	2019
Interest income		
Including: Interest income from cash at bank and clearing settlement funds	390,812,447	372,058,577
Interest income from receivable from margin clients	452,149,303	372,761,527
Interest income from reverse REPOs	131,911,842	178,440,578
Including: Interest income from agreed REPO-style securities trading	3,580,724	2,027,777
Interest income from equity-based pledged REPOs	55,009,484	97,869,250
Interest income from debt investments	-	2,992,056
Interest income from other debt investments	58,180,136	139,524,287
Interest income from other financial assets calculated using the effective interest method	15,696,714	16,992,331
Sub-total	<u>1,048,750,442</u>	<u>1,082,769,356</u>
Interest expense		
Including: Interest expense on short-term loans	(6,773,967)	(6,074,152)
Interest expense on short-term debt securities issued	(197,781,260)	(189,695,829)
Interest expense on placements from financial institutions	(223,275,023)	(249,346,738)
Including: Interest expense on margin refinancing	(112,558,683)	(141,825,833)
Interest expenses on REPOs	(310,514,596)	(353,112,086)
Interest expenses on customer brokerage deposits	(27,151,847)	(21,612,914)
Interest expenses on long-term debt securities issued	(250,931,676)	(283,853,492)
Others	(25,607,758)	(121,646,221)
Sub-total	<u>(1,042,036,127)</u>	<u>(1,225,341,432)</u>
Net interest income / (expenses)	<u>6,714,315</u>	<u>(142,572,076)</u>

38 Investment income

	2020	2019
Investment gains or losses from long-term equity investments accounted for using the equity method	2,253,274	138,292
Investment income arising from financial instruments	1,693,319,866	1,063,431,117
Including: Investment income received in holding period	925,425,022	934,643,174
Including: Financial instruments held for trading	927,394,413	931,865,932
Other equity instrument investments	77,878	377,242
Derivative financial instruments	(2,047,269)	2,400,000
Revenue from disposal of financial assets	767,894,844	128,787,943
Including: Financial instruments held for trading	794,509,665	275,173,247
Other debt investments	102,417,126	84,313,942
Derivative financial instruments	(129,031,947)	(230,699,246)
Total	<u>1,695,573,140</u>	<u>1,063,569,409</u>

39 Gains or losses from changes in fair value

	2020	2019
Financial assets held for trading	(238,918,037)	247,569,421
Financial liabilities held for trading	5,273,600	2,767,830
Derivative financial instruments	<u>7,037,488</u>	<u>6,600,219</u>
Total	<u>(226,606,949)</u>	<u>256,937,470</u>

40 Other operating income

	2020	2019
Income from warehouse receipts trading	354,001,598	2,700,826,481
Income from fixed assets leasing	7,905,379	9,565,988
Others	10,029,782	15,578,738
Total	371,936,759	2,725,971,207

41 Other income

Government grants related to income

	2020	2019
Bonus from government	21,143,534	23,120,644
Refunds of tax fees	242,228	4,362,723
Subsidies of post stabilisation	2,678,244	1,193,420
Rental subsidy income	8,670,968	-
Others	-	1,672,084
Total	32,734,974	30,348,871

Including: Amount recognised in extraordinary gain and loss	32,734,974	30,348,871

42 (Losses)/Gains from disposal of assets

	2020	2019
(Losses)/Gains from disposal of assets	(224,952)	3,876,061
Including: Amount recognised in extraordinary gain and loss	(224,952)	3,876,061

43 Taxes and surcharges

	2020	2019
Urban maintenance and construction tax	11,918,945	8,907,880
Education and local education surcharges	8,394,837	6,235,601
Others	6,374,392	7,461,169
Total	26,688,174	22,604,650

44 Operating and administrative expenses

	2020	2019
Staff costs (Note V.24)	1,242,408,942	1,019,461,506
Rental and property management expenses	163,967,917	157,949,404
Marketing and management expenses	118,207,229	127,074,437
Amortisation of intangible assets and long-term deferred expenses	58,122,068	50,860,077
Depreciation of fixed assets	48,994,446	44,003,789
System operation and maintenance expenses	65,054,715	45,361,239
Information and professional services expenses	43,208,086	56,208,441
Securities investor protection fund	18,839,758	16,373,802
Others	62,164,033	50,093,686
Total	1,820,967,194	1,567,386,381

45 Credit impairment losses

	2020	2019
Provision for impairment losses of receivable from margin clients	41,745,293	23,683,072
Reversal of impairment losses of reverse REPOs	(23,786,883)	(21,978,294)
Provision for impairment losses of accounts receivable	12,202,179	21,396,673
Provision for impairment losses of debt investments	15,073,728	1,254,582
(Reversal)/Provision for impairment losses of other debt investments	(24,419,354)	39,648,735
Provision for impairment losses of other receivables	84,075,668	112,540,021
Total	<u>104,890,631</u>	<u>176,544,789</u>

46 Reversal of impairment losses of other assets

	2020	2019
Reversal of impairment provision for inventories	<u>1,979,159</u>	<u>17,941,901</u>
Total	<u>1,979,159</u>	<u>17,941,901</u>

47 Other operating expenses

	2020	2019
Expense on warehouse receipts trading	<u>381,977,626</u>	<u>2,685,981,550</u>
Total	<u>381,977,626</u>	<u>2,685,981,550</u>

48 Non-operating income

	2020	2019
Government grants	3,735,023	2,360,000
Others	<u>1,208,817</u>	<u>750,431</u>
Total	<u>4,943,840</u>	<u>3,110,431</u>

49 Non-operating expenses

	2020	2019
Donations expense	6,376,924	2,618,571
Debt restructuring adjustment	2,216,204	-
Penalty cost	62,439	1,345
Overdue fine and liquidated damage	26,278	1,838,352
Others	154,769	479,126
	<u>8,836,614</u>	<u>4,937,394</u>
Total	<u>8,836,614</u>	<u>4,937,394</u>

50 Income tax expense

(1) Income tax expense for the year

	2020	2019
Current income tax expense	307,541,242	148,090,653
Deferred tax expense	(64,309,980)	(2,234,824)
	<u>243,231,262</u>	<u>145,855,829</u>
Total	<u>243,231,262</u>	<u>145,855,829</u>

(2) Reconciliation between income tax expense and accounting profit

The adjustment from the income tax based on the total profits of consolidated income statement with applicable tax rate to the income tax expense:

	2020	2019
Profit before taxation	<u>1,005,534,801</u>	<u>665,778,305</u>
Expected income tax expense at tax rate of 25%	251,383,700	166,444,576
Effect of non-taxable income	(38,422,200)	(37,164,213)
Effect of non-deductible costs, expense and losses	9,644,344	5,146,747
Others	20,625,418	11,428,719
	<u>243,231,262</u>	<u>145,855,829</u>
Income tax expense	<u>243,231,262</u>	<u>145,855,829</u>

51 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding:

	2020	2019
Consolidated net profit attributable to ordinary shareholders of the Company	<u>750,927,346</u>	<u>510,183,708</u>
Weighted average number of ordinary shares outstanding	<u>3,209,248,350</u>	<u>2,828,725,153</u>
Basic earnings per share (RMB/share)	<u>0.23</u>	<u>0.18</u>

(2) Diluted earnings per share

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Parent Company (diluted) by the weighted average number of ordinary shares outstanding (diluted). In 2020, the Company does not have any potential shares with diluted effects (2019: Identical). Therefore, there was no difference between the basic and diluted earnings per share.

52 Cash flow statement

(1) Proceeds relating to other operating activities:

	2020	2019
Cash received from the sales of warehouse receipts	380,178,130	2,661,305,890
Net cash received from trading of other debt investments	-	3,308,483,584
Net cash increased from merging structured entities	-	37,388,739
Others	<u>98,755,228</u>	<u>113,293,546</u>
Total	<u>478,933,358</u>	<u>6,120,471,759</u>

(2) Payments relating to other operating activities

	2020	2019
Net cash paid for merging structured entities	544,869,866	-
Net cash paid for trading of other debt investments	434,081,327	-
Net increase in refundable deposits	325,827,030	384,134,038
Cash paid for the purchase of warehouse receipts	177,695,803	3,022,260,461
Rental and property expenses	138,091,608	150,972,976
Cash paid for trading of financial assets not held for trading	97,974,220	288,398,436
Net decrease in warehouse receipts pledge fee	28,789,600	17,030,000
Others	498,046,937	468,137,832
Total	<u>2,245,376,391</u>	<u>4,330,933,743</u>

53 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities

	2020	2019
Net profit	762,303,539	519,922,476
Add: Credit impairment losses	104,890,631	176,544,789
Reversal of other impairment loss	(1,979,159)	(17,941,901)
Depreciation of fixed assets	48,994,446	44,003,789
Amortisation of intangible assets	39,902,338	36,075,379
Amortisation of long-term deferred expenses	18,219,730	14,784,698
Gains or losses from disposal of fixed assets, intangible assets and other long-term assets	224,952	(3,876,061)
Gains or losses from changes in fair value	227,713,096	(282,959,657)
Interest income from investment activities	(10,882,370)	(5,750,945)
Interest expense in financing activities	455,486,903	479,623,473
Foreign exchange (gains)/losses	(1,301,949)	9,866,941
Investment income	(2,331,152)	(515,534)
Deferred tax expense	(64,309,980)	(2,234,824)
(Increase)/Decrease in operating receivables	(2,889,663,664)	5,267,813,472
Decrease in operating payables	(146,390,559)	(2,277,109,829)
Net cash (outflows)/inflows from operating activities	<u>(1,459,123,198)</u>	<u>3,958,246,266</u>

(b) Net changes in cash and cash equivalents

	2020	2019
Cash and cash equivalents at the end of the year	21,938,940,527	18,136,083,250
Less: Cash and cash equivalents at the beginning of the year	<u>(18,136,083,250)</u>	<u>(14,853,884,395)</u>
Net increase in cash and cash equivalents	<u><u>3,802,857,277</u></u>	<u><u>3,282,198,855</u></u>

(2) Details of cash and cash equivalents

	31 December 2020	31 December 2019
Cash and bank balances	17,221,704,814	15,734,010,625
Including: Cash on hand	6,811	-
Cash at bank	16,913,187,720	15,673,251,016
Other cash and bank balances	308,510,283	60,759,609
Clearing settlement funds	<u>5,212,171,280</u>	<u>2,620,361,716</u>
Sub-total	22,433,876,094	18,354,372,341
Less: Fixed deposit with maturity period over three months	(410,000,000)	-
Less: Restricted cash, bank balance and clearing settlement funds	(31,377,255)	(59,534,406)
Less: Accrued interest	<u>(53,558,312)</u>	<u>(158,754,685)</u>
Balance of cash and cash equivalents	<u><u>21,938,940,527</u></u>	<u><u>18,136,083,250</u></u>

VI CHANGE OF CONSOLIDATION SCOPE

1 Increased consolidation scope due to the newly established enterprise

	Type of company	Registration place / principal place of business	Business nature	Registered capital/ subscribed capital	Scope of business	Proportion of contribution (%)	Proportion of voting rights (%)
	Limited liability company	Shenzhen	Software and information technology services	RMB200 million	Software and information technology services	100.00%	Note 1
	Shanzheng Technology (Shenzhen) Co., Ltd. (hereinafter referred to as "Shanzheng Technology")						

Note 1: As at 31 December 2020, the Company has not made any capital contribution to Shanzheng Technology.

2 Decreased consolidation scope due to deregistration of limited partnerships

	Type of subsidiary	Registration place / principal place of business	Business nature	Registered capital	Scope of business	Proportion of contribution (%)	Date of deregistration
	Limited partnership	Ningbo	Investment and asset management	RMB50 million	Project investment, investment management, economic information consulting	20.00%	9 May 2020
	Limited partnership	Ningbo	Investment and asset management	RMB60 million	Project investment, investment management, economic information consulting	20.00%	9 May 2020
	Limited partnership	Ningbo	Investment and asset management	RMB20 million	Investment and asset management	20.00%	9 May 2020
	Ningbo Longhua Haohe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Haohe")						
	Ningbo Longhua Xianhe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Xianhe")						
	Ningbo Longhua Zhihe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Zhihe")						

VII INTERESTS IN OTHER ENTITIES

1 Interests in subsidiaries

(1) Composition of the Group

(a) Subsidiaries acquired through establishment or investment, etc.

Name of the subsidiary	Registration place and principal place of business	Registered capital/subscribed capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Zhong De Securities	Beijing	RMB1,000 million	Investment banking	RMB1,000 million	66.70%	-	66.70%	-
Gelin Dahua Capital Management	Shanghai	RMB300 million	Capital management business	RMB300 million	40.00%	60.00%	40.00%	60.00%
Shan Zheng Investment	Beijing	RMB1,000 million	Investment and asset management	RMB1,000 million	100.00%	-	100.00%	-
Shanzheng Fund Management Co., Ltd. (hereinafter referred to as "Shanzheng Fund")	Taiyuan	RMB50 million	Investment and asset management	RMB120 million	-	100.00%	-	100.00%
Shanxi Small and Medium-sized Entities Venture Capital Fund (Limited Partnership) (hereinafter referred to as "SME Venture Capital Fund")	Taiyuan	RMB200 million	Investment and asset management	RMB 178.68 million	-	50.00%	-	Note 1
Shanzheng Capital Management (Beijing) Co., Ltd.	Beijing	RMB30 million	Investment and asset management	RMB30 million	-	100.00%	-	100.00%
Beijing Shan Zheng Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Beijing Shan Zheng Investment")	Beijing	RMB59 million	Investment and asset management	RMB56.8 million	-	49.15%	-	Note 1
Hangzhou Shanzheng Shuangzi Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Hangzhou Shuangzi")	Hangzhou	RMB39 million	Investment and asset management	RMB39 million	-	48.72%	-	Note 1
Xinyu City Hesheng Jinhe Investment Management Centre (Limited Partnership) (hereinafter referred to as "Hesheng Jinhe")	Xinyu	RMB 71.56 million	Investment and asset management	RMB 46.22 million	-	98.92%	-	Note 2
Yuncheng Shanzheng Small and Medium-sized Entities Venture Capital Partnership (Limited Partnership) (hereinafter referred to as "Yuncheng Shanzheng")	Yuncheng	RMB40 million	Equity investment, fund management	RMB40 million	-	50.00%	-	Note 1

Name of the subsidiary	Registration place and principal place of business	Registered capital/subscribed capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Zuhai Longhua Qifu No. 1 Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zuhai Qifu No. 1")	Zuhai	RMB43 million	Investment and asset management	-	-	20.00%	-	Note 1
Zhoushan Longhua Haishui Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhoushan Haishui")	Zhoushan	RMB15.2 million	Leasing and business services	RMB13.64 million	-	100.00%	-	Note 1
Zuhai Shanzheng Tian'an Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Shanzheng Tian'an")	Zuhai	RMB19.1 million	Leasing and business services	RMB2.5 million	-	100.00%	-	Note 1
SSIF Futures Limited	Hong Kong	HKD50 million	Futures contract trading	HKD50 million	-	100.00%	-	100.00%
SSIF Securities Limited	Hong Kong	HKD350 million	Securities trading	HKD350 million	-	100.00%	-	100.00%
Shanxi Securities International Asset Management Co., Ltd. (hereinafter referred to as "SSIF Asset Management")	Hong Kong	HKD30 million	Asset management	HKD30 million	-	100.00%	-	100.00%
Shanxi Securities International Capital Co., Ltd. (hereinafter referred to as "SSIF Capital")	Hong Kong	HKD25 million	Capital business	HKD25 million	-	100.00%	-	100.00%
Shanxi Securities International Investment Co., Ltd (hereinafter referred to as "SSIF Investment")	Hong Kong	HKD10 million	Lending business	HKD10 million	-	100.00%	-	100.00%
SSIF Investment Management Limited	Hong Kong	HKD200 million	Investment business	HKD200 million	-	100.00%	-	100.00%
Huitong Commodity Trading Co., Ltd. (hereinafter referred to as "Huitong Commodity")	Hong Kong	HKD100 million	Trading business	HKD200 million	-	100.00%	-	100.00%
Shanzheng Innovation Investment Co., Ltd (hereinafter referred to as "Shanzheng Innovation")	Shanghai	RMB1,500 million	Investment and asset management	RMB1,300 million	100.00%	-	100.00%	-
Shanzheng Technology	Shenzhen	RMB200 million	Software and information technology services	-	100.00%	-	100.00%	-

Note 1: Shan Zheng Investment, a subsidiary of the Company, as the General Partner of SME Venture Capital Fund, Beijing Shan Zheng Investment, Hangzhou Shuangzi, Yuncheng Shanzheng, Zuhai Qifu No.1, Longhua Zhihe, Zhoushan Haishui, Shanzheng Tian'an, Longhua Haohe and Longhua Xianhe, is in charge of the management of these limited partnerships. Moreover, Shan Zheng Investment is responsible for the execution of partnership affairs, and the Group holds the significant variable return that enables to control such partnerships. Therefore, the Group includes the above-mentioned limited partnerships in the consolidated financial statements.

Note 2: According to the *Partnership Agreement of Xinyu City Hesheng Jinhe Investment Management Centre (Limited Partnership)*, Shanzheng Fund, a subsidiary of the Company, is a limited partner of Hesheng Jinhe, representing 98.92% of the total contribution and bearing the loss within the limit of the contribution. The general partner does not hold investment income or loss. Moreover, the Group has control over it and has significant impact on the variable returns. Therefore, the Group includes Hesheng Jinhe in the consolidated financial statements.

(b) Business combinations involving entities not under common control Subsidiaries

Name of the subsidiary	Registration place and principal place of business	Registered capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Gelin Dahua	Beijing	RMB800 million	Futures brokerage	RMB800 million	100.00%	-	100.00%	-
Shanxi Securities International Financial Holdings Co., Ltd. (hereinafter referred to as "SSIF Financial Holdings")	Hong Kong	HKD1,000 million	Investment holding	HKD1,000 million	100.00%	-	100.00%	-
Shanzheng M&A	Beijing	RMB210 million	Leasing and business services	RMB180.25 million	-	47.62%	-	Note 1

Note 1: Shan Zheng Investment, a subsidiary of the Company, as the General Partner of Shanzheng M&A, is in charge of the management of these limited partnerships. Moreover, Shan Zheng Investment is responsible for the execution of partnership affairs, and the Group holds the significant variable return that enables to control such partnerships. Therefore, the Group includes the above-mentioned limited partnerships in the consolidated financial statements.

(2) Material non-wholly owned subsidiary

<i>Name of the subsidiary</i>	<i>Proportion of ownership interest held by non-controlling interests</i>	<i>Income attributable to non-controlling interests for the year</i>	<i>Dividend declared to non-controlling shareholders for the year</i>	<i>Balance of non-controlling interests at the end of the year</i>
Zhong De Securities	33.30%	9,173,065	-	383,823,059

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions:

	<i>Zhong De Securities</i>	
	<i>31 December 2020</i>	<i>31 December 2019</i>
Total assets	1,356,089,500	1,342,067,096
Total liabilities	135,147,909	162,752,038
	<i>Zhong De Securities</i>	
	<i>2020</i>	<i>2019</i>
Operating income	437,640,331	384,066,296
Net profits	41,626,533	27,272,480
Total comprehensive income	41,626,533	27,272,480
Net cash inflows from operating activities	30,512,617	85,389,216

2 Structured entities included in the scope of consolidated financial statements

<i>Name of structured entities</i>	<i>Actual share at 31 December 2020</i>	<i>Actual share at 31 December 2019</i>
Shanxi Securities FOF Single Asset Management Plan of the securities industry supports the private enterprise development series	500,000,000	500,000,000
Shanxi Trust Xinbao No.13 Collective Fund Trust Plan	130,000,000	-
Shanzheng Huitong Qiantong No.3 Collective Asset Management Plan	63,500,000	-
Shanzheng Huitong Qiantong No.5 Collective Asset Management Plan	56,500,000	-
Shanzheng Huitong Qiantong No.2 Collective Asset Management Plan	51,000,000	-
Shanxi Trust Xinbao No.12 Collective Fund Trust Plan	41,000,000	-
SSIF DCE Iron Ore Futures Index ETF	36,738,692	-
Shanzheng Huitong Qiantong No.4 Collective Asset Management Plan	20,000,000	-
Shanxi Trust Xinbao No.15 Collective Fund Trust Plan	12,280,000	-
Shanxi Securities Yusheng One-year Interval Flexible Allocation Mixed Sponsored Securities Investment Fund	10,000,000	-
Shanxi Securities Qiyuan No.3 Collective Asset Management Plan	-	22,794,398
Shanxi Securities Qiyuan No.2 Collective Asset Management Plan	-	19,792,661
Total	921,018,692	542,587,059

Among the above structured entities, Shanxi Trust Xinbao No.12 Collective Fund Trust Plan, Shanxi Trust Xinbao No.13 Collective Fund Trust Plan, Shanxi Trust Xinbao No.15 Collective Fund Trust Plan and SSIF DCE Iron Ore Futures Index ETF were included in the consolidation scope at the level of the subsidiaries of the Group, and the remaining structured entities were included in the consolidation scope at the Group level.

As the manager of above-mentioned asset management plans, the Group considers whether there is control over these structured entities, and determines whether the Group is the primary responsible person or agent based on factors such as the decision range of asset manager, the power of other parties in the asset management plans and the risk exposure of variable returns. For the above-mentioned asset management plans included in the consolidation scope, the Group made investment decisions as the principal responsible person, and got a large proportion of the total revenue of the asset management plans, so the Group included these asset management plans in the scope of consolidation.

As at 31 December 2020, the principal amount payable to other holders of above-mentioned asset management plans are RMB30,122,427 (31 December 2019: RMB489,544,207), and the gains payable are RMB15,922,893 (31 December 2019: RMB24,153,493).

3 Interests in associates

Investee	Balance at the beginning of the year	Movements during the year			Cash dividend or profit distribution	Balance at the end of the year
		Newly added investments during the period	Decrease in investments	Investment income recognised under equity method		
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership)	10,087,068	-	-	-	-	10,087,068
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (Limited Partnership)	1,986,839	-	(1,500,000)	-	-	486,839
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership)	199,636,974	-	(150,000,000)	3,297,088	(3,297,088)	49,636,974
Shanxi Transportation Industry Fund Partnership (Limited Partnership)	200,000,000	-	-	9,000,000	(9,000,000)	200,000,000
Shenzhen Yehua Resources Group Co., Ltd.	10,043,814	-	-	(10,043,814)	-	-
Shanxi Taihang Coal Gas Industry Investment Fund Partnership (Limited Partnership)	-	33,000,000	-	-	-	33,000,000
Shanxi Xinchuang Guiding Private Equity Investment Fund Partnership (Limited Partnership)	-	2,000,000	-	-	-	2,000,000
Total	421,754,695	35,000,000	(151,500,000)	2,253,274	(12,297,088)	295,210,881

Details of the above associates are as follows:

Name of the enterprise	Registration place and principal place of business	Business nature	Registered capital/subscribed capital	Paid-in capital	Contribution proportion of the Group
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership)	Hangzhou	Private equity investment	RMB50 million	RMB50 million	20.00%
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (Limited Partnership)	Linfen	Private equity investment	RMB3 million	RMB3 million	16.67%
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership)	Taiyuan	Private equity investment	RMB251 million	RMB251 million	19.92%
Shanxi Transportation Industry Fund Partnership (Limited Partnership)	Taiyuan	Private equity investment	RMB10 billion	RMB1,000 million	20.00%
Shenzhen Yehua Resources Group Co., Ltd.	Shenzhen	Private equity investment	RMB100 million	RMB100 million	10.00%
Shanxi Taihang Coal Gas Industry Investment Fund Partnership (Limited Partnership)	Jincheng	Private equity investment	RMB 601 million	RMB 167 million	19.76%
Shanxi Xinchuang Guiding Private Equity Investment Fund Partnership (Limited Partnership)	Taiyuan	Private equity investment	RMB 500 million	RMB 201 million	20.10%

4 Interests in structured entities not included in the consolidated financial statements

(1) Interest in the structured entities sponsored by third-party institutions

The Group directly holds interests in some structured entities sponsored by third-party institutions through investments in the notes issued by these structured entities. The Group does not consolidate these structured entities. Such structured entities include asset management plans, trust fund plans, investment funds and wealth management products issued by banks. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following tables set out an analysis of the carrying amounts/maximum loss exposure of interests held by the Group as at 31 December 2020 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	<u>Financial assets held for trading</u>	
	<u>31 December 2020</u>	<u>31 December 2019</u>
Wealth-management products	737,422,806	150,000,000
Asset management plans	402,933,962	339,396,043
Funds	172,452,069	392,907,319
Total	<u>1,312,808,837</u>	<u>882,303,362</u>

The maximum exposure to loss in the above asset management plans, funds and wealth management products are the carrying amounts of the above investments held by the Group at the balance sheet date.

(2) Unconsolidated structured entities sponsored by the Group in which the Group holds an interest

The types of unconsolidated structured entities sponsored by the Group include asset management plans and funds. The nature and purpose of these structured entities are to collect management fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. The Group's interests in these structured entities that are not included in the consolidated financial statements mainly include direct holding of investments or collecting management fees through the management of these structured entities.

As at 31 December 2020, the carrying amounts of the above asset management plans and funds, which are held by the Group and classified into financial assets held for trading in the consolidated balance sheet, are RMB1,089,223,993. (As at 31 December 2019, the carrying amounts of the above-mentioned asset management plans and funds, which were held by the Group and classified into financial assets held for trading in the consolidated balance sheet, were RMB780,801,018.) The maximum losses exposure of the above-mentioned asset management plans and funds is similar to their carrying amounts.

As at 31 December 2020, the amount of assets held by the unconsolidated structured entities, which are sponsored by the Group, was RMB45,167,116,464 (31 December 2019: RMB48,172,011,435).

In 2020, the amount of management fee income recognised from the above-mentioned structured entities by the Group is RMB191,730,124 (2019: RMB156,565,651).

VIII SEGMENT REPORTING

The Group has seven reportable segments, which are securities brokerage business segment, investment banking business segment, fixed income business segment, stocks and other proprietary investment business segment, entrusted asset management business segment, futures brokerage business segment and bulk commodity trading and risk management business segment based on the structure of internal organisation, management requirements and internal reporting system. Each reportable segment is a separate business unit which offers different services, and is managed separately because they require different technology and marketing strategies. For the purposes allocating resources between segments and assessing segment performance, the Group's management regularly reviews the financial information of different segments.

The seven segments of the Group are described as follows:

- Securities brokerage business segment

This segment provides agency trading securities services to individuals and institutional clients.

- Investment banking business segment

The business of this segment includes stock underwriting, bond underwriting, over-the-counter business and merger and acquisition business, etc.

- Fixed income business segment

This segment is engaged in investment activities such as bonds and bills and holds relevant financial assets by using self-owned deposits.

- Stock and other proprietary investment business segment

This segment is engaged in investment activities such as stock and beneficial right investments and holds relevant financial assets by using self-owned deposits.

- Entrusted asset management business segment

This segment manages the assets of the principal, manages and sells funds, and manages assets of the special accounts.

- Futures brokerage business segment

This segment provides futures brokerage services to individuals and institutional clients.

- Bulk commodity trading and risk management business segment

The segment engages in providing the service of purchase and resale of warehouse receipts, futures arbitrage and hedging.

Segment accounting policies are consistent with those for the consolidated financial statements.

The transfer pricing among reportable segments is determined by referring to the price used for sales to the third parties.

Assets are allocated based on the operations of the segments and the location of the assets. Liabilities are allocated based on the operations of the segments, and indirect expenses of each segment are allocated between segments based on the proportion of revenue.

The Group provides services in the Mainland China and Hong Kong. All of its external transaction income is derived from the Mainland China and Hong Kong. The Group's non-current assets other than financial assets and deferred income tax assets are located in Mainland China and Hong Kong.

Since the Group's business is not carried out to specific customers, there is no significant dependence on a single customer.

Information regarding the Group's reportable segments set out below is the measure of segment profit (loss) and segment assets and liabilities reviewed by the Group's management or is otherwise regularly provided to the Group's management, even if not included in the measure of segment profit (loss) and segment assets and liabilities:

(a) Segment information for 2020 and as at 31 December 2020

	Securities brokerage business	Investment banking business	Fixed income business	Stock and other proprietary investment business	Entrusted asset management business	Futures brokerage business	Bulk commodity trading and risk management business	Unallocated items and others	Elimination among segments	Total
External trading income Including: Net fee and commission income	920,870,506	460,035,075	1,031,950,869	118,484,676	166,365,228	217,847,769	437,682,144	(11,264,226)	-	3,341,972,041
Net interest income/	543,438,165	417,277,761	219,688,202	-	151,844,848	128,293,829	-	-	-	1,460,542,805
(expense)	377,699,728	12,188,071	(385,896,760)	(21,673,663)	5,652,623	88,086,952	10,012,574	(79,355,210)	-	6,714,315
Gains or losses from	(69,863)	28,765,561	1,273,206,197	257,972,309	9,068,267	4,321,423	69,581,950	52,727,296	-	1,695,573,140
investments										
(Losses)/gains	-	-	(75,046,770)	(122,314,650)	(169,021)	(10,000,000)	1,866,397	(20,942,905)	-	(226,606,949)
from changes	(197,524)	1,803,682	-	4,500,680	(31,489)	7,145,565	356,221,223	36,306,593	-	405,748,730
in fair value	2,674,709	26,220,876	-	106,744,813	(8,257,800)	5,901,105	-	(3,887,475)	(129,396,228)	-
Others										
Internal trading										
income/(expense)	2,674,709	26,220,876	-	-	8,357,361	-	-	-	(37,252,946)	-
Including: Net fee and commission income										
Net interest	-	-	-	-	(16,615,161)	-	-	(3,887,475)	20,502,636	-
(expense)/inco										
me										
Gains or losses	-	-	-	108,386,690	-	4,564,551	-	-	(112,951,241)	-
from										
investments	-	-	-	(1,641,877)	-	-	-	-	1,641,877	-
Gains or losses	-	-	-	-	-	1,336,554	-	-	(1,336,554)	-
from changes in	-	-	-	(50,707,410)	(115,082,296)	(162,869,791)	(501,229,498)	(249,965,843)	8,963,364	(2,332,544,466)
fair value										
Others	(526,737,721)	(409,328,808)	(325,586,463)	(1,711,751)	(8,986,184)	(7,182,768)	(377,775)	(22,848,889)	-	(107,116,514)
Operating expenses	(50,137,932)	(3,744,777)	(12,126,438)	-	-	(2,121,308)	(96,056,790)	(15,954,673)	-	(104,890,631)
Including: Depreciation and amortisation	(9,955,338)	(4,492,079)	23,689,557	-	-	-	-	-	-	-
expenses										
Credit impairment	-	-	-	-	-	1,979,159	-	-	-	1,979,159
(losses)/reversal										
Reversal of										
impairment of										
other assets										
Profits/(Losses) before income tax	395,493,636	78,576,158	706,364,406	174,522,249	43,899,222	63,260,858	(63,527,355)	(272,621,508)	(120,432,865)	1,005,534,801
Income tax expenses	(112,251,877)	(23,302,397)	(144,453,440)	(14,736,360)	(13,843,024)	(16,767,518)	22,264,297	59,859,057	-	(243,231,262)
Net profits/(losses)	283,241,759	55,273,761	561,910,966	159,785,889	30,056,198	46,493,340	(41,263,058)	(212,762,451)	(120,432,865)	762,303,539
Total assets	21,514,420,915	1,356,089,500	20,707,446,346	3,501,547,908	1,698,822,069	6,088,435,524	14,442,654,309	13,042,531,612	(6,899,899,359)	62,452,048,824
Total liabilities	17,631,084,790	140,045,935	13,918,470,294	272,204,716	97,821,649	5,275,672,146	1,131,470,865	8,138,417,839	(1,604,582,881)	45,000,605,353
Net increase/(decrease) of other non-current assets other than long-term equity investments	21,488,878	(2,361,267)	(31,487,266)	32,814,433	(27,350)	(882,914)	21,815,952	(5,387,872)	(1,082,384)	34,890,210

(b) Segment information for 2019 and as at 31 December 2019

	Securities brokerage business	Investment banking business	Fixed income business	Stock and other proprietary business	Entrusted asset management business	Futures brokerage business	Bulk commodity trading and risk management business	Unallocated items and others	Elimination among segments	Total
External trading income Including: Net fee and commission	695,714,106	415,116,970	708,622,058	141,275,500	170,002,837	193,296,342	2,677,641,090	100,511,834	-	5,102,180,737
Net interest income/	365,343,427	376,547,072	194,180,267	-	154,004,627	83,841,343	-	-	-	1,173,916,736
(expense)	325,385,997	32,744,176	(398,214,951)	(101,875,510)	(14,309,392)	87,258,887	1,256,403	(74,817,686)	-	(142,572,076)
Gains or losses from investments	-	3,177,000	963,004,600	85,285,459	33,751,568	12,900,700	(83,177,111)	48,627,193	-	1,063,569,409
(Losses)/gains from changes in fair value	-	2,648,722	(50,347,858)	157,865,551	(3,346,969)	3,790,860	51,909,079	97,066,807	-	256,937,470
Others	4,984,682	-	-	-	(96,997)	5,504,552	2,707,652,719	29,635,520	-	2,750,329,198
Internal trading income/(expense)	3,235,125	12,756,321	-	50,000,000	3,658,638	-	(22,075,491)	17,875,526	(65,450,119)	-
Including: Net fee and commission	3,235,125	12,756,321	-	-	14,899,661	-	-	-	(30,891,107)	-
Net interest income/	-	-	-	-	(20,963,239)	-	(22,075,491)	17,875,526	25,163,204	-
(expense)	-	-	-	-	-	-	-	-	-	-
Gains or losses from investments	-	(369,776,007)	(242,022,268)	50,000,000	9,722,216	(152,051,119)	(2,833,477,182)	(219,011,197)	(59,722,216)	-
Operating expenses Including: Depreciation and amortisation	(494,854,668)	-	-	(41,989,028)	(96,844,119)	-	-	-	15,450,119	(4,434,575,469)
expenses	(45,555,722)	(4,119,623)	(6,378,899)	(2,083,865)	(6,542,109)	(8,553,556)	(299,468)	(21,330,624)	-	(94,863,866)
Credit impairment reversal/(losses)	(9,505,166)	(4,343,215)	(40,722,385)	815,003	-	(18,056,603)	(104,732,589)	166	-	(176,544,789)
Reversal of impairment of other assets	-	-	-	-	-	17,941,901	-	-	-	17,941,901
Profits/(Losses) before income tax	202,784,764	52,233,398	466,599,789	149,286,381	76,777,114	43,673,723	(179,190,973)	(96,385,891)	(50,000,000)	665,778,305
Income tax expense	(46,239,494)	(16,674,173)	(79,939,624)	(16,863,042)	(25,453,168)	(12,099,953)	46,596,419	4,817,206	-	(145,855,829)
Net profits/(losses)	156,545,270	35,559,225	386,660,165	132,423,339	51,323,946	31,573,770	(132,594,554)	(91,568,685)	(50,000,000)	519,922,476
Total assets	16,217,279,926	1,342,067,096	20,288,549,894	3,072,172,112	2,269,701,698	4,586,047,751	1,015,754,311	12,303,855,009	(5,399,650,616)	55,695,777,181
Total liabilities	15,597,267,672	165,425,333	16,069,073,931	304,430,633	179,772,329	3,812,390,800	650,441,451	6,250,237,281	(549,002,855)	42,480,036,575
Net increase/(decrease) of other non-current assets other than long-term equity investments	4,073,829	(3,227,502)	56,584,665	(19,855,549)	(538,375)	(7,392,199)	47,494,943	(37,189,764)	(692,091)	39,257,957

IX RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1 Information about the parent of the Company

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>	<i>Ultimate controlling party of the Company</i>
Shanxi Financial Holdings	Shanxi Province	Investment management	RMB10,646.7 million	31.77%	31.77%	Finance Department of Shanxi Province

For information about the changes of the parent of the Company, refer to Note 1.

As at 31 December 2020, Shanxi Financial Holdings held 31.77% of the Company's shares (31 December 2019: 30.59%).

As at 31 December 2020, Shanxi Trust Co., Ltd. (hereinafter referred to as "Shanxi Trust"), the subsidiary of Shanxi Financial Holdings, did not hold any shares of the Company (31 December 2019: 0.42%). Shanxi Financial Holdings and its subsidiaries held 31.77% of the Company's shares in total (31 December 2019: 31.01%).

2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

3 Other shareholders of the Company with 5% or above ownership

The names and shareholding information of other shareholders of the Company with 5% or above ownership and recognised as related parties are listed below:

	<u>31 December 2020</u>		<u>31 December 2019</u>	
	<i>Share</i>	<i>Shareholding percentage</i>	<i>Share</i>	<i>Shareholding percentage</i>
Taiyuan Iron & Steel (Group) Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel")	344,418,616	9.59%	282,605,635	9.99%
Shanxi International Electricity Group Limited Company (hereinafter referred to as "Shanxi International Electricity")	199,268,856	5.55%	199,268,856	7.04%

4 Other related parties

As at 31 December 2020, related parties that are not mentioned in above Note 1, 2 and 3, and have related party transactions with the Group include:

<i>Name of the Company</i>	<i>Relationship with the Company</i>
Shanxi Guoxin	Controlled by Shanxi Financial Holdings
Shanxi Province Financing Re-Guarantee Group Co., Ltd. (hereinafter referred to as "Shanxi Financing Re-Guarantee")	Controlled by Shanxi Financial Holdings
Shanxi Guangxin Real Estate Investment Group Co., Ltd. (hereinafter referred to as "Shanxi Guangxin Real Estate")	Controlled by Shanxi Financial Holdings
Shanghai Wanfang Investment Management Co., Ltd. (hereinafter referred to as "Shanghai Wanfang")	Controlled by Shanxi Financial Holdings
Shanxi International Trade Property Management Co., Ltd. (hereinafter referred to as "International Trade Property Management")	Controlled by Shanxi Financial Holdings
Shanxi World Trade Investment Group Co., Ltd. (hereinafter referred to as "Shanxi World Trade")	Controlled by Shanxi Financial Holdings
Shanxi World Trade Hotel (hereinafter referred to as "World Trade Hotel")	Controlled by Shanxi Financial Holdings
Shanxi Environmental and Energy Exchange Centre Co., Ltd. (hereinafter referred to as "Environmental and Energy Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi State-owned Investment Management Co., Ltd. (hereinafter referred to as "State-owned Investment")	Controlled by Shanxi Financial Holdings
Shanxi Guoxin Culture and Tourism Real Estate Development Co., Ltd. (hereinafter referred to as "Guoxin Culture and Tourism")	Controlled by Shanxi Financial Holdings
Shanxi Guoxin Medical and Health Investment Management Co., Ltd. (hereinafter referred to as "Guoxin Medical and Health")	Controlled by Shanxi Financial Holdings
Zhong He Sheng Capital Management Co., Ltd. (hereinafter referred to as "Zhong He Sheng")	Controlled by Shanxi Financial Holdings
Shanxi Equity Exchange Centre Co., Ltd. (hereinafter referred to as "Equity Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi Property Right Exchange Centre Co., Ltd. (hereinafter referred to as "Property Right Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi Financial Assets Exchange Co. Ltd. (hereinafter referred to as "Shanxi Financial Assets Exchange")	Controlled by Shanxi Financial Holdings
Shanxi Zhuo Rong Investment Co., Ltd. (hereinafter referred to as "Shanxi Zhuo Rong")	Controlled by Shanxi Financial Holdings
Beijing Zhuo Rong Investment Management Co., Ltd. (hereinafter referred to as "Beijing Zhuo Rong")	Controlled by Shanxi Financial Holdings
Shenzhen Yi'xin'li Asset Management Co., Ltd. (hereinafter referred to as "Yi Xin Li")	Controlled by Shanxi Financial Holdings
Shanxi Financial Holding Capital Management Co., Ltd. (hereinafter referred to as "Financial Holding Capital")	Controlled by Shanxi Financial Holdings
Shanxi International Trade Center Ltd. (hereinafter referred to as "International Trade Center")	Controlled by Shanxi Financial Holdings
Shanxi Taihang Industrial Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Taihang Investment Fund")	Controlled by Shanxi Financial Holdings
Shanxi Yellow River Equity Investment Management Co., Ltd. (hereinafter referred to as "Shanxi Yellow River")	Controlled by Shanxi Financial Holdings
Shanxi Xinchuang Industry Private Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Xinchuang Industry")	Controlled by Shanxi Financial Holdings
HSBC Jinxin Fund Management Co., Ltd. (hereinafter referred to as "HSBC Jinxin")	Subject to joint control from Shanxi Financial Holdings
Shanxi Iron & Steel Investment Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel Investment")	Controlled by Taiyuan Iron & Steel

Name of the Company

Relationship with the Company

Taiyuan Iron & Steel Finance Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel Finance")	Controlled by Taiyuan Iron & Steel
Shanxi Taigang Venture Capital Co., Ltd. (hereinafter referred to as "Taigang Venture Capital")	Controlled by Taiyuan Iron & Steel
Shanxi Local Electricity Co., Ltd. (hereinafter referred to as "Shanxi Local Electricity")	Controlled by Shanxi International Electricity
Shanxi Local Electricity Co., Ltd. Lishi Branch (hereinafter referred to as "Shanxi Local Electricity Lishi Branch ")	Controlled by Shanxi International Electricity
Lvliang State Investment Group Co., Ltd. (hereinafter referred to as "Lvliang State Investment")	Companies in which supervisors of the Company are employed
Changzhi Economic Construction Investment Service Centre (hereinafter referred to as "Changzhi Investment")	Companies in which supervisors of the Company are employed
Shanxi Tourism Investment Holding Group Co., Ltd. (hereinafter referred to as "Shanxi Tourism Investment")	Shareholder holding more than 5% of the stocks of the Company and acting in concert
Shanxi Science & Technology Fund Development Co., Ltd. (hereinafter referred to as "Technology Fund")	Shareholders of the Company and assign supervisors to the Company
Shanxi Xinghua Village Fenjiu Group Co., Ltd. (hereinafter referred to as "Shanxi Fenjiu")	Shareholders of the Company and assign supervisors to the Company
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Green Energy")	Significantly influenced by the subsidiaries of the Group
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Longhua Gurong")	Significantly influenced by the subsidiaries of the Group
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (limited partnership) (hereinafter referred to as "Fenxi Fupin ")	Significantly influenced by the subsidiaries of the Group
Shanxi Transportation Industry Fund Partnership (Limited Partnership) (hereinafter referred to as "Transportation Industry")	Significantly influenced by the subsidiaries of the Group
Shanxi Xinchuang Guiding Private Equity Investment Fund Partnership (Limited Partnership)(hereinafter referred to as "Xinchuang Guiding")	Significantly influenced by the subsidiaries of the Group
Shanxi Taihang Coal Gas Industry Investment Fund Partnership (Limited Partnership)(hereinafter referred to as "Taihang Coal Gas")	Significantly influenced by the subsidiaries of the Group
Zhuhai Shanzheng Tian'an Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Shanzheng Tian'an")	Significantly influenced by the subsidiaries of the Group
Shenzhen Yehua Resources Group Co., Ltd. (hereinafter referred to as "Shenzhen Yehua")	Significantly influenced by the subsidiaries of the Group
Jinshang Bank Co., Ltd. (hereinafter referred to as "Jinshang Bank")	Significantly influenced by Shanxi Financial Holdings
Changzhi Bank Co., Ltd. (hereinafter referred to as "Changzhi Bank")	Significantly influenced by Shanxi Financial Holdings
Shanxi Coking Group Co., Ltd. (hereinafter referred to as "Shanxi Coking")	Companies in which related natural persons are employed
State-owned Assets Management Centre of Changzhi Municipal Administrative Institution (hereinafter referred to as "Changzhi State-owned Assets Management")	Companies in which supervisors of the Company are employed
Shanxi Aokun Biological Agriculture Corporation (hereinafter referred to as "Aokun Biological")	A company in which directors of the Company serve as its directors
Shanxi Bo'ai Hospital	Controlled by Shanxi Financial Holdings in the past twelve months

5 Related party transactions and related party balances

(a) Pricing Policy

The transactions between the Group and related parties are mainly based on market price and determined after negotiation between the two parties.

(b) Securities brokerage trading

(1) Balance of customer brokerage deposits

	31 December 2020	31 December 2019
Guoxin Culture and Tourism	23,949,751	6,981
Shanxi International Electricity	21,645,347	28,567
Shanxi Tourism Investment	19,330,841	921,326
Shanghai Wanfang	19,109,288	570,435
Taiyuan Iron & Steel Investment	1,392,115	20,620,224
Shanxi Financial Holdings	1,261,900	-
Longhua Gurong	1,169,898	-
Shanxi Financing Re-Guarantee	428,267	278,075
Lvliang State Investment	403,873	42,448
Technology Fund	143,840	139,096
Shanxi Guoxin	63,554	63,362
Financial Holding Capital	46,733	-
Shanxi Zhuo Rong	40,874	2,083
Shanxi Trust	25,466	42,209,897
Beijing Zhuo Rong	11,428	9,408,216
Shanxi Bo'ai Hospital	1,769	1,763
Changzhi State-owned Assets Management	982	-
Changzhi Investment	570	583
Equity Exchange Centre	500	500
Zhong He Sheng	335	334
Property Right Exchange Centre	297	296
Taiyuan Iron & Steel	250	1,043
Shanxi Coking	240	127,797
Environmental and Energy Exchange Centre	199	198
Yi Xin Li	109	268
State-owned Investment	84	84
Taiyuan Iron & Steel Finance	-	5,608
Total	<u>89,028,510</u>	<u>74,429,184</u>

(2) Fee and commission income from brokerage business

	2020	2019
Changzhi Investment	227,921	13,365
Changzhi State-owned Assets Management	159,451	-
Shanxi Trust	151,373	272,884
Shanxi Zhuo Rong	28,806	21,247
Taiyuan Iron & Steel	27,672	-
Shanxi Financial Holdings	25,214	-
Taiyuan Iron & Steel Investment	17,886	37,600
Beijing Zhuo Rong	11,421	12,058
Lvliang State Investment	5,708	-
Shanxi Tourism Investment	5,539	728
Shanghai Wanfang	3,715	306
Taiyuan Iron & Steel Finance	1,358	-
Yi Xin Li	206	3,839
Technology Fund	32	15,935
Shanxi Guoxin	-	1,425
Zhong He Sheng	-	825
Total	666,302	380,212

(3) Interest expenses

	2020	2019
Guoxin Culture and Tourism	61,674	21,478
Shanxi International Electricity	32,116	1,977
Shanxi Financial Holdings	20,797	-
Shanxi Trust	18,227	67,509
Taiyuan Iron & Steel Finance	15,573	13,089
Changzhi State-owned Assets Management	15,237	-
Lvliang State Investment	12,244	11,512
Shanxi Zhuo Rong	8,020	5,582
Shanghai Wanfang	5,748	1,230
Shanxi Tourism Investment	5,180	1,825
Financial Holding Capital	3,738	-
Longhua Gurong	3,542	-
Beijing Zhuo Rong	3,226	4,757
Taiyuan Iron & Steel Investment	2,816	9,578
Changzhi Investment	2,219	284
Technology Fund	1,695	3,166
Shanxi Financing Re-Guarantee	1,041	608
Taiyuan Iron & Steel	961	944
Equity Exchange Centre	776	1,046
Shanxi Coking	337	172
Shanxi Guoxin	192	6,383
Yi Xin Li	30	160
Shanxi Bo'ai Hospital	5	5
Zhong He Sheng	1	336
Environmental and Energy Exchange Centre	1	39
Property Right Exchange Centre	1	1
Total	215,397	151,681

(c) Fee and commission income from investment banking business

(1) Fee and commission income from securities underwriting business

	2020	2019
Shanxi International Electricity	6,226,415	-
Shanxi Financial Holdings	2,830,189	-
Finance Department of Shanxi Province	424,528	37,736
Taiyuan Iron & Steel	159,503	-
Total	9,640,635	37,736

(2) Income from financial advisory business

	2020	2019
Taiyuan Iron & Steel	1,037,736	1,063,188
Property Right Exchange Centre	491,723	664,493
Shanxi Fenjiu	-	10,641,509
Zhong He Sheng	-	1,132,075
Shanxi Guoxin	-	660,377
Total	1,529,459	14,161,642

(3) Accounts receivables from financial advisory business

	31 December 2020	31 December 2019
Shanxi Fenjiu	8,740,000	8,740,000
Property Right Exchange Centre	-	537,468
Total	8,740,000	9,277,468

(4) Expenses on financial advisory business

	31 December 2020	31 December 2019
Equity Exchange Centre	2,018,868	-

(d) Fee and commission income from asset management business

(1) Management fee receivable

	31 December 2020	31 December 2019
Jinshang Bank	594,871	-
Changzhi Bank	24,226	-
Lvliang State Investment	7,562	-
Total	626,659	-

(2) Management fee income

	2020	2019
Changzhi Bank	579,124	442,370
Jinshang Bank	152,501	-
Lvliang State Investment	7,562	-
Total	739,187	442,370

(e) Proxy sale of funds managed by HSBC Jinxin and leasing trading seat to it

	2020	2019
HSBC Jinxin	178,113	206,766

(f) Housing leasing, property management and computer room management

(1) House rental fee, property management fee and computer room management fee

	2020	2019
Shanxi World Trade	12,632,270	13,131,595
International Trade Property Management	3,149,731	3,600,847
	<u>15,782,001</u>	<u>16,732,442</u>

(2) Prepayments of computer room rental fee to Shanxi World Trade I

	31 December 2020	31 December 2019
Prepayments	<u>132,382</u>	<u>132,382</u>

(g) Meeting fees, hospitality and other fees

	31 December 2020	31 December 2019
World Trade Hotel	1,293,829	204,878
International Trade Property Management	745,122	1,066,424
Total	<u>2,038,951</u>	<u>1,271,302</u>

(h) Annual fee and supervision fee

	2020	2019
Equity Exchange Centre	<u>339,623</u>	<u>354,906</u>

(i) Beneficiary certificates trading

(1) Short-term debt securities issued

	31 December 2020	31 December 2019
Equity Exchange Centre	147,000,000	3,000,000
Taiyuan Iron & Steel Finance	100,000,000	112,000,000
Total	247,000,000	115,000,000

(2) Interest payable

	31 December 2020	31 December 2019
Taiyuan Iron & Steel Finance	2,569,863	1,479,534
Equity Exchange Centre	437,655	7,866
Total	3,007,518	1,487,400

(3) Interest expense

	2020	2019
Taiyuan Iron & Steel Finance	12,205,929	6,049,315
Changzhi State-owned Assets Management	1,198,945	-
Guoxin Culture and Tourism	881,096	2,930,055
Lvliang State Investment	73,974	154,604
Equity Exchange Centre	50,630	198,110
Environmental and Energy Exchange Centre	-	6,916
Shanxi Guoxin	-	478,685
Total	14,410,574	9,817,685

(j) Holding convertible bonds issued by Aokun Biological

(1) Financial assets held for trading

	<i>31 December 2020</i>	<i>31 December 2019</i>
Aokun Biological	<u>4,000,000</u>	<u>7,000,000</u>

(2) Losses from changes in fair value

	<i>2020</i>	<i>2019</i>
Aokun Biological	<u>(3,000,000)</u>	<u>-</u>

(k) Shan Zheng Investment Management fee

(1) Management fee income

	<i>2020</i>	<i>2019</i>
Green Energy	4,248,000	3,668,312
Longhua Gurong	2,552,500	1,000,000
Xinchuang Guiding	129,597	-
Fenxi Fupin	142,667	120,000
Transportation Industry	<u>102,386</u>	<u>79,532</u>
Total	<u>7,175,150</u>	<u>4,867,844</u>

(2) Management fee receivable

	31 December 2020	31 December 2019
Longhua Gurong	2,552,500	-
Green Energy	996,000	498,000
Fenxi Fupin	232,667	90,000
Transportation Industry	181,918	79,532
Xinchuang Guiding	129,597	-
	<u>4,092,682</u>	<u>667,532</u>
Total		

(l) Accounts receivable and other receivables and credit impairment losses

(1) Accounts receivable and other receivables

	31 December 2020	31 December 2019
Shenzhen Yehua	73,866,323	83,939,004
Shanxi World Trade	461,580	461,580
Shanxi Local Electricity	30,000	2,000
Longhua Gurong	10,000	10,000
	<u>74,367,903</u>	<u>84,412,584</u>
Total		

(2) Credit impairment losses

	2020	2019
Shenzhen Yehua	<u>10,072,681</u>	<u>-</u>

(m) Trust remuneration fee

	2020	2019
Shanxi Trust	<u>1,542,075</u>	<u>-</u>

(n) Other payables

	31 December 2020	31 December 2019
International Trade Property Management	442,840	1,042,840
Shanxi Coking	6,850	6,850
Total	449,690	1,049,690

(o) Interest income from bank deposits

	2020	2019
Jinshang Bank	1,491,918	-

(p) New joint capital investment

- (1) In 2020, as a limited partner, Taihang Investment Fund, which is controlled by Shanxi Financial Holdings, participated in the investment in Taihang Coal Gas sponsored and established by Shan Zheng Investment, a subsidiary of the Company, with an investment amount of RMB100,000,000.
- (2) In 2020, as a limited partner, Taihang Investment Fund, which is controlled by Shanxi Financial Holdings, participated in the investment in Xinchuang Guiding sponsored and established by Shan Zheng Investment, a subsidiary of the Company, with an investment amount of RMB39,600,000.
- (3) In 2020, Financial Holding Capital, a subsidiary of Shanxi Financial Holdings, as a limited partner, participated in the investment in Xinchuang Guiding sponsored and established by Shan Zheng Investment, a subsidiary of the Company, with an investment amount of RMB20,000,000.
- (4) In 2020, as a general partner, Shanxi Yellow River, which is controlled by Shanxi Financial Holdings, participated in the investment in Xinchuang Guiding sponsored and established by Shan Zheng Investment, a subsidiary of the Company, with an investment amount of RMB1,000,000.
- (5) In 2020, Shanzheng Innovation, a subsidiary of the Company, as a limited partner, participated in the investment in Xinchuang Industry controlled by Shanxi Financial Holdings, with an investment amount of RMB20,000,000.
- (6) In 2020, Shanzheng Tian'an, established by Shan Zheng Investment, a subsidiary of the Company, allocated assets and went into liquidation, and the principal of RMB 5,000,000 were allocated to the limited partner, Property Right Exchange Centre, while no investment income was distributed.

(q) Remuneration of senior management personnel

Refer to Note V. 24.

X RISK RELATED TO FINANCIAL INSTRUMENTS

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risks

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to brokerage business, margin finance business (mainly including margin trading, agreed REPO-style securities trading and stock-based lending business) and proprietary fixed income business, etc.

The cash at bank of the Group is mainly held with state-owned commercial banks or large-scale joint-stock commercial banks. The clearing settlement funds is held with China Securities Registration and Settlement Co., Ltd. and other institutions. The credit risk of cash and cash equivalents is relatively low.

The credit risk arising from the brokerage business of the Group includes the agent service for customers to carry out securities trading and futures trading. If the Group does not require customers to fully pay the trading guarantee fees in advance, in case that the customer's funds are insufficient to pay transaction amounts or if the customer's funds are in short due to other reasons, the Group has liabilities to settle for the customer so that the credit losses would be caused. In order to control the credit risk arising from the brokerage business, the Group carries out securities trading on behalf of customers in the settlement of full guarantee fees to avoid risks; carries out futures trading on behalf of customers by strictly selecting customers and focusing on the market to control the credit risk.

For the credit risk arising from the financing business, the Group has established a series of systems such as the credit grant examination for financing and securities lending, contracted repurchasing securities and stock pledged repo business as well as the customer collateral maintenance ratio. The Group adopts the approval method of hierarchical authorisation, and strictly reviews the credit quotas of customers under financing and securities lending, contracted repurchasing securities and stock pledged repo business; the Group also monitors the indicators like customer collateral maintenance ratio and performance guarantee ratio, and will take measures such as closing position and default treatments.

In order to control the credit risk arising from self-operated business, the Group's securities settlement and amount clearing under transactions in the interbank market and the exchange market are completed with China Central Depository & Clearing Co., Ltd., Shanghai Clearing House and China Securities Depository and Clearing Corporation Limited so that the possibility of default risk is remote; the Group also conducts credit assessment of counterparties before transactions to select those with good credit rating to control corresponding credit risks. The Group has developed a sound credit risk management process to control credit risks of securities issuers by evaluating the credit rating of investment products, and to disperse credit risks through diversified investments and other strategies. The credit rating of the Group's bond investment is based on the standard statistics and summaries set by the Guiding Opinions of the People's Bank of China for the Management of Credit Rating.

The following table shows the credit ratings of the Group's bonds investment at the balance sheet date. Among them, unrated bonds mainly include treasury bonds and local government bonds.

	31 December 2020	31 December 2019
AAA	5,092,719,407	5,055,497,436
AA+	1,483,079,583	920,121,822
AA	3,229,730,337	1,194,585,355
BBB	4,191,950	32,069,910
BB	6,234,300	-
CCC	-	32,520,311
CC	27,472,290	-
C	32,799,463	81,176,930
Unrated	7,101,597,524	3,963,785,039
Total	<u>16,977,824,854</u>	<u>11,279,756,803</u>

Without taking account of any collateral and other credit enhancements, the maximum credit risk exposure at balance sheet date is represented by the carrying amount of financial assets. The maximum exposure to credit risk amounts are set out below:

	31 December 2020	31 December 2019
Cash and bank balances	17,221,704,814	15,734,010,625
Clearing settlement funds	5,212,171,280	2,620,361,716
Receivable from margin clients	7,237,799,738	5,468,405,079
Reverse REPOs	2,909,890,823	2,742,426,644
Accounts receivable	110,334,334	100,204,889
Refundable deposits	3,266,499,930	2,940,672,900
Financial assets held for trading	19,077,376,491	19,022,106,537
Debt investments	50,144,943	32,520,311
Other debt investments	1,693,438,010	1,165,745,108
Other financial assets	335,436,914	425,200,157
Total maximum exposure to credit risk amounts	<u>57,114,797,277</u>	<u>50,251,653,966</u>

2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. Liquidity refers to the ability of an asset to be sold quickly without loss of value. Liquidity of the funds will affect the Group's ability to repay matured debts. The Group has established a monitoring system for liquidity risk indicators, which focuses on liquidity coverage ratio and net stable funding ratio.

The Group's subsidiaries shall be responsible for forecasting their own cash flows. The financial department of the Company continuously monitors the liquidity requirements in the short term and in the long term at the group level on the basis of summarising cash flow estimates of each subsidiary, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities, to meet liquidity requirements on daily operation and matured debt repayment.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

31 December 2020	On demand	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial liabilities								
Short-term loans	-	180,968,879	-	43,953,676	-	-	224,922,555	224,453,083
Short-term debt securities issued	-	667,961,641	601,374,762	4,337,074,593	-	-	5,606,410,996	5,520,485,844
Placements from financial institutions	-	7,116,220,935	2,918,946,667	-	-	-	10,035,167,602	10,022,257,097
Financial liabilities held for trading	-	731,654,055	-	-	-	-	731,654,055	730,528,365
Derivative financial liabilities	18,351,896	-	2,531,201	-	-	-	20,883,097	20,883,097
REPOs	-	6,802,204,724	-	-	-	-	6,802,204,724	6,799,897,076
Customer brokerage deposits	12,817,075,071	-	-	-	-	-	12,817,075,071	12,817,075,071
Accounts payable	76,781,258	-	-	9,999,000	4,000,000	-	90,780,258	90,780,258
Long-term debt securities issued	-	302,660,000	35,687,238	2,230,760,000	5,877,716,648	-	8,446,823,886	7,654,291,213
Other financial liabilities	416,916,316	-	-	-	230,725,546	-	647,641,862	647,641,862
Total financial liabilities	13,329,124,541	15,801,670,234	3,558,539,868	6,621,787,269	6,112,442,194	-	45,423,564,106	44,528,292,966

31 December 2019	On demand	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial liabilities								
Short-term loans	-	184,404,723	-	-	-	-	184,404,723	183,832,245
Short-term debt securities issued	-	1,488,516,325	605,157,395	2,284,372,850	-	-	4,378,046,570	4,323,301,803
Placements from financial institutions	-	1,780,950,483	1,933,619,444	1,830,206,944	-	-	5,544,776,871	5,511,784,061
Financial liabilities held for trading	-	2,133,153,490	-	-	-	-	2,133,153,490	2,132,321,710
Derivative financial liabilities	19,615,860	-	-	-	-	-	19,615,860	19,615,860
REPOs	-	12,205,390,374	-	-	-	-	12,205,390,374	12,200,643,294
Customer brokerage deposits	10,149,086,367	-	-	-	-	-	10,149,086,367	10,149,086,367
Accounts payable	16,816,640	-	-	8,370,000	-	-	25,186,640	25,186,640
Long-term debt securities issued	-	8,869,701	1,604,628,904	156,212,576	4,602,252,565	327,000,000	6,698,963,746	6,251,917,663
Other financial liabilities	420,283,734	18,391	900	29,691,772	828,393,825	-	1,278,388,622	1,278,388,622
Total financial liabilities	10,605,802,601	17,801,303,487	4,143,406,643	4,308,854,142	5,430,646,390	327,000,000	42,617,013,263	42,076,078,265

3 Interest rate risk

Interest-bearing financial instruments at floating rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions, and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(1) Interest rate repricing risk

The interest rate repricing risk of the Group mainly comes from the mismatch between interest-bearing assets and interest-bearing liabilities.

The following tables indicate the financial assets and liabilities analysis as at balance sheet date by the expected next repricing dates or by maturity dates, depending on which is earlier:

31 December 2020	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	Total
Financial assets							
Cash and bank balances	16,800,350,296	-	-	410,000,000	-	11,354,518	17,221,704,814
Clearing settlement funds	5,084,486,435	-	-	-	-	127,684,845	5,212,171,280
Receivable from margin clients	873,113,482	2,165,216,459	4,088,968,600	7,517,723	-	102,983,474	7,237,799,738
Derivative financial assets	-	-	-	-	-	25,399,386	25,399,386
Reverse REPOs	2,258,143,780	108,481,201	531,349,192	-	-	11,916,650	2,909,890,823
Accounts receivable	23,258,792	-	-	222,205	-	86,853,337	110,334,334
Refundable deposits	1,399,382,527	-	-	-	-	1,867,117,403	3,266,499,930
Financial assets held for trading	925,531,305	1,966,834,634	3,245,456,166	9,040,940,298	2,507,062,105	4,835,400,841	22,521,225,349
Debt investments	15,830,914	-	-	34,314,029	-	-	50,144,943
Other debt investments	-	23,019,548	76,052,098	341,240,468	1,230,266,806	22,859,090	1,693,438,010
Other equity instrument investments	-	-	-	-	-	218,104,918	218,104,918
Other financial assets	-	-	-	-	-	335,436,914	335,436,914
Total financial assets	27,380,097,531	4,263,551,842	7,941,826,056	9,834,234,723	3,737,328,911	7,645,111,376	60,802,150,439
Financial liabilities							
Short-term loans	(180,966,251)	-	(43,466,301)	-	-	(20,531)	(224,453,083)
Short-term debt securities issued	(661,250,000)	(591,320,000)	(4,202,414,822)	-	-	(65,501,022)	(5,520,485,844)
Placements from financial institutions	(7,105,000,000)	(2,900,000,000)	-	-	-	(17,257,097)	(10,022,257,097)
Financial liabilities held for trading	(671,535,223)	-	(50,000,000)	-	-	(8,993,142)	(730,528,365)
Derivative financial liabilities	-	-	-	-	-	(20,883,097)	(20,883,097)
REPOs	(6,797,137,288)	-	-	-	-	(2,759,788)	(6,799,897,076)
Customer brokerage deposits	(8,272,035,849)	(39,904)	-	-	-	(4,544,999,318)	(12,817,075,071)
Accounts payable	-	-	(9,999,000)	-	-	(80,781,258)	(90,780,258)
Long-term debt securities issued	(1,160,000)	(10,187,238)	(2,006,260,000)	(5,499,577,401)	-	(137,106,574)	(7,654,291,213)
Other financial liabilities	-	-	-	(230,665,546)	-	(416,976,316)	(647,641,862)
Total financial liabilities	(23,689,084,611)	(3,501,547,142)	(6,312,140,123)	(5,730,242,947)	-	(5,295,278,143)	(44,528,292,966)
Total interest rate sensitivity exposure	3,691,012,920	762,004,700	1,629,685,933	4,103,991,776	3,737,328,911	2,349,833,233	16,273,857,473

31 December 2019	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	Total
Financial assets							
Cash and bank balances	14,834,482,232	867,573,529	-	-	-	31,954,864	15,734,010,625
Clearing settlement funds	2,443,135,215	-	-	-	-	177,226,501	2,620,361,716
Receivable from margin clients	528,671,010	1,508,282,572	3,358,529,189	-	-	72,922,308	5,468,405,079
Derivative financial assets	-	-	-	-	-	18,351,897	18,351,897
Reverse REPOs	1,711,126,435	278,626,231	641,587,863	74,247,904	-	36,838,211	2,742,426,644
Accounts receivable	-	-	-	-	-	100,204,889	100,204,889
Refundable deposits	1,526,590,686	-	-	-	-	1,414,082,214	2,940,672,900
Financial assets held for trading	883,615,888	1,224,730,937	5,294,150,124	8,040,863,754	2,614,013,538	4,190,117,430	22,247,491,671
Debt investments	-	-	32,520,311	-	-	-	32,520,311
Other debt investments	19,000,000	13,330,933	50,513,970	82,308,410	919,414,865	81,176,930	1,165,745,108
Other equity instrument investments	-	-	-	-	-	239,373,750	239,373,750
Other financial assets	-	-	-	-	-	425,200,157	425,200,157
Total financial assets	21,946,621,466	3,892,544,202	9,377,301,457	8,197,420,068	3,533,428,403	6,787,449,151	53,734,764,747
Financial liabilities							
Short-term loans	(183,832,245)	-	-	-	-	-	(183,832,245)
Short-term debt securities issued	(1,468,830,000)	(591,830,000)	(2,225,600,000)	-	-	(37,041,803)	(4,323,301,803)
Placements from financial institutions	(1,780,000,000)	(1,900,000,000)	(1,800,000,000)	-	-	(31,784,061)	(5,511,784,061)
Financial liabilities held for trading	(2,103,850,420)	-	-	-	-	(28,471,290)	(2,132,321,710)
Derivative financial liabilities	-	-	-	-	-	(19,615,860)	(19,615,860)
REPOs	(12,195,813,993)	-	-	-	-	(4,829,301)	(12,200,643,294)
Customer brokerage deposits	(6,969,687,484)	-	-	-	-	(3,179,398,883)	(10,149,086,367)
Accounts payable	-	-	-	-	-	(25,186,640)	(25,186,640)
Long-term debt securities issued	(8,490,000)	(1,513,792,028)	(55,040,000)	(4,499,502,122)	-	(175,093,513)	(6,251,917,663)
Other financial liabilities	-	-	-	(735,207,039)	-	(543,181,583)	(1,278,388,622)
Total financial liabilities	(24,710,504,142)	(4,005,622,028)	(4,080,640,000)	(5,234,709,161)	-	(4,044,602,934)	(42,076,078,265)
Total interest rate sensitivity exposure	(2,763,882,676)	(113,077,826)	5,296,661,457	2,962,710,907	3,533,428,403	2,742,846,217	11,658,686,482

(2) Interest rate sensitivity analysis

As at the balance sheet date, assuming interest rates increase or decrease by 25 bps and all other variables remain constant, the effect of changes in interest rates on the Group's net profit and shareholders' equity for the period is as follows:

	2020 (Decrease) /Increase RMB millions	2019 (Decrease) /Increase RMB millions
<i>Changes in net profit</i>		
The yield curve moves up 25 bps in parallel	approximately (92.53)	approximately (62.55)
The yield curve moves down 25 bps in parallel	approximately 94.50	approximately 64.06
	31 December 2020 (Decrease) /Increase RMB millions	31 December 2019 (Decrease)/ Increase RMB millions
<i>Changes in shareholders' equity</i>		
The yield curve moves up 25 bps in parallel	approximately (131.30)	approximately (91.20)
The yield curve moves down 25 bps in parallel	approximately 135.59	approximately 94.47

The above sensitivity analysis only reflects the possible effect on Group's net profit and shareholders' equity arising from changes in bond assets at each balance sheet date after revaluation due to changes in the interest rate. The above sensitivity analysis is based on the following assumptions:

- (i) The changes in interest rates on the balance sheet date are only applicable to bond assets of the Group;
- (ii) The 25 bps of changes in interest rate at the balance sheet date are assumed to be interest rate changes for each full year from the balance sheet date;
- (iii) There is a parallel shift in the yield curve and in interest rates;
- (iv) There are no changes to the assets and liabilities portfolios;
- (v) Other variables (including exchange rates) remain unchanged; and
- (vi) The analysis does not take into account the effect of risk management measures taken by the management.

Due to the assumptions adopted, actual changes in the net profit and shareholders' equity of the Group resulting from changes in interest rates may differ from the results of this sensitivity analysis.

4 Foreign currency risk

Foreign currency risk is the risk that fluctuations in the exchange rate will affect the Group's foreign currency transactions. Apart from assets and liabilities in HKD held by the Group's overseas subsidiaries, other assets and liabilities denominated in foreign currencies are mainly commission fees for B-share business transactions whose proportion in total assets and liabilities are not significant. In respect of cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, customer brokerage deposits, accounts payable and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

On the balance sheet date, the proportion of assets of the overseas subsidiaries of the Group to the total assets of the Group (hereinafter referred to as "the proportion of assets") and the proportion of liabilities to total group liabilities (hereinafter referred to as "the proportion of liabilities") is as follows:

	31 December 2020	31 December 2019
The proportion of assets	1.99%	2.12%
The proportion of liabilities	1.28%	1.01%

HKD is the functional currency for overseas subsidiaries of the Group. For the relevant method of translation of foreign currency financial statements, refer to Note III.8. When preparing the consolidated financial statements, the spot exchange rate at the balance sheet date and the approximate exchange rates of spot exchange rate at the transaction date used in translating foreign currency financial statements are respectively:

	<u>Spot exchange rate at the balance sheet date</u>		<u>Approximate exchange rate of spot exchange rate at the transaction date</u>	
	31 December 2020	31 December 2019	2020	2019
HKD	0.8416	0.8958	0.8687	0.8860

Because foreign currency business accounts for a relatively low proportion of the Group's assets and liabilities structure, the foreign currency risks faced by the Group are not significant. In 2020 and 2019, the Group did not sign any foreign exchange forwards or currency swap contracts.

5 Other price risks

Other price risks refer to the risk that the fair value or future cash flows of any equity-based financial instruments held by the Group will be affected by changes in market prices (other than interest rates and foreign exchange rates). The Group mainly invests in stocks and funds listed on stock exchanges and the maximum market price risk is determined by fair value of financial instruments held by the Group.

Assuming that the market price of equity instruments increases or decreases by 10%, with all other variables held constant, the effect of these assets at the balance sheet on the Group's shareholders' equity and net profit is listed as follows:

	2020 Increase/ (Decrease) RMB millions	2019 Increase/ (Decrease) RMB millions
<i>Changes in net profit</i>		
Market prices increase by 10%	Approximately 258.29	Approximately 241.90
Market prices decrease by 10%	approximately (258.29)	approximately (241.90)
	<i>31 December 2020</i>	<i>31 December 2019</i>
	<i>Increase/ (Decrease) RMB millions</i>	<i>Increase/ (Decrease) RMB millions</i>
<i>Changes in shareholders' equity</i>		
Market prices increase by 10%	Approximately 274.65	Approximately 259.86
Market prices decrease by 10%	approximately (274.65)	approximately (259.86)

XI FAIR VALUE DISCLOSURE

1 Financial instruments measured at fair value

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(a) Fair value of assets and liabilities measured at fair value at the end of the year

		31 December 2020			
Item	Note	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets measured at fair value on a recurring basis:					
- Financial assets held for trading	V.8	9,086,211,648	12,123,160,790	1,311,852,911	22,521,225,349
- Bonds		7,113,114,141	8,150,644,752	4,797,037	15,268,555,930
- Bills		-	1,777,250,750	-	1,777,250,750
- Stock		1,098,942,479	485,853,059	100,991,450	1,685,786,988
- Asset management plans		-	725,791,246	10,000,000	735,791,246
- Funds		874,155,028	54,663,750	-	928,818,778
- Asset-backed security		-	190,000,000	-	190,000,000
- Wealth-management products		-	737,422,806	-	737,422,806
- Equity		-	-	829,243,092	829,243,092
- Debt		-	-	268,450,150	268,450,150
- Others		-	1,534,427	98,371,182	99,905,609
- Other debt investments	V.10	-	1,693,438,010	-	1,693,438,010
- Other equity instrument investments	V.11	15,260	31,273,150	186,816,508	218,104,918
- Derivative financial assets	V.4	-	25,399,386	-	25,399,386
Total assets measured at fair value on a recurring basis		9,086,226,908	13,873,271,336	1,498,669,419	24,458,167,663
Liabilities measured at fair value on a recurring basis					
- Financial liabilities held for trading	V.21	-	(680,458,502)	(50,069,863)	(730,528,365)
- Borrowed bonds that sold out		-	(680,458,502)	-	(680,458,502)
- Beneficiary certificates of linked derivatives		-	-	(50,069,863)	(50,069,863)
- Derivative financial liabilities	V.4	-	(20,883,097)	-	(20,883,097)
Total liabilities measured at fair value on a recurring basis		-	(701,341,599)	(50,069,863)	(751,411,462)

For shares subject to selling restrictions held by the Group, the Group has categorised the fair value of relevant stocks into Level 2 during the restricted period, and transferred from Level 2 to Level 1 after the expiration of the restricted period (2019: Identical).

During 2020 and 2019, there were no significant transfers between different levels of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

		31 December 2019			
Item	Note	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets measured at fair value on a recurring basis:					
- Financial assets held for trading	V.8	7,003,926,019	14,917,536,961	326,028,691	22,247,491,671
- Bonds		4,229,597,963	5,456,094,047	15,180,000	9,700,872,010
- Bills		-	7,907,426,414	-	7,907,426,414
- Stock		1,754,009,869	517,192,818	110,529,152	2,381,731,839
- Asset management plans		-	782,623,739	10,000,000	792,623,739
- Funds		678,627,692	41,852,949	-	720,480,641
- Asset-backed security		168,272,380	212,346,994	-	380,619,374
- Wealth-management products		150,000,000	-	-	150,000,000
- Equity		23,418,115	-	99,754,539	123,172,654
- Debt		-	-	90,565,000	90,565,000
- Other debt investments	V.10	127,620,740	1,038,124,368	-	1,165,745,108
- Other equity instrument investments	V.11	15,640	50,734,965	188,623,145	239,373,750
- Derivative financial assets	V.4	-	18,351,897	-	18,351,897
Total assets measured at fair value on a recurring basis		7,131,562,399	16,024,748,191	514,651,836	23,670,962,426
Liabilities measured at fair value on a recurring basis					
- Financial liabilities held for trading	V.21	-	(2,132,321,710)	-	(2,132,321,710)
- Borrowed bonds that sold out		-	(2,132,321,710)	-	(2,132,321,710)
- Derivative financial liabilities	V.4	-	(19,615,860)	-	(19,615,860)
Total liabilities measured at fair value on a recurring basis		-	(2,151,937,570)	-	(2,151,937,570)

(b) Basis of determining the market price for recurring fair value measurements categorised within Level 1

If there is an active market for the financial instruments, the quoted prices in the active market are used to establish their fair value.

(c) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 2

The fair value of bonds under financial assets held for trading and other debt investments is the quoted price in the valuation system of relevant bond registration and settlement institutions. Relevant quotation institutions use observable inputs reflecting market conditions in the process of quotation.

The fair value of restricted shares under financial assets held for trading and other equity instrument investments is determined by the transaction price of the same circulating shares under the same listed company, and the liquidity is adjusted at a discount.

For asset management plan investment, trust plans investment and wealth-management products investment without an active market under the financial assets held for trading, if the manager regularly quotes the net value of corresponding structural entities, the fair value of these structural entities is determined by the net value at the balance date.

- (d) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

The Group has established processes to determine appropriate valuation techniques and inputs for recurring Level 3 fair value measurements. The risk management department of the Group regularly reviews relevant processes and the appropriateness of fair value determination.

Quantitative information about Level 3 fair value measurements is as follows:

		<i>Fair value at 31 December 2020</i>	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Effect on fair value</i>
Equity and stock investments	Note	1,117,051,050	Net asset method/Market comparison approach/Refer to the latest trading price	Discount for lack of marketability	The higher the discount, the lower the fair value
Bond and debt investments		273,247,187	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
Asset management plans		10,000,000	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
		<i>Fair value at 31 December 2019</i>	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Effect on fair value</i>
Equity and stock investments	Note	398,906,836	Net asset method/Market comparison approach/Refer to the latest trading price	Discount for lack of marketability	The higher the discount, the lower the fair value
Bond and debt investments		105,745,000	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
Asset management plans		10,000,000	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value

Note: It mainly includes unlisted shares and stocks listed in New Over the Counter Market ("New OTC Market") but with inactive trading.

There were no changes in the valuation techniques used for recurring Level 3 fair value measurements.

(e) Reconciliation between carrying amount at the beginning of the year and that at the end of the year for items measured at recurring Level 3 fair value measurements:

	Balance at 1 January 2020	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year		Purchases, issues, sales and settlements				Balance at 31 December 2020
				Included in profit or loss	Included in other comprehensive income	Purchases	Issues	Sales	Settlements	
Assets										
- Financial assets held for trading	326,028,691	-	(4,073,285)	(50,783,384)	-	1,110,280,652	-	(32,500,006)	(37,099,757)	1,311,852,911
- Bonds	15,180,000	-	-	(10,382,963)	-	-	-	-	-	4,797,037
- Assets	110,529,152	-	(4,073,285)	(4,948,806)	-	16,232,417	-	(16,748,028)	-	100,991,450
- Equity	99,754,539	-	-	15,840,531	-	729,400,000	-	(15,751,978)	-	829,243,092
- Asset management plans	10,000,000	-	-	-	-	-	-	-	-	10,000,000
- Debt	90,565,000	-	-	(29,200,188)	-	244,185,095	-	-	(37,099,757)	268,450,150
- Others	-	-	-	(22,091,958)	-	120,463,140	-	-	-	98,371,182
- Other equity instrument investments	188,623,145	-	-	377,358	9,130,431	7,238,100	-	(18,552,526)	-	186,816,508
Total assets measured at fair value on a recurring basis	514,651,836	-	(4,073,285)	(50,406,026)	9,130,431	1,117,518,752	-	(51,052,532)	(37,099,757)	1,498,669,419
Liabilities										
- Financial liabilities held for trading	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)
- Beneficiary certificates	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)
Total liabilities measured at fair value on a recurring basis	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)

	Balance at 1 January 2019	Total gains or losses for the year			Purchases, issues, sales and settlements				Balance at 31 December 2019	
		Transfer into Level 3	Transfer out of Level 3	Included in profit or loss	Included in other comprehensive income	Purchases	Issues	Sales		Settlements
Assets										
- Financial assets held for trading	618,831,118	30,164,400	-	(33,690,088)	-	57,834,508	-	(17,907,735)	(329,203,512)	326,028,691
- Bonds	-	30,164,400	-	(14,984,400)	-	-	-	-	-	15,180,000
- Stocks	155,985,029	-	-	(32,462,650)	-	4,914,508	-	(17,907,735)	-	110,529,152
- Wealth-management products	205,701,113	-	-	1,582,086	-	-	-	-	(207,283,199)	-
- Trust plans	322,102	-	-	179,027	-	-	-	-	(501,129)	-
- Equity	99,284,804	-	-	6,998,797	-	-	-	-	(6,529,062)	99,754,539
- Asset management plans	-	-	-	-	-	10,000,000	-	-	-	10,000,000
- Debt	157,538,070	-	-	4,997,052	-	42,920,000	-	-	(114,890,122)	90,565,000
- Other equity instrument investments	199,978,825	-	-	(1,108,242)	(5,643,912)	-	-	(4,403,526)	(200,000)	188,623,145
Total assets measured at fair value on a recurring basis	818,809,943	30,164,400	-	(34,798,330)	(5,643,912)	57,834,508	-	(22,311,261)	(329,403,512)	514,651,836

2 Fair values of financial assets and liabilities not measured at fair value

As at 31 December 2020 and 31 December 2019, the Group's financial assets and liabilities that were not measured at fair value mainly include cash and bank balances, clearing settlement funds, receivable from margin clients, reverse REPOs, accounts receivable, refundable deposits, debt investments, short-term debt securities issued, placements from financial institutions, customer brokerage deposits, and long-term debt securities issued, etc. Except long-term debt securities issued, there is no significant difference between the book value and fair value of other financial assets and liabilities.

As at 31 December 2020, the fair value of long-term debt securities issued is RMB7.676 billion (31 December 2019: RMB6.233 billion).

XII CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to meet the legal and regulatory requirements, and to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group calculates regulatory capital in accordance with requirements of the regulatory authorities, which may significantly differ from relevant requirements of other jurisdictions. The Company calculates the net capital in accordance with the Regulations on Standards for the Calculation of Risk Control Indicators of Securities Companies (CSRC Announcement [2016] No.10) issued on 16 June 2016. During the relevant reporting period, the Company's net capital meets the minimum net capital required by CSRC.

Zhong De Securities and Gelin Dahua, subsidiaries of the Company, also calculate regulatory capital in accordance with requirements of the CSRC and ensure their net capitals meet the requirements stipulated by CSRC.

Based on the strategic development plans, business development requirements and effect of changes in risk exposure, the Group predicts, plans and manages the regulatory capital through different scenario analysis and stress tests.

XIII CONTINGENCIES — OUTSTANDING LITIGATION

As at 31 December 2020, Gelin Dahua, a subsidiary of the Company, is involved in an outstanding litigation arising from No. DF20191141 Financial Derivatives Transaction Agreement dispute and the amount involved in the case totalled RMB16,066,929. The case has been adjudicated in the court on 24 October 2019. No judgement has been made yet and it is expected to be made on June 2021. As at the date of approval of the financial statements, no final judgement has been made. Based on the professional advices from lawyers, the management of the Company considers it not probable to cause an outflow of economic benefits, and therefore, no provision has been made for the litigation.

XIV COMMITMENTS

1 Capital commitments

As at the balance sheet date, the following are the capital expenditure commitments that the Group has contracted but not shown on the balance sheet:

	31 December 2020	31 December 2019
Equity contribution (a)	2,326,600,000	2,470,000,000
Software fees	11,731,440	5,293,850
Others	40,383,433	35,288,162
Total	<u>2,378,714,873</u>	<u>2,510,582,012</u>

- (a) Shanxi Transportation Industry Fund Partnership (Limited Partnership) was incorporated on 22 August 2018, registered in Taiyuan city of Shanxi province and mainly engages in investment management and asset management. The registered capital of Transportation Industry amounted to RMB10 billion, RMB2 billion of which was subscribed by the Company. As at 31 December 2020, the paid-in capital of Company is RMB200 million, while the remaining RMB1.8 billion has not yet been paid.
- (b) Shanzheng Innovation Investment Co., Ltd was incorporated by the Company on 28 December 2018, with a registered capital of RMB 1.5 billion. The registered place is No.14, Lane 1502, Luoshan Road, China (Shanghai) Pilot Free Trade Zone. Its business scope include investment management and asset management. As at 31 December 2020, the paid-in capital of Company is RMB1.3 billion, while the remaining RMB200 million has not yet been paid.
- (c) Shanzheng Technology was incorporated on 13 March 2020, and the registered place is Shenzhen. Its business scope include software and information technology services. The registered capital of Shanzheng Technology is RMB 200 million, RMB 200 million of which will be contributed by the Company. As at 31 December 2020, the Company has not made any capital contribution to Shanzheng Technology, and the amount that has not yet been paid was RMB200 million.
- (d) Shanxi Taihang Coal Gas Industry Investment Fund Partnership (Limited Partnership) was incorporated on 17 March 2020, and the registered place is Jincheng, Shanxi. Its business scope include investment management and asset management. The registered capital is RMB 601 million, RMB 100 million of which will be contributed by the Company. As at 31 December 2020, the paid-in capital from the Company is RMB 33 million, while the remaining RMB 67 million has not yet been paid.
- (e) Shanxi Xinchuang Guiding Private Equity Investment Fund Partnership (Limited Partnership) was incorporated on 25 September 2020, and the registered place is Taiyuan, Shanxi. Its business scope include investment management and asset management. The registered capital is RMB 500 million, RMB 100 million of which will be contributed by the Company. As at 31 December 2020, the paid-in capital from the Company is RMB40.4 million, while the remaining RMB59.6 million has not yet been paid.

2 Operating lease commitments

As at the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases for properties and office equipment are as follows:

	31 December 2020	31 December 2019
Within 1 year (inclusive)	91,588,067	100,363,315
After 1 year but within 2 years (inclusive)	62,273,984	49,697,270
After 2 years but within 3 years (inclusive)	44,944,911	17,703,552
After 3 years	45,675,066	16,771,906
Total	<u>244,482,028</u>	<u>184,536,043</u>

XV SUBSEQUENT EVENTS

1 Issuance of bonds after the balance sheet date

The Company publicly issued the subordinated debenture (the first tranche) to professional investors on 9 February 2021, with the issued scale of RMB 1 billion and a maturity of 3 years. It is called "21 Shanzheng C1" for short, the debenture code is "149383", and the coupon rate is 4.68%.

2 Profit appropriations after the balance sheet date

The Board of Directors proposed on 16 April 2021 the appropriation of a cash dividend of RMB0.11 per share (2019: RMB0.1 per share) to the Company's ordinary shareholders, totaling RMB394,874,870 (2019: RMB282,872,515). The proposal is subject to approval by the shareholders' general meeting. Such cash dividends are not recognised as a liability at the balance sheet date.

XVI OTHER SIGNIFICANT ITEMS

1 Bond Lending

As at 31 December 2020, the fair value of bonds borrowed by the Group through bond lending business is RMB3,883,952,330 (31 December 2019: RMB3,224,153,000). The fair value of bonds used as collateral for bond lending is RMB3,857,770,840 (31 December 2019: RMB2,806,895,485).

2 Classification of financial instruments measurement basis

The Group's financial assets

	Carrying amount at 31 December 2020					
	Measured at FVOCI			Measured at FVTPL		
	Financial assets measured at amortised cost	Financial assets classified as measured at FVOCI	Non-held-for-trading equity instrument investment designated at FVOCI	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments	Financial assets designated at FVTPL in accordance with Hedge Accounting
Cash and bank balances	17,221,704,814	-	-	-	-	-
Clearing settlement funds	5,212,171,280	-	-	-	-	-
Receivable from margin clients	7,237,799,738	-	-	-	-	-
Financial assets held under resale agreements	2,909,890,823	-	-	-	-	-
Accounts receivable	110,334,334	-	-	-	-	-
Refundable deposits	3,266,499,930	-	-	-	-	-
Derivative financial assets	-	-	-	25,399,386	-	-
Financial investments						
Financial assets held for trading	-	-	-	22,521,225,349	-	-
Debt investments	50,144,943	-	-	-	-	-
Other debt investments	-	1,693,438,010	-	-	-	-
Other equity instrument investments	-	-	218,104,918	-	-	-
Other financial assets	335,436,914	-	-	-	-	-
Total	36,343,982,776	1,693,438,010	218,104,918	22,546,624,735	-	-

	Carrying amount at 31 December 2019					
	Measured at FVOCI			Measured at FVTPL		
	Financial assets measured at amortised cost	Financial assets classified as measured at FVOCI	Non-held-for-trading equity instrument investment designated at FVOCI	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments	Financial assets designated at FVTPL in accordance with Hedge Accounting
Cash and bank balances	15,734,010,625	-	-	-	-	-
Clearing settlement funds	2,620,361,716	-	-	-	-	-
Receivable from margin clients	5,468,405,079	-	-	-	-	-
Financial assets held under resale agreements	2,742,426,644	-	-	-	-	-
Accounts receivable	100,204,889	-	-	-	-	-
Refundable deposits	2,940,672,900	-	-	-	-	-
Derivative financial assets	-	-	-	18,351,897	-	-
Financial investments						
Financial assets held for trading	-	-	-	22,247,491,671	-	-
Debt investments	32,520,311	-	-	-	-	-
Other debt investments	-	1,165,745,108	-	-	-	-
Other equity instrument investments	-	-	239,373,750	-	-	-
Other financial assets	425,200,157	-	-	-	-	-
Total	30,063,802,321	1,165,745,108	239,373,750	22,265,843,568	-	-

The Group's financial liabilities

<i>Carrying amount at 31 December 2020</i>				
<i>Measured at FVTPL</i>				
	<i>Financial liabilities at amortised cost</i>	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments</i>	<i>Financial liabilities designated at FVTPL in accordance with Hedge Accounting</i>
Short-term loans	224,453,083	-	-	-
Short-term debt securities issued	5,520,485,844	-	-	-
Placements from other financial institutions	10,022,257,097	-	-	-
Financial liabilities held for trading	-	730,528,365	-	-
Derivative financial liabilities	-	20,883,097	-	-
REPOs	6,799,897,076	-	-	-
Customer brokerage deposits	12,817,075,071	-	-	-
Long-term debt securities issued	7,654,291,213	-	-	-
Accounts payable	90,780,258	-	-	-
Other financial liabilities	647,641,862	-	-	-
Total	43,776,881,504	751,411,462	-	-

<i>Carrying amount at 31 December 2019</i>				
<i>Measured at FVTPL</i>				
	<i>Financial liabilities at amortised cost</i>	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments</i>	<i>Financial liabilities designated at FVTPL in accordance with Hedge Accounting</i>
Short-term loans	183,832,245	-	-	-
Short-term debt securities issued	4,323,301,803	-	-	-
Placements from other financial institutions	5,511,784,061	-	-	-
Financial liabilities held for trading	-	2,132,321,710	-	-
Derivative financial liabilities	-	19,615,860	-	-
REPOs	12,200,643,294	-	-	-
Customer brokerage deposits	10,149,086,367	-	-	-
Long-term debt securities issued	6,251,917,663	-	-	-
Accounts payable	25,186,640	-	-	-
Other financial liabilities	1,278,388,622	-	-	-
Total	39,924,140,695	2,151,937,570	-	-

XVII NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1 Accounts receivable

	<i>31 December 2020</i>	<i>31 December 2019</i>
Trading receivable	46,985,497	47,304,567
Fee and commission income receivable	42,950,963	35,706,303
Less: Provision for impairment	<u>(35,616,144)</u>	<u>(28,134,826)</u>
Net accounts receivable	<u>54,320,316</u>	<u>54,876,044</u>

2 Long-term equity investments

	<i>31 December 2020</i>	<i>31 December 2019</i>
Subsidiary (a)	5,198,519,948	4,192,380,851
Less: Provision for impairment	<u>-</u>	<u>-</u>
Total	<u>5,198,519,948</u>	<u>4,192,380,851</u>

There's no significant restrictions on the realisation of long-term equity investments.

(a) Subsidiaries

	Accounting method	Investment cost	1 January 2020	Changes during the year	31 December 2020	Direct and indirect shareholding percentage	Percentage of voting rights (direct/indirect)	Provision for impairment	Provision for impairment for the year	Cash dividend for the year
Gelin Dahua	Cost method	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	-
Zhong De Securities	Cost method	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
Shan Zheng Investment	Cost method	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	60,000,000
SSIF Financial Holdings	Cost method	801,450,000	801,450,000	36,139,097	837,589,097	100.00%	100.00%	-	-	-
Gelin Dahua Capital Management	Cost method	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
Shanzheng Innovation	Cost method	330,000,000	330,000,000	970,000,000	1,300,000,000	100.00%	100.00%	-	-	38,487,013
			4,192,380,851	1,006,139,097	5,198,519,948					
Gelin Dahua	Cost method	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
Zhong De Securities	Cost method	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
Shan Zheng Investment	Cost method	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	-
SSIF Financial Holdings	Cost method	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
Gelin Dahua Capital Management	Cost method	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
Shanzheng Innovation	Cost method	330,000,000	-	330,000,000	330,000,000	100.00%	100.00%	-	-	-
			3,862,380,851	330,000,000	4,192,380,851					

3 Other assets

	31 December 2020	31 December 2019
Other receivables (1)	1,129,096,882	692,492,324
Dividends receivable	98,487,013	60,000,000
Long-term deferred expenses	44,356,604	43,154,072
Prepayments	6,727,082	12,563,665
Others	17,982,896	44,346,928
Total	1,296,650,477	852,556,989

- (1) Other receivables mainly represent the balances of inter-company transactions, which are amounts due from the subsidiaries, Shan Zheng Investment and Gelin Dahua, amounting to RMB 140 million and RMB 945 million, respectively.

4 Net fee and commission income

	2020	2019
Net income from securities brokerage		
- Income from securities brokerage business	679,261,876	472,594,713
- Securities brokerage trading	625,146,218	446,230,399
- Leasing out trading seats	7,533,244	11,951,853
- Proxy sale of financial products	46,582,414	14,412,461
- Expenses on securities brokerage	(159,619,904)	(131,540,353)
- Securities brokerage trading	(159,619,904)	(131,540,353)
Net income from investment banking business		
- Income from investment banking business	292,353,728	232,114,726
- Securities underwriting	160,385,068	100,202,135
- Financial advisory services	131,968,660	131,912,591
- Expenses on investment banking business	(8,237,321)	-
- Financial advisory services	(8,237,321)	-
Net income from asset management business		
- Income from asset management business	128,765,655	105,523,592
- Expenses on asset management business	(42,817,196)	-
Fund management business		
- Income from fund management business	66,780,649	65,479,841
- Expenses on fund management business	(3,353,947)	(2,561,024)
Investment advisory business		
- Income from investment advisory business	19,990,561	10,509,726
- Expenses on investment advisory business	(2,018,868)	-
Total	<u>971,105,233</u>	<u>752,121,221</u>

5 Investment income

	2020	2019
Income from long-term equity investments accounted for using cost method (a)	98,487,013	50,000,000
Investment income arising from financial instruments		
Including: Investment income received in holding period	834,147,865	845,595,095
Including: Financial assets held for trading	836,117,256	845,417,853
Other equity instrument investments	77,878	177,242
Derivative financial instruments	(2,047,269)	-
Investment income from disposal of financial instruments	604,144,112	155,083,710
Including: Financial assets held for trading	667,529,401	220,430,240
Derivative financial instruments	(158,982,799)	(147,134,173)
Other debt investments	95,597,510	81,787,643
Total	<u>1,536,778,990</u>	<u>1,050,678,805</u>

- (a) In 2020, the investment income from long-term equity investment accounted for using the cost method represented the dividend received from Shan Zheng Investment and Shanzheng Innovation, subsidiaries of the Company, amounting to RMB60 million and RMB38.49 million, respectively (2019: the investment income from long-term equity investment accounted for using the cost method is the dividend received from Gelin Dahua, a subsidiary of the Company, amounting to RMB50 million).
- (b) In 2020, the Company has no investment income from joint ventures and associates (2019: Identical).

6 Operating and administrative expenses

	2020	2019
Staff costs	776,090,743	592,007,688
Rental and property management expenses	96,203,959	92,122,425
Amortisation of intangible assets and long-term deferred expenses	54,312,209	45,816,791
Office and logistics expenses	44,560,836	48,068,759
Depreciation of fixed assets	41,224,336	35,426,398
Marketing and management expenses	33,875,258	39,083,025
System operation and maintenance expenses	49,301,081	32,893,738
Securities investor protection fund	10,950,086	9,514,876
Others	33,101,685	31,191,337
Total	<u>1,139,620,193</u>	<u>926,125,037</u>

7 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities

	2020	2019
Net profit	941,402,836	585,237,185
Add: Credit impairment losses	(30,160,856)	30,406,625
Depreciation of fixed assets	41,224,336	35,426,398
Amortisation of intangible assets	37,494,565	32,905,587
Amortisation of long-term deferred expenses	16,817,644	12,911,204
Losses/(Gains) from asset disposals	224,952	(3,876,061)
Losses/(Gains) from changes in fair value	22,163,273	(87,601,429)
Interest expense in financing activities	447,509,913	477,749,286
Foreign exchange (losses) / gains	1,668,419	(441,455)
Investment income	(98,564,891)	(50,177,242)
Deferred tax expenses	(6,705,275)	3,244,463
(Increase)/Decrease in operating receivables	(2,079,576,253)	5,681,890,081
Decrease in operating payables	(689,307,240)	(1,765,548,916)
Net cash (outflows)/inflows from operating activities	<u>(1,395,808,577)</u>	<u>4,952,125,726</u>

(2) Change in cash and cash equivalents

	2020	2019
Cash and cash equivalents at the end of the year	16,978,600,852	13,936,063,999
Less: Cash and cash equivalents at the beginning of the year	<u>(13,936,063,999)</u>	<u>(9,844,711,219)</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,042,536,853</u>	<u>4,091,352,780</u>

(3) Details of cash and cash equivalents

	31 December 2020	31 December 2019
Cash at bank balance	11,821,294,115	11,413,358,584
Clearing settlement funds	<u>5,202,054,905</u>	<u>2,579,273,485</u>
Sub-total	17,023,349,020	13,992,632,069
Less: Restricted cash and bank balances	(31,168,766)	(23,464,469)
Less: Interest accrued	<u>(13,579,402)</u>	<u>(33,103,601)</u>
Balance of cash and cash equivalents	<u>16,978,600,852</u>	<u>13,936,063,999</u>

XVIII Extraordinary gains and losses

	2020	2019
(Losses)/Gains on disposal of non-current assets	(224,952)	3,876,061
Government grants recognised through profit or loss and tax returns	36,469,997	32,708,871
Other non-operating income and expenses besides items above	<u>(7,627,797)</u>	<u>(4,186,963)</u>
Sub-total	28,617,248	32,397,969
Income tax effect	(7,176,491)	(9,081,104)
Effect on non-controlling interests after tax	<u>(788,254)</u>	<u>(635,408)</u>
Total	<u>20,652,503</u>	<u>22,681,457</u>

Basis for the preparation of extraordinary gains and losses:

According to provisions under the *Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No.1 - Extraordinary Gain and Loss (2008)* issued by CSRC, extraordinary gains and losses represent gains and losses arising from transactions and matters that are not directly related to the normal business of the Company, and transaction and matters related to the normal operation while affecting users of the financial statement to make correct judgements on the Company's operating performance and profitability with their special and sporadic nature.

XIX RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with *Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share (2010 revised)* issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

	<u>Weighted average return</u>		<u>Earnings per share:</u>			
	<u>Return on net assets (%)</u>		<u>Basic earnings per share</u>		<u>Diluted earnings per share</u>	
	2020	2019	2020	2019	2020	2019
Attributable to the Company's ordinary equity shareholders	5.09%	4.08%	0.23	0.18	0.23	0.18
Excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	4.95%	3.90%	0.23	0.17	0.23	0.17

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Diluted earnings per share is calculated as dividing consolidated net profit attributable to the ordinary shareholders of the Company adjusted the diluted effects of potential ordinary shares by the adjusted weighted average number of ordinary shares. In 2020, the Company does not have any potential shares with diluted effects, and therefore, there was no difference between the basic and diluted earnings per share (2019: Identical).

Shanxi Securities Company Limited
Financial statement supplementary information
for the year ended 31 December 2020

- Analysis of major changes in significant financial statement accounts

I Analysis of major changes in significant financial statement accounts

1 Accounts of the balance sheet

In the consolidated balance sheet of 31 December 2020, the changes in accounts which are more than 5% of the total assets, and representing a change rate of over 30%, as compared with the comparative data of previous period and reasons for the changes are as follows:

	31 December 2020	31 December 2019	Increase or decrease ratio	Note
Clearing settlement funds	5,212,171,280	2,620,361,716	98.91%	(1)
Receivable from margin clients	7,237,799,738	5,468,405,079	32.36%	(2)
Placements from financial institutions	10,022,257,097	5,511,784,061	81.83%	(3)
Financial assets sold under repurchase agreements ("REPOs")	6,799,897,076	12,200,643,294	(44.27%)	(4)

(1) The main reason for the increase in the clearing settlement funds at the end of 2020, as compared with that at the end of 2019, is the increase in the scale of certain business transactions of the Group, which resulted in an increase in the amount of clearing settlement funds.

(2) The main reason for the increase in receivable from margin clients at the end of 2020, as compared with that at the end of 2019, is the increased demand for funds of brokerage clients due to the more active securities market with more transactions.

(3) The main reason for the increase in placements from financial institutions at the end of 2020, as compared with that at the end of 2019, is the increase in the Group's borrowing funds through the inter-bank market.

(4) The main reason for the decrease in financial assets sold under repurchase agreements at the end of 2020, as compared with that at the end of 2019, is that the Group decreased the amount of financial assets sold under repurchase agreements related to bills.

2 Accounts of the income statement

In the 2020 consolidated income statement, the changes in accounts which are more than 10% of the total profits, and representing a change rate of over 30%, as compared with the comparative data of 2019 financial statements and reasons for the changes are as follows:

	2020	2019	Increase or decrease ratio	Note
Investment income	1,695,573,140	1,063,569,409	59.42%	(1)
Gains or losses from changes in fair value	(226,606,949)	256,937,470	(188.20%)	(2)
Other operating income	371,936,759	2,725,971,207	(86.36%)	(3)
Credit impairment losses	(104,890,631)	(176,544,789)	(40.59%)	(4)
Other operating expenses	(381,977,626)	(2,685,981,550)	(85.78%)	(5)
Income tax expense	(243,231,262)	(145,855,829)	66.76%	(6)

- (1) The main reason for the increase in investment income in 2020, as compared with that in 2019, is the increase in investment income due to the disposal of financial assets held for trading during the year.
- (2) The main reason for the decrease in the gains or losses from changes in fair value in 2020, as compared with that in 2019, is the decrease in the fair value of financial assets held for trading and derivative financial instruments held at the end of the year.
- (3) The main reason for the decrease in other operating income in 2020, as compared with that in 2019, is the decline in the scale of warehouse receipts trading, which resulted in a decrease in revenue.
- (4) The main reason for the decrease in credit impairment losses in 2020, as compared with that in 2019, is the reversal of provisions for impairment of other debt investments.
- (5) The main reason for the decrease in other operating expenses in 2020, as compared with that in 2019, is the decline in the scale of warehouse receipts trading, which resulted in lower costs.
- (6) The main reason for the increase in income tax expense in 2020, as compared with that in 2019, is the increase in profit before income tax and taxable income for the year.

山西证券股份有限公司

自 2020 年 1 月 1 日
至 2020 年 12 月 31 日止年度财务报表

审计报告

毕马威华振审字第 2102985 号

山西证券股份有限公司全体股东：

一、 审计意见

我们审计了后附的山西证券股份有限公司（以下简称“山西证券”）财务报表，包括 2020 年 12 月 31 日的合并及母公司资产负债表，2020 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司股东权益变动表以及相关财务报表附注。

我们认为，后附的财务报表在所有重大方面按照中华人民共和国财政部颁布的企业会计准则（以下简称“企业会计准则”）的规定编制，公允反映了山西证券 2020 年 12 月 31 日的合并及母公司财务状况以及 2020 年度的合并及母公司经营成果和现金流量。

二、 形成审计意见的基础

我们按照中国注册会计师审计准则（以下简称“审计准则”）的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。按照中国注册会计师职业道德守则，我们独立于山西证券，并履行了职业道德方面的其他责任。我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

三、 关键审计事项

关键审计事项是我们根据职业判断，认为对本期财务报表审计最为重要的事项。这些事项的应对以对财务报表整体进行审计并形成审计意见为背景，我们不对这些事项单独发表意见。

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

金融工具公允价值的评估	
请参阅财务报表附注三、9 和附注三、18 所述的会计政策及财务报表附注五、4，附注五、8，附注五、10，附注五、11，附注五、21。	
关键审计事项	在审计中如何应对该事项
于 2020 年 12 月 31 日，山西证券以公允价值计量的金融资产和金融负债的账面金额分别为人民币 244.58 亿元和人民币 7.51 亿元。 山西证券以公允价值计量的金融工具的估值是以市场数据和估值模型为基础，其中估值模型通常需要大量的参数输入。大部分参数来源于能够从活跃市场可靠获取的数据，尤其是第一层次和第二层次公允价值计量的金融工具，其估值模型采用的参数分别是市场报价和可观察参数。当可观察的参数无法可靠获取时，即第三层次公允价值计量的金融工具的情况下，不可观察输入值的确定会使用到管理层估计，这当中涉及管理层的重大判断。 由于部分金融工具公允价值的评估涉及复杂的流程，以及在确定估值模型及估值模型使用的参数时涉及管理层判断的程度重大，我们将对金融工具公允价值的评估识别为关键审计事项。	与评价金融工具公允价值相关的审计程序中包括以下程序： - 了解和评价与估值、独立价格验证、前后台对账及金融工具估值模型审批相关的关键财务报告内部控制的设计和运行有效性； - 选取样本，通过将山西证券采用的公允价值与公开可获取的市场数据相比较，评价第一层次公允价值计量的金融工具的估值； - 选取样本，查阅本年度签署的投资协议，了解相关投资条款，并识别与金融工具估值相关的条件； - 对山西证券用于部分金融工具估值所使用的模型进行评价。同时，选取样本对金融工具进行独立估值，并将我们的估值结果与山西证券的估值结果进行比较（其中包括利用本所估值专家的工作），并测试公允价值计算的输入值； - 评价在财务报表中的相关披露是否按照相关会计准则的要求反映了金融工具估值风险。

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

结构化主体的合并	
请参阅财务报表附注三、6 所述的会计政策及财务报表附注七、2。	
关键审计事项	在审计中如何应对该事项
结构化主体通常是为实现具体而明确的目的设计并成立的,并在确定的范围内开展业务活动。山西证券可能通过发起设立、持有投资或保留权益份额等方式在结构化主体中享有权益。这些结构化主体主要包括理财产品、投资基金、资产管理计划、信托计划等。 当判断是否应该将结构化主体纳入山西证券的合并范围时,管理层应考虑山西证券对结构化主体相关活动拥有的权力、享有的可变回报以及通过运用权力而影响其可变回报的能力。在某些情况下,即使山西证券并未持有结构化主体的权益,也可能需要合并该主体。 山西证券在确定是否应当合并结构化主体时,管理层需要考虑的因素并非完全可量化的,需要进行综合考虑。 由于在确定是否应将结构化主体纳入山西证券的合并范围时涉及管理层的重大判断,且合并结构化主体可能对财务报表产生重大影响,我们将山西证券结构化主体的合并识别为关键审计事项。	与评价结构化主体的合并相关的审计程序中包括以下程序: - 了解和评价有关结构化主体合并的关键财务报告内部控制的设计和运行; - 就各主要产品类型中的结构化主体选取样本,对每个所选取的项目执行以下程序: - 检查相关合同、内部记录以及向投资者披露的信息,以了解结构化主体的设立目的和山西证券对结构化主体的参与程度,并评价管理层关于山西证券对结构化主体是否拥有权力的判断; - 检查结构化主体对风险和报酬的结构设计,包括对任何资本或回报的担保、佣金的支付以及收益的分配等,以评价管理层就山西证券因参与结构化主体的相关活动而拥有的对该主体的风险敞口、权力及对可变回报的影响所作的判断;

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

结构化主体的合并	
请参阅财务报表附注三、6 所述的会计政策及财务报表附注七、2。	
关键审计事项	在审计中如何应对该事项
	- 检查管理层对结构化主体的分析，包括定性分析和山西证券对享有结构化主体的经济利益的比重及可变动性的计算，以评价管理层关于山西证券影响其来自结构化主体可变回报的能力所作的判断； - 评价管理层就是否应合并结构化主体所作的判断； • 评价财务报表中有关结构化主体的相关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

评价商誉的减值	
请参阅财务报表附注三、14 和附注三、17 所述的会计政策及财务报表附注五、14。	
关键审计事项	在审计中如何应对该事项
于 2020 年 12 月 31 日, 山西证券商誉的账面价值为人民币 4.77 亿元。 上述商誉包括: (1) 山西证券于以前年度收购证券交易营业部及证券类资产合并重组所形成商誉人民币 0.49 亿元; (2) 山西证券于以前年度收购格林期货有限公司 100% 股权所形成商誉人民币 4.28 亿元。 商誉可能存在无法通过使用各相关资产组 (即独立产生现金流入的可认定最小资产组合) 或资产组组合所产生的预计未来现金流量以全部收回的风险。 为评估商誉的可收回金额, 管理层委聘外部估值专家对相关资产组或资产组组合的公允价值进行评估, 或采用预计未来现金流量折现模型计算各相关资产组及资产组组合的预计未来现金流量现值。	与评价商誉的减值相关的审计程序中包括以下程序: • 向管理层询问并了解商誉减值评估管理的流程和控制; • 基于我们对山西证券业务的了解和相关会计准则的规定, 评价管理层对相关资产组及资产组组合的识别以及将商誉分摊至相关资产组及资产组组合的方法和依据; • 评价山西证券聘请的外部估值专家的胜任能力、专业素质和客观性; • 获取并阅读外部估值专家出具的评估报告, 对评估报告中所披露的评估依据、评估假设和评估参数进行复核, 并在本所估值专家的协助下, 评价估值结果的合理性; • 基于我们对行业和山西证券业务的了解, 通过将关键参数, 包括预测收入和成本、长期平均增长率与经批准的财务预算及行业统计数据进行比较, 评价管理层在预计未来现金流量时采用的假设和关键判断;

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

评价商誉的减值	
请参阅财务报表附注三、14 和附注三、17 所述的会计政策及财务报表附注五、14。	
关键审计事项	在审计中如何应对该事项
由于商誉的账面价值对财务报表的重要性,且在确定商誉是否应计提减值时涉及重大的管理层判断和估计,包括对公允价值进行评估或预测未来现金流量现值中所涉及的关键假设,这些关键假设具有固有不确定性且可能受到管理层偏向的影响,因此,我们将评价财务报表中商誉的减值识别为关键审计事项。	• 基于我们对山西证券的了解以及同行业可比公司的市场数据,评价管理层计算预计未来现金流量现值时采用的折现率; • 对管理层采用的折现率和其他关键假设进行敏感性分析,以评价关键假设的变化对减值评估结果的影响以及考虑对关键假设的选择是否存在管理层偏向的迹象; • 评价财务报表中有关商誉减值评估的相关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、10。	
关键审计事项	在审计中如何应对该事项
山西证券自 2019 年 1 月 1 日起适用修订后的《企业会计准则第 22 号——金融工具确认和计量》，对金融资产减值采用预期信用损失模型进行计量。 山西证券运用预期信用损失模型确定融出资金、买入返售金融资产和其他债权投资的减值准备的过程中涉及重大的会计估计和管理层判断，包括发生信用减值的阶段划分，违约概率、违约损失率、违约风险暴露及折现率等参数估计，同时考虑前瞻性调整及其他调整因素等，在这些参数的选取和假设的应用过程中涉及到较多的管理层判断。 外部宏观环境和山西证券内部信用风险管理策略对预期信用损失模型的确定有很大的影响。在评估以上关键参数和假设时，山西证券所考虑的因素包括历史违约情况、历史损失经验、内部信用评级、外部信用评级及其他调整因素。	与评价融出资金、买入返售金融资产和其他债权投资的减值准备的确定相关的审计程序中包括以下程序： - 了解和评价与融出资金、买入返售金融资产和其他债权投资在审批、记录、监控、分类以及减值准备计提相关的关键财务报告内部控制流程的设计和运行有效性； - 利用我们的金融风险管理专家的工作，评价管理层评估减值准备时所用的预期信用损失模型和参数的可靠性，包括评价阶段划分、违约概率、违约损失率、违约风险暴露、折现率、前瞻性调整及管理层调整等，并评价其中所涉及的关键管理层判断的合理性；

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、10。	
关键审计事项	在审计中如何应对该事项
在运用判断确定违约损失率时，管理层会考虑多种因素。这些因素包括可收回金额、融资人的财务状况、抵押物可收回金额、索赔受偿顺序、是否存在其他债权人及其配合程度。在涉及以上上市公司股票作为担保物的情形下，还会考虑担保券所属板块、流动性、限售情况、集中度、波动性、履约保障情况、发行人经营情况等。 由于融出资金、买入返售金融资产和其他债权投资的减值准备的确定存在固有不确定性以及涉及到管理层判断，同时其对山西证券的经营状况和资本状况会产生重要影响，我们将其识别为关键审计事项。	• 评价预期信用损失模型的参数使用的关键数据的完整性和准确性。针对与原始档案相关的关键内部数据，我们将管理层用以评估减值准备的业务台账与总账进行比较，以评价清单的完整性；选取样本，将单项金融资产的信息与相关协议以及其他有关文件进行比较，以评价台账信息的准确性；针对关键外部数据，我们将其与公开信息来源进行核对，以检查其准确性； • 针对涉及主观判断的输入参数，我们进行了审慎评价，包括从外部寻求支持证据，比对内部历史记录等。作为上述程序的一部分，我们还询问了管理层对关键假设和输入参数相对于以前和准则转换期间是否调整，以及所做调整的理由（如有），并考虑管理层所运用的判断是否一致。我们对比模型中使用的经济因素与市场信息，评价其是否与市场以及经济发展情况相符；

审计报告 (续)

毕马威华振审字第 2102985 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、10。	
关键审计事项	在审计中如何应对该事项
	• 基于风险导向的方法选取样本检查管理层发生信用减值的阶段划分结果的合理性。在选取样本的基础上查看相关资产的逾期信息、了解融资人的信用状况，担保券所属板块以及流动性、波动性、履约保障情况、以及新冠肺炎疫情对发行人经营情况的影响等； • 在选取样本的基础上，评价已发生信用减值的金融资产违约损失率的合理性，包括评价担保物及其他信用增级的预期现金流，就金融资产的回收计划的可靠性进行考量等； • 基于上述工作，我们选取样本利用预期信用损失模型重新复核了融出资金、买入返售金融资产和其他债权投资的减值准备的计算准确性； • 评价财务报表中有关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2102985 号

四、其他信息

山西证券管理层对其他信息负责。其他信息包括山西证券 2020 年年度报告中涵盖的信息，但不包括财务报表和我们的审计报告。

我们对财务报表发表的审计意见不涵盖其他信息，我们也不对其他信息发表任何形式的鉴证结论。

结合我们对财务报表的审计，我们的责任是阅读其他信息，在此过程中，考虑其他信息是否与财务报表或我们在审计过程中了解到的情况存在重大不一致或者似乎存在重大错报。

基于我们已执行的工作，如果我们确定其他信息存在重大错报，我们应当报告该事实。在这方面，我们无任何事项需要报告。

五、管理层和治理层对财务报表的责任

管理层负责按照企业会计准则的规定编制财务报表，使其实现公允反映，并设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

在编制财务报表时，管理层负责评估山西证券的持续经营能力，披露与持续经营相关的事项 (如适用)，并运用持续经营假设，除非山西证券计划进行清算、终止运营或别无其他现实的选择。

治理层负责监督山西证券的财务报告过程。

六、注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

审计报告 (续)

毕马威华振审字第 2102985 号

六、注册会计师对财务报表审计的责任 (续)

在按照审计准则执行审计工作的过程中，我们运用职业判断，并保持职业怀疑。同时，我们也执行以下工作：

- (1) 识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。
- (2) 了解与审计相关的内部控制，以设计恰当的审计程序。
- (3) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。
- (4) 对管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对山西证券持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性，审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致山西证券不能持续经营。
- (5) 评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。
- (6) 就山西证券中实体或业务活动的财务信息获取充分、适当的审计证据，以对财务报表发表审计意见。我们负责指导、监督和执行集团审计，并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通，包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

审计报告 (续)

毕马威华振审字第 2102985 号

六、注册会计师对财务报表审计的责任 (续)

我们还就已遵守与独立性相关的职业道德要求向治理层提供声明，并与治理层沟通可能被合理认为影响我们独立性的所有关系和其他事项，以及相关的防范措施（如适用）。

从与治理层沟通过的事项中，我们确定哪些事项对本期财务报表审计最为重要，因而构成关键审计事项。我们在审计报告中描述这些事项，除非法律法规禁止公开披露这些事项，或在极少数情形下，如果合理预期在审计报告中沟通某事项造成的负面后果超过在公众利益方面产生的益处，我们确定不应在审计报告中沟通该事项。

毕马威华振会计师事务所（特殊普通合伙）

中国注册会计师

史 剑（项目合伙人）

中国 北京

唐莹慧

2021 年 4 月 16 日

山西证券股份有限公司
合并及母公司资产负债表
2020 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
	附注	12 月 31 日	12 月 31 日	12 月 31 日	12 月 31 日
资产					
货币资金	五 1	17,221,704,814	15,734,010,625	11,821,294,115	11,413,358,584
其中：客户存款		10,752,989,736	8,460,155,123	6,937,640,375	5,722,482,254
结算备付金	五 2	5,212,171,280	2,620,361,716	5,202,054,905	2,579,273,485
其中：客户备付金		1,377,001,845	1,281,863,152	1,251,334,259	1,105,580,728
融出资金	五 3	7,237,799,738	5,468,405,079	7,022,592,569	5,185,923,202
衍生金融资产	五 4	25,399,386	18,351,897	7,047,489	-
买入返售金融资产	五 5	2,909,890,823	2,742,426,644	2,510,436,285	2,191,408,463
应收款项	五 6,十七 1	110,334,334	100,204,889	54,320,316	54,876,044
存出保证金	五 7	3,266,499,930	2,940,672,900	1,145,198,241	1,266,202,443
金融投资：		24,482,913,220	23,685,130,840	21,374,768,855	21,662,843,157
交易性金融资产	五 8	22,521,225,349	22,247,491,671	19,466,907,374	20,325,501,850
债权投资	五 9	50,144,943	32,520,311	34,314,029	-
其他债权投资	五 10	1,693,438,010	1,165,745,108	1,693,438,010	1,152,414,175
其他权益工具投资	五 11	218,104,918	239,373,750	180,109,442	184,927,132
长期股权投资	七 3,十七 2	295,210,881	421,754,695	5,198,519,948	4,192,380,851
固定资产	五 12	376,978,614	384,302,724	334,978,570	336,689,202
无形资产	五 13	143,246,203	117,553,798	136,110,295	107,883,971
商誉	五 14	476,939,901	476,939,901	49,096,844	49,096,844
递延所得税资产	五 16	191,483,677	174,961,762	82,399,293	96,304,212
其他资产	五 15,十七 3	501,476,023	810,699,711	1,296,650,477	852,556,989
资产总计		62,452,048,824	55,695,777,181	56,235,468,202	49,988,797,447

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司资产负债表 (续)
2020 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
	附注	2020 年 12 月 31 日	2019 年 12 月 31 日	2020 年 12 月 31 日	2019 年 12 月 31 日
负债及股东权益					
负债					
短期借款	五 18	224,453,083	183,832,245	-	-
应付短期融资款	五 19	5,520,485,844	4,323,301,803	5,344,091,022	4,323,301,803
拆入资金	五 20	10,022,257,097	5,511,784,061	10,022,257,097	5,511,784,061
交易性金融负债	五 21	730,528,365	2,132,321,710	730,528,365	2,132,321,710
衍生金融负债	五 4	20,883,097	19,615,860	-	1,263,963
卖出回购金融资产款	五 22	6,799,897,076	12,200,643,294	6,799,897,076	12,087,837,182
代理买卖证券款	五 23	12,817,075,071	10,149,086,367	8,079,837,113	6,729,037,782
应付职工薪酬	五 24	220,586,623	150,267,996	89,439,290	44,615,292
应交税费	五 25	142,252,957	93,071,311	109,971,858	63,553,870
应付款项	五 26	90,780,258	25,186,640	76,044,210	12,619,705
应付债券	五 27	7,654,291,213	6,251,917,663	7,646,442,689	6,246,181,664
递延所得税负债	五 16	6,421,703	33,049,056	-	-
其他负债	五 28	750,692,966	1,405,958,569	320,250,340	292,462,758
负债合计		45,000,605,353	42,480,036,575	39,218,759,060	37,444,979,790

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司资产负债表 (续)
2020 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
	附注	2020 年 12 月 31 日	2019 年 12 月 31 日	2020 年 12 月 31 日	2019 年 12 月 31 日
负债及股东权益 (续)					
股东权益					
股本	五 29	3,589,771,547	2,828,725,153	3,589,771,547	2,828,725,153
资本公积	五 30	9,723,419,390	6,713,296,178	9,688,853,085	6,692,880,816
其他综合收益	五 31	(41,830,649)	(54,799,201)	(40,993,307)	(102,823,892)
盈余公积	五 32	650,431,550	556,740,074	650,431,550	556,740,074
一般风险准备	五 33	730,222,510	628,719,120	659,896,752	565,756,468
交易风险准备	五 33	696,137,095	599,220,321	659,896,752	565,756,468
未分配利润	五 34	1,557,284,480	1,382,574,910	1,808,852,763	1,436,782,570
归属于母公司股东权益合计		16,905,435,923	12,654,476,555	17,016,709,142	12,543,817,657
少数股东权益	五 35	546,007,548	561,264,051	不适用	不适用
股东权益合计		17,451,443,471	13,215,740,606	17,016,709,142	12,543,817,657
负债及股东权益总计					
		62,452,048,824	55,695,777,181	56,235,468,202	49,988,797,447

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司利润表
2020 年度
(金额单位：人民币元)

	附注	本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
营业总收入					
手续费及佣金净收入	五 36,十七 4	1,460,542,805	1,173,916,736	971,105,233	752,121,221
其中：证券经纪业务					
手续费净收入		520,392,525	347,651,347	519,641,972	341,054,360
投资银行业务					
手续费净收入		651,757,095	572,460,829	284,116,407	232,114,726
资产管理业务					
手续费净收入		78,343,995	91,085,810	85,948,459	105,523,592
期货经纪业务					
手续费净收入		128,293,829	83,841,343	-	-
基金管理业务					
手续费净收入		63,426,702	62,918,817	63,426,702	62,918,817
投资咨询业务					
手续费净收入		18,328,659	15,958,590	17,971,693	10,509,726
利息净收入 / (支出)	五 37	6,714,315	(142,572,076)	(142,123,659)	(190,893,890)
其中：利息收入		1,048,750,442	1,082,769,356	896,021,797	940,866,157
利息支出		(1,042,036,127)	(1,225,341,432)	(1,038,145,456)	(1,131,760,047)
投资收益	五 38,十七 5	1,695,573,140	1,063,569,409	1,536,778,990	1,050,678,805
公允价值变动损益	五 39	(226,606,949)	256,937,470	(56,111,840)	43,384,476
汇兑损益		1,301,949	(9,866,941)	(1,668,419)	441,455
其他业务收入	五 40	371,936,759	2,725,971,207	8,517,354	9,565,988
其他收益	五 41	32,734,974	30,348,871	16,691,564	20,071,743
资产处置 (损失) / 收益	五 42	(224,952)	3,876,061	(224,952)	3,876,061
营业总收入合计		3,341,972,041	5,102,180,737	2,332,964,271	1,689,245,859
营业总支出					
税金及附加	五 43	(26,688,174)	(22,604,650)	(22,446,799)	(18,919,988)
业务及管理费	五 44,十七 6	(1,820,967,194)	(1,567,386,381)	(1,139,620,193)	(926,125,037)
信用减值 (损失) / 转回	五 45	(104,890,631)	(176,544,789)	30,160,856	(30,406,625)
其他资产减值损失转回	五 46	1,979,159	17,941,901	-	-
其他业务成本	五 47	(381,977,626)	(2,685,981,550)	(661,341)	-
营业总支出合计		(2,332,544,466)	(4,434,575,469)	(1,132,567,477)	(975,451,650)
营业利润		1,009,427,575	667,605,268	1,200,396,794	713,794,209

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司利润表 (续)
2020 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
营业利润 (续)		1,009,427,575	667,605,268	1,200,396,794	713,794,209
加: 营业外收入	五 48	4,943,840	3,110,431	450,054	83,000
减: 营业外支出	五 49	(8,836,614)	(4,937,394)	(8,676,181)	(2,078,899)
利润总额		1,005,534,801	665,778,305	1,192,170,667	711,798,310
减: 所得税费用	五 50	(243,231,262)	(145,855,829)	(250,767,831)	(126,561,125)
净利润		762,303,539	519,922,476	941,402,836	585,237,185
(一) 按经营持续性分类:					
1.持续经营净利润		762,303,539	519,922,476	941,402,836	585,237,185
2.终止经营净利润		不适用	不适用	不适用	不适用
(二) 按所有权归属分类:					
1.归属于母公司股东的					
净利润		750,927,346	510,183,708	941,402,836	585,237,185
2.少数股东损益		11,376,193	9,738,768	不适用	不适用
其他综合收益的税后净额					
归属于母公司股东的其他					
综合收益的税后净额					
(一) 不能重分类进损益的					
其他综合收益:					
1. 其他权益工具投资					
公允价值变动		1,261,660	(117,559,431)	2,712,393	(112,370,492)

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
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山西证券股份有限公司
合并及母公司利润表 (续)
2020 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
(二) 将重分类进损益的					
其他综合收益:					
1. 其他债权投资					
公允价值变动		73,132,930	(37,471,770)	72,930,748	(38,003,001)
2. 其他债权投资					
信用损失准备		(18,319,140)	29,736,510	(18,300,640)	29,736,677
3. 外币财务报表					
折算差额		(44,340,519)	17,112,181	-	-
归属于少数股东的其他综合					
收益的税后净额		3,367,304	(498,933)	不适用	不适用
其他综合收益的税后净额	五 31	15,102,235	(108,681,443)	57,342,501	(120,636,816)
综合收益总额		777,405,774	411,241,033	998,745,337	464,600,369
归属于母公司股东的综合					
收益总额		762,662,277	402,001,198	998,745,337	464,600,369
归属于少数股东的综合收益					
总额		14,743,497	9,239,835	不适用	不适用
每股收益					
(一) 基本每股收益	五 51	0.23	0.18		
(二) 稀释每股收益	五 51	0.23	0.18		

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
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张立德
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山西证券股份有限公司
合并及母公司现金流量表
2020 年度
(金额单位：人民币元)

	附注	本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
经营活动产生的现金流量					
代理买卖证券款收到的现金净额		2,667,087,994	1,771,945,639	1,349,898,620	1,697,971,305
收取利息、手续费及佣金的现金		3,952,082,833	3,408,326,886	2,891,887,953	2,864,626,269
为交易目的而持有的金融资产					
净减少额		593,023,470	2,779,099,536	1,896,360,469	2,636,303,634
为交易目的而持有的金融负债					
净增加额		-	393,808,730	-	393,808,730
拆入资金净增加额		4,525,000,000	-	4,525,000,000	-
收到其他与经营活动有关的现金	五 52(1)	478,933,358	6,120,471,759	172,159,438	3,464,801,946
经营活动现金流入小计		12,216,127,655	14,473,652,550	10,835,306,480	11,057,511,884
融出资金净增加额		(1,777,790,975)	(998,660,617)	(1,817,351,589)	(912,467,809)
为交易目的而持有的金融负债					
净减少额		(1,427,041,597)	-	(1,427,041,597)	-
回购业务资金净减少额		(5,518,346,948)	(1,577,842,862)	(5,606,195,995)	(1,516,906,582)
买卖衍生金融工具支付					
的现金净额		(129,973,068)	(254,321,432)	(194,978,633)	(191,351,126)
拆入资金净减少额		-	(1,170,000,000)	-	(1,170,000,000)
支付利息、手续费及佣金的现金		(991,532,270)	(889,406,700)	(891,881,657)	(875,911,646)
支付给职工以及为职工支付的					
现金		(1,143,461,715)	(1,006,348,680)	(699,196,934)	(560,337,446)
支付的各项税费		(441,727,889)	(287,892,250)	(350,985,641)	(238,660,275)
支付其他与经营活动有关的现金	五 52(2)	(2,245,376,391)	(4,330,933,743)	(1,243,483,011)	(639,751,274)
经营活动现金流出小计		(13,675,250,853)	(10,515,406,284)	(12,231,115,057)	(6,105,386,158)
经营活动 (使用) / 产生	五 53(1)(a) ,				
的现金流量净额	十七 7(1)	(1,459,123,198)	3,958,246,266	(1,395,808,577)	4,952,125,726

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的	会计机构负责人	
	公司负责人		

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司现金流量表 (续)
2020 年度
(金额单位: 人民币元)

附注	本集团		本公司	
	2020 年	2019 年	2020 年	2019 年
投资活动产生的现金流量				
处置其他权益工具投资收到的现金	9,034,216	35,809,256	8,434,215	35,809,256
收回投资收到的现金	151,500,000	-	-	-
取得投资收益收到的现金	12,374,966	8,641,520	60,077,878	177,242
处置固定资产、无形资产和其他长期资产收到的现金	3,115,068	14,392,638	1,648,172	14,029,828
收到其他与投资活动有关的现金	-	100,000,000	-	-
投资活动现金流入小计	176,024,250	158,843,414	70,160,265	50,016,326
取得子公司及其他营业单位支付的现金净额	(35,000,000)	(424,908,915)	(1,006,139,097)	(330,000,000)
购建固定资产、无形资产和其他长期资产支付的现金	(115,629,053)	(92,298,841)	(118,400,809)	(79,780,198)
支付其他与投资活动有关的现金	(410,000,000)	-	-	-
投资活动现金流出小计	(560,629,053)	(517,207,756)	(1,124,539,906)	(409,780,198)
投资活动使用的现金流量净额	(384,604,803)	(358,364,342)	(1,054,379,641)	(359,763,872)

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
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山西证券股份有限公司
合并及母公司现金流量表 (续)
2020 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2020 年	2019 年	2020 年	2019 年
筹资活动产生的现金流量					
发行债券收到的现金		3,176,163,163	2,000,000,000	2,994,000,000	1,995,760,000
吸收投资收到的现金		3,771,169,606	-	3,757,018,663	-
发行收益凭证收到的现金		15,376,560,000	23,125,450,000	15,376,560,000	23,125,450,000
收到的其他与筹资活动有关的现金		40,784,001	183,634,900	-	-
筹资活动现金流入小计		<u>22,364,676,770</u>	<u>25,309,084,900</u>	<u>22,127,578,663</u>	<u>25,121,210,000</u>
偿还债务支付的现金		(15,893,960,000)	(24,950,030,000)	(15,893,960,000)	(24,950,030,000)
分配股利或偿付利息支付的现金		(747,658,290)	(678,943,990)	(735,862,321)	(673,067,181)
支付其他与筹资活动有关的现金		(30,000,000)	(1,118,644)	-	-
筹资活动现金流出小计		<u>(16,671,618,290)</u>	<u>(25,630,092,634)</u>	<u>(16,629,822,321)</u>	<u>(25,623,097,181)</u>
筹资活动产生 / (使用) 的现金流量净额		<u>5,693,058,480</u>	<u>(321,007,734)</u>	<u>5,497,756,342</u>	<u>(501,887,181)</u>
汇率变动对现金的影响		<u>(46,473,202)</u>	<u>3,324,665</u>	<u>(5,031,271)</u>	<u>878,107</u>
现金及现金等价物净增加额	五 53(1)(b) , 十七 7(2)	3,802,857,277	3,282,198,855	3,042,536,853	4,091,352,780
加: 年初现金及现金等价物余额		<u>18,136,083,250</u>	<u>14,853,884,395</u>	<u>13,936,063,999</u>	<u>9,844,711,219</u>
年末现金及现金等价物余额	五 53(2) , 十七 7(3)	<u>21,938,940,527</u>	<u>18,136,083,250</u>	<u>16,978,600,852</u>	<u>13,936,063,999</u>

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里
法定代表人

汤建雄
主管会计工作的
公司负责人

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山西证券股份有限公司
合并股东权益变动表
2020 年度
(金额单位：人民币元)

附注	股本	资本公积	其他综合收益	归属于母公司股东权益				未分配利润	小计	少数股东权益	股东权益合计
				盈余公积	一般风险准备	交易风险准备	交易风险准备				
2019 年 12 月 31 日余额	2,828,725,153	6,713,296,178	(54,799,201)	556,740,074	628,719,120	599,220,321		1,382,574,910	12,654,476,555	561,264,051	13,215,740,606
本年增减变动金额											
1. 综合收益总额	-	-	11,734,931	-	-	-	-	750,927,346	762,662,277	14,743,497	777,405,774
2. 股东投入和减少资本											
- 股东投入的普通股	761,046,394	3,010,123,212	-	-	-	-	-	-	3,771,169,606	-	3,771,169,606
- 向股东退还出资	-	-	-	-	-	-	-	-	-	(30,000,000)	(30,000,000)
3. 利润分配											
- 提取盈余公积	-	-	-	94,140,284	-	-	-	(94,140,284)	-	-	-
- 提取一般风险准备	-	-	-	-	101,503,390	-	-	(101,503,390)	-	-	-
- 提取交易风险准备	-	-	-	-	-	96,916,774	-	(96,916,774)	-	-	-
- 对股东的分配	-	-	-	-	-	-	-	(282,872,515)	(282,872,515)	-	(282,872,515)
4. 股东权益内部结转											
- 其他综合收益结转留存收益	-	-	1,233,621	(448,808)	-	-	-	(784,813)	-	-	-
上述 1 至 4 项小计	761,046,394	3,010,123,212	12,968,552	93,691,476	101,503,390	96,916,774		174,709,570	4,250,959,368	(15,256,503)	4,235,702,865
2020 年 12 月 31 日余额	3,589,771,547	9,723,419,390	(41,830,649)	650,431,550	730,222,510	696,137,095		1,557,284,480	16,905,435,923	546,007,548	17,451,443,471

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里 法定代表人	汤建雄 主管会计工作的公司负责人	张立德 会计机构负责人
		公司盖章

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山西证券股份有限公司

合并股东权益变动表 (续)

2019 年度

(金额单位: 人民币元)

附注	归属于母公司股东权益							少数股东权益	股东权益合计
	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润		
2018 年 12 月 31 日余额	2,828,725,153	6,713,296,178	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	553,578,988	12,996,860,400
加: 会计政策变更	-	-	34,172,597	(7,217,920)	-	-	(76,324,474)	(436,128)	(49,805,925)
2019 年 1 月 1 日余额	2,828,725,153	6,713,296,178	35,398,572	500,014,829	564,673,545	538,877,528	1,212,925,810	553,142,860	12,947,054,475
本年增减变动金额									
1. 综合收益总额	-	-	(108,182,510)	-	-	-	510,183,708	9,239,835	411,241,033
2. 股东减少资本	-	-	-	-	-	-	-	(1,118,644)	(1,118,644)
- 向股东退还出资	-	-	-	-	-	-	-	-	-
3. 利润分配	-	-	-	-	-	-	-	-	-
- 提取盈余公积	-	-	-	58,523,719	-	-	(58,523,719)	-	-
- 提取一般风险准备	-	-	-	-	64,045,575	-	(64,045,575)	-	-
- 提取交易风险准备	-	-	-	-	-	60,342,793	(60,342,793)	-	-
- 对股东的分配	-	-	-	-	-	-	(141,436,258)	-	(141,436,258)
4. 股东权益内部结转	-	-	-	-	-	-	-	-	-
- 其他综合收益结转留存收益	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-	-
上述 1 至 4 项小计	-	-	(90,197,773)	56,725,245	64,045,575	60,342,793	169,649,100	8,121,191	268,686,131
2019 年 12 月 31 日余额	2,828,725,153	6,713,296,178	(54,799,201)	556,740,074	628,719,120	599,220,321	1,382,574,910	561,264,051	13,215,740,606

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
母公司股东权益变动表
2020 年度
(金额单位：人民币元)

	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润	股东权益合计
2019 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657
本年增减变动金额								
1. 综合收益总额	-	-	57,342,501	-	-	-	941,402,836	998,745,337
2. 股东投入资本	761,046,394	2,995,972,269	-	-	-	-	-	3,757,018,663
3. 利润分配								
- 提取盈余公积	-	-	-	94,140,284	-	-	(94,140,284)	-
- 提取一般风险准备	-	-	-	-	94,140,284	-	(94,140,284)	-
- 提取交易风险准备	-	-	-	-	-	94,140,284	(94,140,284)	-
- 对股东的分配	-	-	-	-	-	-	(282,872,515)	(282,872,515)
4. 股东权益内部结转								
- 其他综合收益结转留存收益	-	-	4,488,084	(448,808)	-	-	(4,039,276)	-
上述 1 至 4 项小计	761,046,394	2,995,972,269	61,830,585	93,691,476	94,140,284	94,140,284	372,070,193	4,472,891,485
2020 年 12 月 31 日余额	3,589,771,547	9,688,853,085	(40,993,307)	650,431,550	659,896,752	659,896,752	1,808,852,763	17,016,709,142

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司

母公司股东权益变动表 (续)

2019 年度

(金额单位: 人民币元)

	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润	股东权益合计
2018 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183
加: 会计政策变更	-	-	20,141,566	(7,217,920)	-	-	(64,961,283)	(52,037,637)
2019 年 1 月 1 日余额	2,828,725,153	6,692,880,816	(171,813)	500,014,829	507,232,749	507,232,749	1,184,739,063	12,220,653,546
本年增减变动金额								
1. 综合收益总额	-	-	(120,636,816)	-	-	-	585,237,185	464,600,369
2. 利润分配	-	-	-	58,523,719	-	-	(58,523,719)	-
- 提取盈余公积	-	-	-	58,523,719	-	-	(58,523,719)	-
- 提取一般风险准备	-	-	-	-	58,523,719	-	(58,523,719)	-
- 提取交易风险准备	-	-	-	-	-	58,523,719	(58,523,719)	-
- 对股东的分配	-	-	-	-	-	-	(141,436,258)	(141,436,258)
3. 股东权益内部结转	-	-	-	-	-	-	-	-
- 其他综合收益结转留存收益	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-
上述 1 至 3 项小计	-	-	(102,652,079)	56,725,245	58,523,719	58,523,719	252,043,507	323,164,111
2019 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657

此财务报表已于 2021 年 4 月 16 日获董事会批准。

王怡里	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

刊载于第 14 页至第 148 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司

财务报表附注

(金额单位：人民币元)

一 公司基本情况

山西省证券公司于 1988 年 7 月 28 日注册成立，于成立日获得山西省工商行政管理局核发的注册号为 140000100003883 号的企业法人营业执照，并获得中国证券监督管理委员会（以下简称“证监会”）核发的编号为 Z20614000 号的经营证券业务许可证。

1998 年 12 月 31 日经证监会批准，山西省证券公司改制为山西证券有限责任公司，注册资本为人民币 200,000,000 元。

经 2000 年 4 月 28 日证监会证监机构字 [2000] 81 号《关于山西省证券经营机构合并重组事宜的批复》核准，山西证券有限责任公司于 2001 年 12 月与山西省内五家信托公司的证券类资产合并重组，合并重组后新设的公司沿用山西证券有限责任公司的名称，注册资本变更为人民币 1,025,000,000 元。

经 2006 年 7 月 10 日证监会证监机构字 [2006] 138 号《关于山西证券有限责任公司股权变更及增资扩股的批复》核准，根据山西证券有限责任公司 2005 年 6 月 29 日召开的 2004 年度股东会决议和修改后的公司章程规定，山西证券有限责任公司增加注册资本人民币 278,800,000 元至人民币 1,303,800,000 元，由股东山西国信投资集团有限公司（原山西省国信投资（集团）公司，以下简称“山西国信”）于 2006 年 7 月 18 日前缴足。

经 2008 年 1 月 18 日证监会证监许可字 [2008] 100 号《关于山西证券有限责任公司变更为股份有限公司的批复》核准，根据山西证券有限责任公司 2007 年 12 月 24 日召开的 2007 年度第二次股东会决议和修改后的公司章程规定，山西证券有限责任公司整体变更为股份有限公司，以 2007 年 9 月 30 日为基准日确定的净资产按折股比例 99.9246667% 折算为股本人民币 2,000,000,000 元，未折算的部分人民币 1,507,802 元计入资本公积。整体变更后，公司名称变更为山西证券股份有限公司（以下简称“本公司”），注册资本变更为人民币 2,000,000,000 元，总股本 2,000,000,000 股，每股面值人民币 1 元。

经 2010 年 10 月 19 日证监会证监许可 [2010] 1435 号《关于核准山西证券股份有限公司首次公开发行股票的批复》核准，本公司于 2010 年 11 月 4 日完成向境内投资者发行人民币普通股 399,800,000 股，并于 2010 年 11 月 15 日在深圳证券交易所挂牌交易。于 2010 年 11 月 24 日，本公司注册资本变更至人民币 2,399,800,000 元，总股本增至 2,399,800,000 股。

经 2013 年 7 月 23 日证监会证监许可 [2013] 964 号《关于核准山西证券股份有限公司现金和发行股份购买资产、格林期货有限公司吸收合并大华期货有限公司的批复》核准，本公司于 2013 年 11 月 13 日向格林期货有限公司（以下简称“格林期货”）原股东非公开发行股份 118,925,153 股并支付人民币 168,161,700 元现金对价的方式购买格林期货 100% 股权。本次交易完成后，本公司总股本由 2,399,800,000 股增至 2,518,725,153 股。

经 2015 年 12 月 11 日证监会证监许可 [2015] 2873 号《关于核准山西证券股份有限公司非公开发行股票的批复》核准，本公司于 2015 年 12 月 25 日完成向境内投资者非公开发行人民币普通股 310,000,000 股，并于 2016 年 1 月 20 日在深圳证券交易所挂牌。于 2016 年 2 月 24 日，本公司注册资本变更至人民币 2,828,725,153 元，总股本由 2,518,725,153 股增至 2,828,725,153 股。

根据 2016 年 2 月 1 日晋财金 [2016] 8 号《山西省财政厅关于将山西国信投资集团有限公司持有的山西证券股份有限公司股权无偿划转至山西金融投资控股集团有限公司的批复》，山西国信将其持有本公司的全部股权无偿划转至山西金融投资控股集团有限公司（以下简称“山西金控”）。

根据 2016 年 8 月 19 日证监会《关于核准山西证券股份有限公司变更 5% 以上股权股东并豁免山西金融投资控股集团有限公司要约收购山西证券股份有限公司股份义务的批复》（证监许可 [2016] 1765 号），核准山西金控持有山西证券 5% 以上股权的股东资格并豁免山西金控因国有资产无偿划转而增持山西证券股份（约占山西证券总股本 30.84%）而应履行的要约收购义务。本公司于 2016 年 9 月 2 日完成划转手续。本公司的控股股东变更为山西金控，最终控制方仍为山西省财政厅。

经 2020 年 4 月 29 日证监会证监许可 [2020] 722 号《关于核准山西证券股份有限公司配股的批复》核准，本公司于 2020 年 6 月 29 日完成向全体股东配售人民币普通股 761,046,394 股，并于 2020 年 7 月 10 日起在深圳证券交易所上市。本次配股完成后，本公司注册资本变更至人民币 3,589,771,547 元，总股本由 2,828,725,153 股增至 3,589,771,547 股。

截至 2020 年 12 月 31 日止，本公司在山西、北京、上海、深圳、西安、宁波、重庆、济南等地共设立 126 家证券营业部（2019 年 12 月 31 日：128 家）。本公司子公司的相关信息参见附注七。

本公司及子公司（以下简称“本集团”）目前主要经营的业务包括证券经纪业务、融资融券业务、证券自营业务、证券承销业务、证券投资咨询、与证券交易、证券投资活动有关的财务顾问、证券投资基金代销、为期货公司提供中间介绍业务、代销金融产品、受托资产管理业务、公开募集证券投资基金管理业务、商品期货经纪业务、金融期货经纪业务、期货投资咨询及投资与资产管理业务、大宗商品购买和转售、期货套利和套期保值服务等。

二 财务报表的编制基础

本公司以持续经营为基础编制财务报表。

三 公司重要会计政策、会计估计

1 遵循企业会计准则的声明

本财务报表符合中华人民共和国财政部（以下简称“财政部”）颁布的企业会计准则的要求，真实、完整地反映了本公司 2020 年 12 月 31 日的合并及母公司财务状况、2020 年度的合并及母公司经营成果和现金流量。

此外，本公司的财务报表同时符合证监会 2014 年修订的《公开发行证券的公司信息披露编报规则第 15 号——财务报告的一般规定》及 2018 年颁布的《证券公司财务报表附注编制的特别规定（2018）》有关财务报表及其附注的披露要求。

2 会计期间

会计年度自公历 1 月 1 日起至 12 月 31 日止。

3 营业周期

本公司为金融企业，不具有明显可识别的营业周期。

4 记账本位币

本公司的记账本位币为人民币，编制财务报表采用的货币为人民币。本公司及子公司选定记账本位币的依据是主要业务收支的计价和结算币种。本公司的部分子公司采用本公司记账本位币人民币以外的货币作为记账本位币，在编制财务报表时，这些子公司的外币财务报表按照附注三、8 的会计政策进行了折算。

5 同一控制下和非同一控制下企业合并的会计处理方法

本集团取得对另一个或多个企业（或一组资产或净资产）的控制权且其构成业务的，该交易或事项构成企业合并。企业合并分为同一控制下的企业合并和非同一控制下的企业合并。

对于非同一控制下的交易，购买方在判断取得的资产组合等是否构成一项业务时，将考虑是否选择采用“集中度测试”的简化判断方式。如果该组合通过集中度测试，则判断为不构成业务。如果该组合未通过集中度测试，仍应按照业务条件进行判断。

当本集团取得了不构成业务的一组资产或净资产时，应将购买成本按购买日所取得各项可辨认资产、负债的相对公允价值基础进行分配，不按照以下企业合并的会计处理方法进行处理。

(1) 同一控制下的企业合并

参与合并的企业在合并前后均受同一方或相同的多方最终控制且该控制并非暂时性的，为同一控制下的企业合并。合并方在企业合并中取得的资产和负债，按照合并日在最终控制方合并财务报表中的账面价值计量。取得的净资产账面价值与支付的合并对价账面价值（或发行股份面值总额）的差额，调整资本公积中的股本溢价；资本公积中的股本溢价不足冲减的，调整留存收益。为进行企业合并发生的直接相关费用，于发生时计入当期损益。合并日为合并方实际取得对被合并方控制权的日期。

(2) 非同一控制下的企业合并

参与合并的各方在合并前后不受同一方或相同的多方最终控制的，为非同一控制下的企业合并。本集团作为购买方，为取得被购买方控制权而付出的资产（包括购买日之前所持有的被购买方的股权）、发生或承担的负债以及发行的权益性证券在购买日的公允价值之和，减去合并中取得的被购买方可辨认净资产于购买日公允价值份额的差额，如为正数则确认为商誉（参见附注三、14）；如为负数则计入当期损益。本集团将作为合并对价发行的权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。本集团为进行企业合并发生的其他各项直接费用计入当期损益。本集团在购买日按公允价值确认所取得的被购买方符合确认条件的各项可辨认资产、负债及或有负债。购买日是指购买方实际取得对被购买方控制权的日期。

通过多次交易分步实现非同一控制企业合并时，对于购买日之前持有的被购买方的股权，本集团会按照该股权在购买日的公允价值进行重新计量，公允价值与其账面价值的差额计入当期投资收益或其他综合收益。购买日之前持有的被购买方的股权涉及的权益法核算下的以后可重分类进损益的其他综合收益及其他所有者权益变动（参见附注三、10(2)(b)）于购买日转入当期投资收益；购买日之前持有的被购买方的股权为以公允价值计量且其变动计入其他综合收益的权益工具投资的，购买日之前确认的其他综合收益于购买日转入留存收益。

6 合并财务报表的编制方法

(1) 总体原则

合并财务报表的合并范围以控制为基础予以确定，包括本公司及本公司控制的子公司和结构化主体。控制，是指本集团拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响其回报金额。在判断本集团是否拥有对被投资方的权力时，本集团仅考虑与被投资方相关的实质性权利（包括本集团自身所享有的及其他方所享有的实质性权利）。本公司控制的子公司和结构化主体的财务状况、经营成果和现金流量由控制开始日起至控制结束日止包含于合并财务报表中。

子公司少数股东应占的权益、损益和综合收益总额分别在合并资产负债表的股东权益中和合并利润表的净利润及综合收益总额项目后单独列示。

如果子公司少数股东分担的当期亏损超过了少数股东在该子公司期初所有者权益中所享有的份额的，其余额仍冲减少数股东权益。

当子公司所采用的会计期间或会计政策与本公司不一致时，合并时已按照本公司的会计期间或会计政策对子公司财务报表进行必要的调整。合并时所有集团内部交易及余额，包括未实现内部交易损益均已抵销。集团内部交易发生的未实现损失，有证据表明该损失是相关资产减值损失的，则全额确认该损失。

结构化主体是指在确定主体控制方时，表决权或类似权利不构成决定性因素的主体，例如，当表决权仅与行政管理工作相关，以及相关活动由合同安排主导时。结构化主体一般目标界定明确且范围狭窄。

(2) 合并取得子公司

对于通过同一控制下企业合并取得的子公司，在编制合并当期财务报表时，以被合并子公司的各项资产、负债在最终控制方财务报表中的账面价值为基础，视同被合并子公司在本公司最终控制方对其开始实施控制时纳入本公司合并范围，并对合并财务报表的期初数以及前期比较报表进行相应调整。

对于通过非同一控制下企业合并取得的子公司，在编制合并当期财务报表时，以购买日确定的被购买子公司各项可辨认资产、负债的公允价值为基础自购买日起将被购买子公司纳入本公司合并范围。

(3) 处置子公司

本集团丧失对原有子公司控制权时，由此产生的任何处置收益或损失，计入丧失控制权当期的投资收益。对于剩余股权投资，本集团按照其在丧失控制权日的公允价值进行重新计量，由此产生的任何收益或损失，也计入丧失控制权当期的投资收益。

通过多次交易分步处置对子公司长期股权投资直至丧失控制权的，按下述原则判断是否为一揽子交易：

- 这些交易是同时或者在考虑了彼此影响的情况下订立的；
- 这些交易整体才能达成一项完整的商业结果；
- 一项交易的发生取决于其他至少一项交易的发生；
- 一项交易单独考虑时是不经济的，但是和其他交易一并考虑时是经济的。

如果各项交易不属于一揽子交易的，则在丧失对子公司控制权以前的各项交易，按照不丧失控制权的情况下部分处置对子公司的股权投资的会计政策进行处理（参见附注三、6(4)）。

如果各项交易属于一揽子交易的，则将各项交易作为一项处置原有子公司并丧失控制权的交易进行处理，在丧失控制权之前每一次处置价款与处置投资对应的享有该子公司自购买日开始持续计算的净资产账面价值的份额之间的差额，在合并财务报表中计入其他综合收益，在丧失控制权时一并转入丧失控制权当期的损益。

(4) 少数股东权益变动

本公司因购买少数股权新取得的长期股权投资成本与按照新增持股比例计算应享有子公司的净资产份额之间的差额，以及在不丧失控制权的情况下因部分处置对子公司的股权投资而取得的处置价款与处置长期股权投资相对应享有子公司净资产的差额，均调整合并资产负债表中的资本公积（股本溢价），资本公积（股本溢价）不足冲减的，调整留存收益。

7 现金及现金等价物的确定标准

现金和现金等价物包括库存现金、可以随时用于支付的存款以及持有期限短、流动性强、易于转换为已知金额现金、价值变动风险很小的投资。

8 外币业务和外币报表折算

本集团收到投资者以外币投入资本时按当日即期汇率折合为人民币，其他外币交易在初始确认时按交易发生日的即期汇率或即期汇率的近似汇率折合为人民币。即期汇率的近似汇率是按照系统合理的方法确定的、与交易发生日即期汇率近似的当期平均汇率。

于资产负债表日，外币货币性项目采用该日的即期汇率折算。除与购建符合资本化条件资产有关的专门借款本金和利息的汇兑差额外，其他汇兑差额计入当期损益。以历史成本计量的外币非货币性项目，仍采用交易发生日的即期汇率折算。以公允价值计量的外币非货币性项目，采用公允价值确定日的即期汇率折算，由此产生的汇兑差额，属于以公允价值计量且其变动计入其他综合收益的权益工具投资的差额，计入其他综合收益；其他差额计入当期损益。

对境外经营的财务报表进行折算时，资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，股东权益项目除未分配利润及其他综合收益中的外币报表折算差额项目外，其他项目采用发生时的即期汇率折算。利润表中的收入和费用项目，采用交易发生日的即期汇率的近似汇率折算。按照上述折算产生的外币财务报表折算差额，在其他综合收益中列示。处置境外经营时，相关的外币财务报表折算差额自其他综合收益转入处置当期损益。

9 金融工具

(1) 金融资产及金融负债的确认和初始计量

金融资产和金融负债在本集团成为相关金融工具合同条款的一方时，于资产负债表内确认。

在初始确认时，金融资产及金融负债均以公允价值计量。对于以公允价值计量且其变动计入当期损益的金融资产或金融负债，相关交易费用直接计入当期损益；对于其他类别的金融资产或金融负债，相关交易费用计入初始确认金额。对于未包含重大融资成分或不考虑不超过一年的合同中的融资成分的应收账款，本集团按照根据附注三、20 的会计政策确定的交易价格进行初始计量。

(2) 金融资产的分类和后续计量

(a) 本集团金融资产的分类

本集团通常根据管理金融资产的业务模式和金融资产的合同现金流量特征，在初始确认时将金融资产分为不同类别：以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的金融资产及以公允价值计量且其变动计入当期损益的金融资产。

除非本集团改变管理金融资产的业务模式，在此情形下，所有受影响的相关金融资产在业务模式发生变更后的首个报告期间的第一天进行重分类，否则金融资产在初始确认后不得进行重分类。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以摊余成本计量的金融资产：

- 本集团管理该金融资产的业务模式是以收取合同现金流量为目标；
- 该金融资产的合同条款规定，在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以公允价值计量且其变动计入其他综合收益的金融资产：

- 本集团管理该金融资产的业务模式既以收取合同现金流量为目标又以出售该金融资产为目标；
- 该金融资产的合同条款规定，在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。

对于非交易性权益工具投资，本集团可在初始确认时将其不可撤销地指定为以公允价值计量且其变动计入其他综合收益的金融资产。该指定在单项投资的基础上作出，且相关投资从发行者的角度符合权益工具的定义。

除上述以摊余成本计量和以公允价值计量且其变动计入其他综合收益的金融资产外，本集团将其余所有的金融资产分类为以公允价值计量且其变动计入当期损益的金融资产。在初始确认时，如果能够消除或显著减少会计错配，本集团可以将本应以摊余成本计量或以公允价值计量且其变动计入其他综合收益的金融资产不可撤销地指定为以公允价值计量且其变动计入当期损益的金融资产。

管理金融资产的业务模式，是指本集团如何管理金融资产以产生现金流量。业务模式决定本集团所管理金融资产现金流量的来源是收取合同现金流量、出售金融资产还是两者兼有。本集团以客观事实为依据、以关键管理人员决定的对金融资产进行管理的特定业务目标为基础，确定管理金融资产的业务模式。

本集团对金融资产的合同现金流量特征进行评估，以确定相关金融资产在特定日期产生的合同现金流量是否仅为对本金和以未偿付本金金额为基础的利息的支付。其中，本金是指金融资产在初始确认时的公允价值；利息包括对货币时间价值、与特定时期未偿付本金金额相关的信用风险、以及其他基本借贷风险、成本和利润的对价。此外，本集团对可能导致金融资产合同现金流量的时间分布或金额发生变更的合同条款进行评估，以确定其是否满足上述合同现金流量特征的要求。

(b) 本集团金融资产的后续计量

- 以公允价值计量且其变动计入当期损益的金融资产

初始确认后，对于该类金融资产以公允价值进行后续计量，产生的利得或损失（包括利息和股利收入）计入当期损益，除非该金融资产属于套期关系的一部分。

- 以摊余成本计量的金融资产

初始确认后，对于该类金融资产采用实际利率法以摊余成本计量。以摊余成本计量且不属于任何套期关系的一部分的金融资产所产生的利得或损失，在终止确认、重分类、按照实际利率法摊销或确认减值时，计入当期损益。

- 以公允价值计量且其变动计入其他综合收益的债权投资

初始确认后，对于该类金融资产以公允价值进行后续计量。采用实际利率法计算的利息、减值损失或利得及汇兑损益计入当期损益，其他利得或损失计入其他综合收益。终止确认时，将之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入当期损益。

- 以公允价值计量且其变动计入其他综合收益的权益工具投资

初始确认后，对于该类金融资产以公允价值进行后续计量。股利收入计入损益，其他利得或损失计入其他综合收益。终止确认时，将之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入留存收益。

(3) 金融负债的分类和后续计量

本集团将金融负债分类为以公允价值计量且其变动计入当期损益的金融负债及以摊余成本计量的金融负债。

- 以公允价值计量且其变动计入当期损益的金融负债

该类金融负债包括交易性金融负债（含属于金融负债的衍生工具）和指定为以公允价值计量且其变动计入当期损益的金融负债。

初始确认后，对于该类金融负债以公允价值进行后续计量，除与套期会计有关外，产生的利得或损失（包括利息费用）计入当期损益。

- 以摊余成本计量的金融负债

初始确认后，对于该类金融负债采用实际利率法以摊余成本计量。

(4) 抵销

金融资产和金融负债在资产负债表内分别列示，没有相互抵销。但是，同时满足下列条件的，以相互抵销后的净额在资产负债表内列示：

- 本集团具有抵销已确认金额的法定权利，且该种法定权利是当前可执行的；
- 本集团计划以净额结算，或同时变现该金融资产和清偿该金融负债。

(5) 金融资产和金融负债的终止确认

满足下列条件之一时，本集团终止确认该金融资产：

- 收取该金融资产现金流量的合同权利终止；
- 该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；
- 该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是未保留对该金融资产的控制。

金融资产转移整体满足终止确认条件的，本集团将下列两项金额的差额计入当期损益：

- 被转移金融资产在终止确认日的账面价值；
- 因转移金融资产而收到的对价，与原直接计入其他综合收益的公允价值变动累计额中对应终止确认部分的金额（涉及转移的金融资产为以公允价值计量且其变动计入其他综合收益的债权投资）之和。

金融负债（或其一部分）的现时义务已经解除的，本集团终止确认该金融负债（或该部分金融负债）。

(6) 减值

本集团以预期信用损失为基础，对下列项目进行减值会计处理并确认损失准备：

- 以摊余成本计量的金融资产；
- 合同资产；
- 以公允价值计量且其变动计入其他综合收益的债权投资。

本集团持有的其他以公允价值计量的金融资产不适用预期信用损失模型，包括以公允价值计量且其变动计入当期损益的债权投资或权益工具投资、指定为以公允价值计量且其变动计入其他综合收益的权益工具投资以及衍生金融资产。

预期信用损失的计量

预期信用损失，是指以发生违约的风险为权重的金融工具信用损失的加权平均值。信用损失，是指本集团按照原实际利率折现的、根据合同应收的所有合同现金流量与预期收取的所有现金流量之间的差额，即全部现金短缺的现值。

在计量预期信用损失时，本集团需考虑的最长期间为企业面临信用风险的最长合同期限（包括考虑续约选择权）。

整个存续期预期信用损失，是指因金融工具整个预计存续期内所有可能发生的违约事件而导致的预期信用损失。

未来 12 个月内预期信用损失，是指因资产负债表日后 12 个月内（若金融工具的预计存续期少于 12 个月，则为预计存续期）可能发生的金融工具违约事件而导致的预期信用损失，是整个存续期预期信用损失的一部分。

对于应收账款和合同资产，本集团始终按照相当于整个存续期内预期信用损失的金额计量其损失准备。本集团基于历史信用损失经验计算上述金融资产的预期信用损失，相关历史经验根据资产负债表日借款人的特定因素、以及对当前状况和未来经济状况预测的评估进行调整。

除应收账款和合同资产外，本集团对满足下列情形的金融工具按照相当于未来 12 个月内预期信用损失的金额计量其损失准备，对其他金融工具按照相当于整个存续期内预期信用损失的金额计量其损失准备：

- 该金融工具在资产负债表日只具有较低的信用风险；或
- 该金融工具的信用风险自初始确认后并未显著增加。

具有较低的信用风险

如果金融工具的违约风险较低，借款人在短期内履行其合同现金流量义务的能力很强，并且即便较长时期内经济形势和经营环境存在不利变化但未必一定降低借款人履行其合同现金流量义务的能力，该金融工具被视为具有较低的信用风险。

信用风险显著增加

本集团通过比较金融工具在资产负债表日发生违约的风险与在初始确认日发生违约的风险，以确定金融工具预计存续期内发生违约风险的相对变化，以评估金融工具的信用风险自初始确认后是否已显著增加。

在确定信用风险自初始确认后是否显著增加时，本集团考虑无须付出不必要的额外成本或努力即可获得的合理且有依据的信息，包括前瞻性信息。本集团考虑的信息包括：

- 债务人未能按合同到期日支付本金和利息的情况；
- 已发生的或预期的金融工具的外部或内部信用评级（如有）的严重恶化；
- 已发生的或预期的债务人经营成果的严重恶化；
- 现存的或预期的技术、市场、经济或法律环境变化，并将对债务人对本集团的还款能力产生重大不利影响。

根据金融工具的性质，本集团以单项金融工具或金融工具组合为基础评估信用风险是否显著增加。以金融工具组合为基础进行评估时，本集团可基于共同信用风险特征对金融工具进行分类，例如逾期信息和信用风险评级。

如果逾期超过 30 日，本集团确定金融工具的信用风险已经显著增加。

本集团认为金融资产在下列情况发生违约：

- 借款人不大会全额支付其对本集团的欠款，该评估不考虑本集团采取例如变现抵押品（如果持有）等追索行动；或
- 金融资产逾期超过 90 天。

已发生信用减值的金融资产

本集团在资产负债表日评估以摊余成本计量的金融资产和以公允价值计量且其变动计入其他综合收益的债权投资是否已发生信用减值。当对金融资产预期未来现金流量具有不利影响的一项或多项事件发生时，该金融资产成为已发生信用减值的金融资产。金融资产已发生信用减值的证据包括下列可观察信息：

- 发行方或债务人发生重大财务困难；
- 债务人违反合同，如偿付利息或本金违约或逾期等；
- 本集团出于与债务人财务困难有关的经济或合同考虑，给予债务人在任何其他情况下都不会做出的让步；
- 债务人很可能破产或进行其他财务重组；
- 发行方或债务人财务困难导致该金融资产的活跃市场消失。

预期信用损失准备的列报

为反映金融工具的信用风险自初始确认后的变化，本集团在每个资产负债表日重新计量预期信用损失，由此形成的损失准备的增加或转回金额，作为减值损失或利得计入当期损益。对于以摊余成本计量的金融资产，损失准备抵减该金融资产在资产负债表中列示的账面价值；对于以公允价值计量且其变动计入其他综合收益的债权投资，本集团在其他综合收益中确认其损失准备，不抵减该金融资产的账面价值。

核销

如果本集团不再合理预期金融资产合同现金流量能够全部或部分收回，则直接减记该金融资产的账面余额。这种减记构成相关金融资产的终止确认。这种情况通常发生在本集团确定债务人没有资产或收入来源可产生足够的现金流量以偿还将被减记的金额。但是，被减记的金融资产仍可能受到本集团催收到期款项相关执行活动的影响。

已减记的金融资产以后又收回的，作为减值损失的转回计入收回当期的损益。

(7) 权益工具

本公司发行权益工具收到的对价扣除交易费用后，计入股东权益。回购本公司权益工具支付的对价和交易费用，减少股东权益。

10 长期股权投资

(1) 长期股权投资投资成本确定

(a) 通过企业合并形成的长期股权投资

- 对于同一控制下的企业合并形成的对子公司的长期股权投资，本公司按照合并日取得的被合并方所有者权益在最终控制方合并财务报表中的账面价值的份额作为长期股权投资的初始投资成本。长期股权投资初始投资成本与支付对价账面价值之间的差额，调整资本公积中的股本溢价；资本公积中的股本溢价不足冲减时，调整留存收益。
- 对于非同一控制下企业合并形成的对子公司的长期股权投资，本公司按照购买日取得对被购买方的控制权而付出的资产、发生或承担的负债以及发行的权益性证券的公允价值，作为该投资的初始投资成本。

(b) 其他方式取得的长期股权投资

- 对于通过企业合并以外的其他方式取得的长期股权投资，在初始确认时，对于以支付现金取得的长期股权投资，本集团按照实际支付的购买价款作为初始投资成本；对于发行权益性证券取得的长期股权投资，本集团按照发行权益性证券的公允价值作为初始投资成本。

(2) 长期股权投资后续计量及损益确认方法

(a) 对子公司的投资

在本公司个别财务报表中，本公司采用成本法对子公司的长期股权投资进行后续计量，除非投资符合持有待售的条件（参见附注三、26(1)）。对被投资单位宣告分派的现金股利或利润由本公司享有的部分确认为当期投资收益，但取得投资时实际支付的价款或对价中包含的已宣告但尚未发放的现金股利或利润除外。

对子公司的投资按照成本减去减值准备后在资产负债表内列示。

对子公司投资的减值测试方法及减值准备计提方法参见附注三、17。

在本集团合并财务报表中，对子公司按附注三、6 进行处理。

(b) 对合营企业和联营企业的投资

合营企业指本集团与其他合营方共同控制（参见附注三、10(3)）且仅对其净资产享有权利的一项安排。

联营企业指本集团能够对其施加重大影响（参见附注三、10(3)）的企业。

后续计量时，对合营企业和联营企业的长期股权投资采用权益法核算，除非投资符合持有待售的条件（参见附注三、26(1)）。

本集团在采用权益法核算时的具体会计处理包括：

- 对于长期股权投资的初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，以前者作为长期股权投资的成本；对于长期股权投资的初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，以后者作为长期股权投资的成本，长期股权投资的成本与初始投资成本的差额计入当期损益。

- 取得对合营企业和联营企业投资后，本集团按照应享有或应分担的被投资单位实现的净损益和其他综合收益的份额，分别确认投资损益和其他综合收益并调整长期股权投资的账面价值；按照被投资单位宣告分派的利润或现金股利计算应分得的部分，相应减少长期股权投资的账面价值。
- 在计算应享有或应分担的被投资单位实现的净损益、其他综合收益及其他所有者权益变动的份额时，本集团以取得投资时被投资单位可辨认净资产公允价值为基础，按照本集团的会计政策或会计期间进行必要调整后确认投资收益和其他综合收益等。本集团与联营企业及合营企业之间内部交易产生的未实现损益按照应享有的比例计算归属于本集团的部分，在权益法核算时予以抵销。内部交易产生的未实现损失，有证据表明该损失是相关资产减值损失的，则全额确认该损失。
- 本集团对合营企业或联营企业发生的净亏损，除本集团负有承担额外损失义务外，以长期股权投资的账面价值以及其他实质上构成对合营企业或联营企业净投资的长期权益减记至零为限。合营企业或联营企业以后实现净利润的，本集团在收益分享额弥补未确认的亏损分担额后，恢复确认收益分享额。

本集团对合营企业和联营企业投资的减值测试方法及减值准备计提方法参见附注三、17。

(3) 确定对被投资单位具有共同控制、重大影响的判断标准

共同控制指按照相关约定对某项安排所共有的控制，并且该安排的相关活动（即对安排的回报产生重大影响的活动）必须经过分享控制权的参与方一致同意后才能决策。

本集团在判断对被投资单位是否存在共同控制时，通常考虑下述事项：

- 是否任何一个参与方均不能单独控制被投资单位的相关活动；
- 涉及被投资单位相关活动的决策是否需要分享控制权参与方一致同意。

重大影响指本集团对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。

11 固定资产

(1) 固定资产确认条件

固定资产指本集团为提供劳务、出租或经营管理而持有的，使用寿命超过一个会计年度的有形资产。

外购固定资产的初始成本包括购买价款、相关税费以及使该资产达到预定可使用状态前所发生的可归属于该项资产的支出。自行建造固定资产按附注三、12 确定初始成本。

本公司于 2001 年合并重组时，国有股股东投入的固定资产，按国有资产管理部门确认的评估值作为入账价值。

对于构成固定资产的各组成部分，如果各自具有不同使用寿命或者以不同方式为本集团提供经济利益，适用不同折旧率或折旧方法的，本集团分别将各组成部分确认为单项固定资产。

对于固定资产的后续支出，包括与更换固定资产某组成部分相关的支出，在与支出相关的经济利益很可能流入本集团时资本化计入固定资产成本，同时将被替换部分的账面价值扣除；与固定资产日常维护相关的支出在发生时计入当期损益。

固定资产以成本减累计折旧及减值准备后在资产负债表内列示。

(2) 固定资产的折旧方法

本集团将固定资产的成本扣除预计净残值和累计减值准备后在其使用寿命内按年限平均法计提折旧，除非投资符合持有待售的条件（参见附注三、26(1)）。

各类固定资产的使用寿命、净残值率及年折旧率分别为：

类别	预计使用寿命	预计净残值率	年折旧率
房屋及建筑物	20 至 35 年	3%至 4%	2.74%至 4.85%
电子计算机	3 至 5 年	3%至 4%	19.20%至 32.33%
交通设备	4 至 7 年	3%至 4%	13.71%至 24.25%
电器及通讯设备	3 至 10 年	3%至 4%	9.60%至 32.33%
办公设备	3 至 5 年	3%至 4%	19.20%至 32.33%

本集团至少在每年年度终了对固定资产的预计使用寿命、预计净残值和折旧方法进行复核。

(3) 减值测试方法及减值准备计提方法参见附注三、17。

(4) 融资租赁租入固定资产的认定依据及计价方法参见附注三、25(3)。

(5) 固定资产处置

固定资产满足下述条件之一时，本集团会予以终止确认。

- 固定资产处于处置状态；
- 该固定资产预期通过使用或处置不能产生经济利益。

报废或处置固定资产项目所产生的损益为处置所得款项净额与项目账面金额之间的差额，并于报废或处置日在损益中确认。

12 在建工程

自行建造的固定资产的成本包括工程用物资、直接人工、符合资本化条件的借款费用和使该项资产达到预定可使用状态前所发生的必要支出。

自行建造的固定资产于达到预定可使用状态时转入固定资产，此前列于在建工程，且不计提折旧。

在建工程以成本减减值准备（参见附注三、17）在资产负债表内列示。

13 无形资产

无形资产以成本减累计摊销（仅限于使用寿命有限的无形资产）及减值准备（参见附注三、17）后在资产负债表内列示。对于使用寿命有限的无形资产，本集团将无形资产的成本扣除预计净残值和累计减值准备后按直线法在预计使用寿命期内摊销，除非投资符合持有待售的条件（参见附注三、26(1)）。

本公司于 2001 年合并重组时，国有股股东投入的无形资产，按国有资产管理部门确认的评估值作为入账价值。

本集团至少在每年年度终了对使用寿命有限的无形资产的使用寿命及摊销方法进行复核。

本集团将无法预见未来经济利益期限的无形资产视为使用寿命不确定的无形资产，并对这类无形资产不予摊销。本集团在每个会计期间对使用寿命不确定的无形资产的使用寿命进行复核。如果有证据表明无形资产的使用寿命是有限的，则估计其使用寿命，并按上述使用寿命有限的无形资产处理。

本集团内部研究开发项目的支出分为研究阶段支出和开发阶段支出。

研究阶段的支出，于发生时计入当期损益。开发阶段的支出，如果开发形成的某项产品或工序等在技术和商业上可行，而且本集团有充足的资源和意向完成开发工作，并且开发阶段支出能够可靠计量，则开发阶段的支出便会予以资本化。资本化开发支出按成本减减值准备（参见附注三、17）在资产负债表内列示。其他开发费用则在其产生的期间内确认为费用。

14 商誉

因非同一控制下企业合并形成的商誉，其初始成本是合并成本大于合并中取得的被购买方可辨认净资产公允价值份额的差额。

本集团对商誉不摊销，以成本减累计减值准备（参见附注三、17）在资产负债表内列示。商誉在其相关资产组或资产组组合处置时予以转出，计入当期损益。

15 存货

存货按成本进行初始计量。存货成本包括采购成本、使存货达到目前场所和状态所发生的其他支出。发出存货的实际成本个别计价法计量。

资产负债表日，存货按照成本与可变现净值孰低计量。

按单个存货项目计算的成本高于其可变现净值的差额，计提存货跌价准备，计入当期损益。可变现净值，是指在日常活动中，存货的估计售价减去至完工时估计将要发生的成本、估计的销售费用以及相关税费后的金额。

16 长期待摊费用

长期待摊费用包括经营租入固定资产改良及其他已经发生但应由本期和以后各期负担的、分摊期限在一年以上的各项费用，按预计受益期间分期平均摊销。

17 除存货及金融资产外的其他资产减值

本集团在资产负债表日根据内部及外部信息以确定下列资产是否存在减值的迹象，包括：

- 固定资产
- 在建工程
- 无形资产
- 长期股权投资
- 商誉等

本集团对存在减值迹象的资产进行减值测试，估计资产的可收回金额。此外，无论是否存在减值迹象，本集团至少每年对尚未达到可使用状态的无形资产估计其可收回金额，于每年年度终了对商誉及使用寿命不确定的无形资产估计其可收回金额。本集团依据相关资产组或者资产组组合能够从企业合并的协同效应中的受益情况分摊商誉账面价值，并在此基础上进行商誉减值测试。

可收回金额是指资产（或资产组、资产组组合，下同）的公允价值（参见附注三、18）减去处置费用后的净额与资产预计未来现金流量的现值两者之间较高者。

资产组由创造现金流入相关的资产组成，是可以认定的最小资产组合，其产生的现金流入基本上独立于其他资产或者资产组。

资产预计未来现金流量的现值，按照资产在持续使用过程中和最终处置时所产生的预计未来现金流量，选择恰当的税前折现率对其进行折现后的金额加以确定。

可收回金额的估计结果表明，资产的可收回金额低于其账面价值的，资产的账面价值会减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的资产减值准备。与资产组或者资产组组合相关的减值损失，先抵减分摊至该资产组或者资产组组合中商誉的账面价值，再根据资产组或者资产组组合中除商誉之外的其他各项资产的账面价值所占比重，按比例抵减其他各项资产的账面价值，但抵减后的各资产的账面价值不得低于该资产的公允价值减去处置费用后的净额（如可确定的）、该资产预计未来现金流量的现值（如可确定的）和零三者之中最高者。

资产减值损失一经确认，在以后会计期间不会转回。

18 公允价值的计量

除特别声明外，本集团按下述原则计量公允价值：

公允价值是指市场参与者在计量日发生的有序交易中，出售一项资产所能收到或者转移一项负债所需支付的价格。

本集团估计公允价值时，考虑市场参与者在计量日对相关资产或负债进行定价时考虑的特征（包括资产状况及所在位置、对资产出售或者使用的限制等），并采用在当前情况下适用并且有足够可利用数据和其他信息支持的估值技术。使用的估值技术主要包括市场法、收益法和成本法。

19 预计负债

如果与或有事项相关的义务是本集团承担的现时义务，且该义务的履行很可能会导致经济利益流出本集团，以及有关金额能够可靠地计量，则本集团会确认预计负债。

预计负债按照履行相关现时义务所需支出的最佳估计数进行初始计量。对于货币时间价值影响重大的，预计负债以预计未来现金流量折现后的金额确定。在确定最佳估计数时，本集团综合考虑了与或有事项有关的风险、不确定性和货币时间价值等因素。所需支出存在一个连续范围，且该范围内各种结果发生的可能性相同的，最佳估计数按照该范围内的中间值确定；在其他情况下，最佳估计数分别下列情况处理：

- 或有事项涉及单个项目的，按照最可能发生金额确定。
- 或有事项涉及多个项目的，按照各种可能结果及相关概率计算确定。

本集团在资产负债表日对预计负债的账面价值进行复核，并按照当前最佳估计数对该账面价值进行调整。

20 收入

以下与收入相关会计政策自 2020 年 1 月 1 日起适用，2019 年度与收入相关会计政策详见本集团 2019 年度财务报表。

收入是本集团在日常活动中形成的、会导致股东权益增加且与股东投入资本无关的经济利益的总流入。

本集团在履行了合同中的履约义务，即在客户取得相关商品或服务的控制权时，确认收入。

合同中包含两项或多项履约义务的，本集团在合同开始日，按照各单项履约义务所承诺商品或服务的单独售价的相对比例，将交易价格分摊至各单项履约义务，按照分摊至各单项履约义务的交易价格计量收入。单独售价，是指本集团向客户单独销售商品或提供服务的价格。单独售价无法直接观察的，本集团综合考虑能够合理取得的全部相关信息，并最大限度地采用可观察的输入值估计单独售价。

交易价格是本集团因向客户转让商品或服务而预期有权收取的对价金额，不包括代第三方收取的款项。本集团确认的交易价格不超过在相关不确定性消除时累计已确认收入极可能不会发生重大转回的金额。有权收取的对价是非现金形式时，本集团按照非现金对价的公允价值确定交易价格。非现金对价的公允价值不能合理估计的，本集团参照承诺向客户转让商品或提供服务的单独售价间接确定交易价格。合同中存在重大融资成分的，本集团按照假定客户在取得商品或服务控制权时即以现金支付的应付金额确定交易价格。该交易价格与合同对价之间的差额，在合同期间内采用实际利率法摊销。合同开始日，本集团预计客户取得商品或服务控制权与客户支付价款间隔不超过一年的，不考虑合同中存在的重大融资成分。

满足下列条件之一时，本集团属于在某一时段内履行履约义务，否则，属于在某一时点履行履约义务：

- 客户在本集团履约的同时即取得并消耗本集团履约所带来的经济利益；
- 客户能够控制本集团履约过程中在建的商品；
- 本集团履约过程中所产出的商品具有不可替代用途，且本集团在整个合同期间内有权就累计至今已完成的履约部分收取款项。

对于在某一时段内履行的履约义务，本集团在该段时间内按照履约进度确认收入。履约进度不能合理确定时，本集团已经发生的成本预计能够得到补偿的，按照已经发生的成本金额确认收入，直到履约进度能够合理确定为止。

对于在某一时点履行的履约义务，本集团在客户取得相关商品或服务控制权时点确认收入。在判断客户是否已取得商品或服务控制权时，本集团会考虑下列迹象：

- 本集团就该商品或服务享有现时收款权利；
- 本集团已将该商品的实物转移给客户；
- 本集团已将该商品的法定所有权或所有权上的主要风险和报酬转移给客户；
- 客户已接受该商品或服务。

本集团根据在向客户转让商品或服务前是否拥有对该商品或服务的控制权，来判断本集团从事交易时的身份是主要责任人还是代理人。本集团在向客户转让商品或服务前能够控制该商品或服务的，本集团为主要责任人，按照已收或应收对价总额确认收入；否则，本集团为代理人，按照预期有权收取的佣金或手续费的金额确认收入，该金额按照已收或应收对价总额扣除应支付给其他相关方的价款后的净额，或者按照既定的佣金金额或比例等确定。

本集团已向客户转让商品或服务而有权收取对价的权利（且该权利取决于时间流逝之外的其他因素）作为合同资产列示，合同资产以预期信用损失为基础计提减值（参见附注三、9(6)）。本集团拥有的、无条件（仅取决于时间流逝）向客户收取对价的权利作为应收款项列示。本集团已收或应收客户对价而应向客户转让商品或服务的义务作为合同负债列示。

与本集团取得收入的主要活动相关的具体会计政策描述如下：

(1) 手续费及佣金收入

手续费及佣金收入的金额按照本集团在日常经营活动中提供劳务时，已收或应收合同或协议价款的公允价值确定。

本集团履行了合同中的履约义务，客户取得相关商品或服务的控制权时，确认相关的手续费及佣金收入：

(a) 经纪业务收入

代理买卖证券业务手续费收入及期货经纪业务手续费收入在交易日确认为收入。

(b) 投资银行业务收入

承销收入于本集团完成承销合同中的履约义务时确认收入。

根据合约条款，保荐收入在本集团履行履约义务的过程中确认收入，或于履约义务完成的时点确认。

(c) 咨询服务业务收入

根据咨询服务的性质及合约条款，咨询服务业务收入在本集团履行履约义务的过程中确认收入，或于履约义务完成的时点确认。

(d) 资产管理及基金管理业务收入

根据合同条款，受托客户资产管理业务收入和基金管理费收入在本集团履行履约义务的过程中，根据合同或协议约定的收入计算方法，且已确认的累计收入金额很可能不会发生重大转回时，确认为当期收入。

(2) 利息收入

利息收入和利息支出是按借出和借入货币资金的时间和实际利率计算确定的。

(3) 投资收益

本集团持有的交易性金融资产、其他权益工具投资、衍生金融工具及其他投资在持有期间取得的利息、红利、股息或现金股利确认当期收益。

金融资产转移满足终止确认条件的，应当将下列两项金额的差额计入投资收益：

- 终止确认部分的账面价值；
- 终止确认部分的对价，与原直接计入股东权益的公允价值变动累计额中对应终止确认部分的金额（涉及转移的金融资产为以公允价值计量且其变动计入其他综合收益的债权投资）之和。

采用成本法核算长期股权投资的，按被投资单位宣告发放的现金股利或利润中属于本公司的部分确认收益；采用权益法核算长期股权投资的，根据被投资单位实现的净利润或经调整的净利润计算应享有的份额确认投资收益。

21 合同成本

合同成本包括为取得合同发生的增量成本及合同履约成本。

为取得合同发生的增量成本是指本集团不取得合同就不会发生的成本。该成本预期能够收回的，本集团将其作为合同取得成本确认为一项资产。本集团为取得合同发生的、除预期能够收回的增量成本之外的其他支出于发生时计入当期损益。

为履行合同发生的成本，不属于存货等其他企业会计准则规范范围且同时满足下列条件的，本集团将其作为合同履约成本确认为一项资产：

- 该成本与一份当前或预期取得的合同直接相关，包括直接人工、直接材料、制造费用（或类似费用）、明确由客户承担的成本以及仅因该合同而发生的其他成本；
- 该成本增加了本集团未来用于履行履约义务的资源；
- 该成本预期能够收回。

合同取得成本确认的资产和合同履约成本确认的资产（以下简称“与合同成本有关的资产”）采用与该资产相关的商品或服务收入确认相同的基础进行摊销，计入当期损益。合同取得成本确认的资产摊销期限不超过一年的，在发生时计入当期损益。

当与合同成本有关的资产的账面价值高于下列两项的差额时，本集团对超出部分计提减值准备，并确认为资产减值损失：

- 本集团因转让与该资产相关的商品或服务预期能够取得的剩余对价；
- 为转让该相关商品或服务估计将要发生的成本。

22 职工薪酬

(1) 短期薪酬

本集团在职工提供服务的会计期间，将实际发生或按规定的基准和比例计提的职工工资、奖金、医疗保险费、工伤保险费和生育保险费等社会保险费和住房公积金，确认为负债，并计入当期损益或相关资产成本。

(2) 离职后福利 - 设定提存计划

本集团所参与的设定提存计划是按照中国有关法规要求，本集团职工参加的由政府机构设立管理的社会保障体系中的基本养老保险和失业保险。基本养老保险和失业保险的缴费金额按国家规定的基准和比例计算。本集团在职工提供服务的会计期间，将应缴存的金额确认为负债，并计入当期损益或相关资产成本。

(3) 辞退福利

本集团在职工劳动合同到期之前解除与职工的劳动关系，或者为鼓励职工自愿接受裁减而提出给予补偿的建议，在下列两者孰早日，确认辞退福利产生的负债，同时计入当期损益：

- 本集团不能单方面撤回因解除劳动关系计划或裁减建议所提供的辞退福利时；
- 本集团有详细、正式的涉及支付辞退福利的重组计划；并且，该重组计划已开始实施，或已向受其影响的各方通告了该计划的主要内容，从而使各方形成了对本集团将实施重组的合理预期时。

(4) 其他长期职工福利

本集团的其他长期职工福利为报告期末 12 个月内不需支付的绩效年薪或递延发放奖金，本集团根据职工提供服务而获取的未来报告期间预计获得的福利金额，将其予以折现后的现值确认为负债，并计入当前损益或相关资产成本。

23 政府补助

政府补助是本集团从政府无偿取得的货币性资产或非货币性资产，但不包括政府以投资者身份向本集团投入的资本。

政府补助在能够满足政府补助所附条件，并能够收到时，予以确认。

政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量。

本集团取得的、用于购建或以其他方式形成长期资产的政府补助作为与资产相关的政府补助。本集团取得的与资产相关之外的其他政府补助作为与收益相关的政府补助。与资产相关的政府补助，本集团将其冲减相关资产的账面价值，或确认为递延收益，并在相关资产使用寿命内按照合理、系统的方法分期计入其他收益或营业外收入。与收益相关的政府补助，如果用于补偿本集团以后期间的相关成本费用或损失的，本集团将其确认为递延收益，并在确认相关成本费用或损失的期间，计入其他收益或营业外收入，或冲减相关成本；否则直接计入其他收益或营业外收入，或冲减相关成本。

24 所得税

除因企业合并和直接计入所有者权益（包括其他综合收益）的交易或者事项产生的所得税外，本集团将当期所得税和递延所得税计入当期损益。

当期所得税是按本期应税所得额，根据税法规定的税率计算的预期应交所得税，加上以往年度应付所得税的调整。

资产负债表日，如果本集团拥有以净额结算的法定权利并且意图以净额结算或取得资产、清偿负债同时进行时，那么当期所得税资产及当期所得税负债以抵销后的净额列示。

递延所得税资产与递延所得税负债分别根据可抵扣暂时性差异和应纳税暂时性差异确定。暂时性差异是指资产或负债的账面价值与其计税基础之间的差额，包括能够结转以后年度的可抵扣亏损和税款抵减。递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异的应纳税所得额为限。

如果不属于企业合并交易且交易发生时既不影响会计利润也不影响应纳税所得额（或可抵扣亏损），则该项交易中产生的暂时性差异不会产生递延所得税。商誉的初始确认导致的暂时性差异也不产生相关的递延所得税。

资产负债表日，本集团根据递延所得税资产和负债的预期收回或结算方式，依据已颁布的税法规定，按照预期收回该资产或清偿该负债期间的适用税率计量该递延所得税资产和负债的账面金额。

资产负债表日，本集团对递延所得税资产的账面价值进行复核。如果未来期间很可能无法获得足够的应纳税所得额用以抵扣递延所得税资产的利益，则减记递延所得税资产的账面价值。在很可能获得足够的应纳税所得额时，减记的金额予以转回。

资产负债表日，递延所得税资产及递延所得税负债在同时满足以下条件时以抵销后的净额列示：

- 纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利；
- 递延所得税资产及递延所得税负债是与同一税收征管部门对同一纳税主体征收的所得税相关或者是对不同的纳税主体相关，但在未来每一具有重要性的递延所得税资产及负债转回的期间内，涉及的纳税主体意图以净额结算当期所得税资产和负债或是同时取得资产、清偿负债。

25 经营租赁、融资租赁

租赁分为融资租赁和经营租赁。融资租赁是指无论所有权最终是否转移但实质上转移了与资产所有权有关的全部风险和报酬的租赁。经营租赁是指除融资租赁以外的其他租赁。

(1) 经营租赁租入资产

经营租赁租入资产的租金费用在租赁期内按直线法确认为相关资产成本或费用。

(2) 经营租赁租出资产

经营租赁租出的除投资性房地产以外的固定资产按附注三、11(2)所述的折旧政策计提折旧，按附注三、17所述的会计政策计提减值准备。对于其他经营租赁租出资产，比照前述披露具体的会计政策。经营租赁的租金收入在租赁期内按直线法确认为收入。经营租赁租出资产发生的初始直接费用，金额较大时予以资本化，在整个租赁期内按照与确认租金收入相同的基础分期计入当期损益；金额较小时，直接计入当期损益。

(3) 融资租赁租入资产

于租赁期开始日，本集团融资租入资产按租赁开始日租赁资产公允价值与最低租赁付款额现值两者中较低者作为租入资产的入账价值，将最低租赁付款额作为长期应付款的入账价值，其差额确认为未确认融资费用。本集团将因融资租赁发生的初始直接费用计入租入资产价值。融资租赁租入资产按附注三、11(2)所述的折旧政策计提折旧，按附注三、17所述的会计政策计提减值准备。

对能够合理确定租赁期届满时取得租入资产所有权的，租入资产在使用寿命内计提折旧。否则，租赁资产在租赁期与租赁资产使用寿命两者中较短的期间内计提折旧。

本集团对未确认融资费用采用实际利率法在租赁期内各个期间进行分摊，并按照借款费用的原则处理。

资产负债表日，本集团将与融资租赁相关的长期应付款减去未确认融资费用的差额，在资产负债表内列示。

26 持有待售和终止经营

(1) 持有待售

本集团主要通过出售而非持续使用一项非流动资产或处置组收回其账面价值时，将该非流动资产或处置组划分为持有待售类别。

处置组，是指在一项交易中作为整体通过出售或其他方式一并处置的一组资产，以及在该交易中转让的与这些资产直接相关的负债。

本集团将同时满足下列条件的非流动资产或处置组划分为持有待售类别：

- 根据类似交易中出售此类资产或处置组的惯例，该非流动资产或处置组在其当前状况下即可立即出售；
- 出售极可能发生，即本集团已经就一项出售计划作出决议且已与其他方签订了具有法律约束力的购买协议，预计出售将在一年内完成。

本集团按账面价值与公允价值（参见附注三、18）减去出售费用后净额之孰低者对持有待售的非流动资产（不包括金融资产（参见附注三、9）及递延所得税资产（参见附注三、24）或处置组进行初始计量和后续计量，账面价值高于公允价值（参见附注三、18）减去出售费用后净额的差额确认为资产减值损失，计入当期损益。

(2) 终止经营

本集团将满足下列条件之一的、能够单独区分的组成部分，且该组成部分已被本集团处置或划分为持有待售类别的界定为终止经营：

- 该组成部分代表一项独立的主要业务或一个单独的主要经营地区；
- 该组成部分是拟对一项独立的主要业务或一个单独的主要经营地区进行处置的一项相关联计划的一部分；
- 该组成部分是专为转售而取得的子公司。

27 股利分配

资产负债表日后，经审议批准的利润分配方案中拟分配的股利或利润，不确认为资产负债表日的负债，在附注中单独披露。

28 一般风险准备

本公司及下属子公司中德证券有限责任公司（以下简称“中德证券”）根据财政部颁布的《金融企业财务规则》（中华人民共和国财政部令第 42 号）及其实施指南（财金 [2007] 23 号）的规定，以及证监会制定的《证券公司年报监管工作指引》的要求，按当年税后利润的 10%提取一般风险准备。当年税后利润弥补以前年度亏损后仍为亏损状态，可不予提取一般风险准备。

本公司下属子公司格林大华期货有限公司（以下简称“格林大华”）根据财政部颁布的《金融企业财务规则》（中华人民共和国财政部令第 42 号）及其实施指南（财金 [2007] 23 号）的规定，按当年税后利润的 10%提取一般风险准备。当年税后利润弥补以前年度亏损后仍为亏损状态，可不予提取一般风险准备。

29 交易风险准备

本公司及下属子公司中德证券根据《中华人民共和国证券法》的规定及证监会制定的《证券公司年报监管工作指引》的要求，按当年税后利润的 10%提取交易风险准备用于弥补证券交易的损失。当年税后利润弥补以前年度亏损后仍为亏损状态，可不予提取交易风险准备。

30 关联方

一方控制、共同控制另一方或对另一方施加重大影响，以及两方或两方以上同受一方控制、共同控制的，构成关联方。关联方可为个人或企业。仅仅同受国家控制而不存在其他关联方关系的企业，不构成关联方。

此外，本公司同时根据证监会颁布的《上市公司信息披露管理办法》确定本集团或本公司的关联方。

31 分部报告

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部。如果两个或多个经营分部存在相似经济特征且同时在各单项产品或劳务的性质、生产过程的性质、产品或劳务的客户类型、销售产品或提供劳务的方式、生产产品及提供劳务受法律及行政法规的影响等方面具有相同或相似性的，可以合并为一个经营分部。本集团以经营分部为基础考虑重要性原则后确定报告分部。

本集团在编制分部报告时，分部间交易收入按实际交易价格为基础计量。编制分部报告所采用的会计政策与编制本集团财务报表所采用的会计政策一致。

32 主要会计估计及判断

编制财务报表时，本集团管理层需要运用估计和假设，这些估计和假设会对会计政策的应用及资产、负债、收入及费用的金额产生影响。实际情况可能与这些估计不同。本集团管理层对估计涉及的关键假设和不确定因素的判断进行持续评估，会计估计变更的影响在变更当期和未来期间予以确认。

(1) 主要会计估计

除固定资产及无形资产等资产的折旧及摊销（参见附注三、11 和 13）和各类资产减值（参见附注五、3、5、6、9、10 和 15 以及附注十七、1 和 3）涉及的会计估计外，其他主要的会计估计如下：

- (i) 附注五、16 - 递延所得税资产的确认；
- (ii) 附注十一 - 金融工具公允价值估值。

(2) 主要会计判断

本集团在运用会计政策过程中做出的重要判断如下：

- (i) 附注七 - 披露对其他主体实施控制、共同控制或重大影响的重大判断和假设。

33 主要会计政策的变更

(1) 会计政策变更的内容及原因

本集团自 2020 年度起执行了财政部近年颁布的以下企业会计准则相关规定：

- 《企业会计准则第 14 号——收入（修订）》（“新收入准则”）
- 《企业会计准则解释第 13 号》（财会〔2019〕21 号）（“解释第 13 号”）
- 《新冠肺炎疫情相关租金减让会计处理规定》（财会〔2020〕10 号）

(a) 新收入准则

新收入准则取代了财政部于 2006 年颁布的《企业会计准则第 14 号——收入》及《企业会计准则第 15 号——建造合同》（统称“原收入准则”）。

在原收入准则下，本集团以风险报酬转移作为收入确认时点的判断标准。本集团销售商品收入在同时满足下列条件时予以确认，即：商品所有权上的主要风险和报酬已转移给购货方，收入的金额及相关成本能够可靠计量，相关的经济利益很可能流入本集团，本集团既没有保留通常与所有权相联系的继续管理权，也没有对已售出的商品实施有效控制。提供劳务收入和建造合同收入按照资产负债表日的完工百分比法进行确认。

在新收入准则下，本集团以控制权转移作为收入确认时点的判断标准：

- 本集团在履行了合同中的履约义务，即在客户取得相关商品或服务的控制权时，确认收入。在满足一定条件时，本集团属于在某一时段内履行履约义务，否则，属于在某一时点履行履约义务。合同中包含两项或多项履约义务的，本集团在合同开始日，按照各单项履约义务所承诺商品或服务的单独售价的相对比例，将交易价格分摊至各单项履约义务，按照分摊至各单项履约义务的交易价格计量收入。交易价格是本集团因向客户转让商品或服务而预期有权收取的对价金额，不包括代第三方收取的款项。本集团确认的交易价格不超过在相关不确定性消除时累计已确认收入极可能不会发生重大转回的金额。合同中存在重大融资成分的，本集团按照假定客户在取得商品或服务控制权时即以现金支付的应付金额确定交易价格。该交易价格与合同对价之间的差额，在合同期间内采用实际利率法摊销。
- 本集团依据新收入准则有关特定事项或交易的具体规定调整了相关会计政策。例如：合同成本、预收款等。

- 本集团依据新收入准则的规定，根据履行履约义务与客户付款之间的关系在资产负债表中列示合同资产或合同负债。同时，本集团依据新收入准则对与收入相关的信息披露要求提供更多披露，例如相关会计政策、有重大影响的判断（可变对价的计量、交易价格分摊至各单项履约义务的方法、估计各单项履约义务的单独售价所用的假设等）、与客户合同相关的信息（本期收入确认、合同余额、履约义务等）、与合同成本有关的资产的信息等。

采用该准则未对本集团财务状况和经营成果产生重大影响。

(b) 解释第 13 号

解释第 13 号修订了业务构成的三个要素，细化了业务的判断条件，对非同一控制下企业合并的购买方在判断取得的经营活动或资产的组合是否构成一项业务时，引入了“集中度测试”的选择。

此外，解释第 13 号进一步明确了企业的关联方还包括企业所属企业集团的其他成员单位（包括母公司和子公司）的合营企业或联营企业，以及对企业实施共同控制的投资方的其他合营企业或联营企业等。

解释第 13 号自 2020 年 1 月 1 日起施行，本集团采用未来适用法对上述会计政策变更进行会计处理。采用该解释未对本集团的财务状况、经营成果和关联方披露产生重大影响。

(c) 财会 [2020] 10 号

财会 [2020] 10 号对于满足一定条件的，由新冠肺炎疫情直接引发的租金减让提供了简化方法。如果企业选择采用简化方法，则不需要评估是否发生租赁变更，也不需要重新评估租赁分类。

财会 [2020] 10 号自 2020 年 6 月 24 日起施行，可以对 2020 年 1 月 1 日至该规定施行日之间发生的相关租金减让根据该规定进行调整，采用上述规定未对本集团的财务状况和经营成果产生重大影响。

四 税项

本集团适用的主要税种及税率如下：

税种	计税依据	税率及征收率
企业所得税 (1)	应纳税所得额	16.5% ~ 25%
增值税	按税法规定计算的应税收入为基础计算销项税额，在扣除当期抵扣的进项税额后，差额部分为应交增值税	1.5% ~ 16%
城市维护建设税	缴纳的增值税税额	5%或 7%
教育费附加	缴纳的增值税税额	3%
地方教育费附加	缴纳的增值税税额	2%

(1) 企业所得税

本公司及境内子公司企业所得税税率为 25% (2019 年：25%)，本公司位于香港的子公司 (参见附注七、1) 企业所得税 (即“利得税”) 税率为 16.5% (2019 年：16.5%)。

本公司总部及分支机构所得税的计算和缴纳按照国家税务总局公告 [2012] 57 号《国家税务总局关于印发<跨地区经营汇总纳税企业所得税征收管理办法>的公告》、国家税务总局公告 [2015] 6 号《国家税务总局关于 3 项企业所得税事项取消审批后加强后续管理的公告》及国家税务总局公告 [2018] 第 31 号《国家税务总局关于修改部分税收规范性文件的公告》的通知执行。

五 合并财务报表项目注释

1 货币资金

(1) 按类别列示

<u>项目</u>	<u>2020 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>12 月 31 日</u>
库存现金	6,811	-
银行存款	16,913,187,720	15,673,251,016
其中：客户资金	10,752,989,736	8,460,155,123
自有资金	6,156,537,700	7,211,542,333
结构化主体持有的银行存款	3,660,284	1,553,560
其他货币资金	308,510,283	60,759,609
合计	<u>17,221,704,814</u>	<u>15,734,010,625</u>

于 2020 年 12 月 31 日，本集团存放于香港的款项总额为人民币 390,332,827 元 (2019 年 12 月 31 日：人民币 553,044,817 元)。

于 2020 年 12 月 31 日，本集团受限的货币资金包括公募基金业务风险准备金存款人民币 31,168,766 元，及本公司下属子公司为借款设定质押的一年期以上的定期存款人民币 300,000,000 元；

于 2019 年 12 月 31 日，本集团受限的货币资金包括公募基金业务风险准备金存款人民币 23,464,469 元，及本公司下属子公司暂存应付客户可交债股权分红款人民币 35,861,449 元。

(2) 按币种列示

	2020 年 12 月 31 日			2019 年 12 月 31 日		
	外币金额	折算率	人民币金额	外币金额	折算率	人民币金额
库存现金						
港币	8,092	0.8416	6,811	-	-	-
库存现金小计			6,811			-
客户资金存款						
人民币			9,740,887,632			7,764,952,058
美元	17,747,822	6.5249	113,904,999	16,338,983	6.9762	111,632,721
港币	113,011,494	0.8416	95,114,994	110,359,802	0.8958	98,858,104
其他币种 (注 1)			228,537			916,566
小计			9,950,136,162			7,976,359,449
客户信用资金存款						
人民币			802,853,574			483,795,674
小计			802,853,574			483,795,674
客户存款小计			10,752,989,736			8,460,155,123
公司自有资金存款						
人民币			5,610,713,506			6,804,442,937
美元	21,292,873	6.5249	138,927,673	16,263,232	6.9762	113,455,562
港币	207,845,336	0.8416	174,930,949	139,318,181	0.8958	124,798,440
其他币种 (注 1)			257,381			89,362
小计			5,924,829,509			7,042,786,301
公司信用资金存款						
人民币			231,708,191			168,756,032
小计			231,708,191			168,756,032
公司存款小计			6,156,537,700			7,211,542,333
结构化主体持有的银行存款						
人民币			3,660,284			1,553,560
银行存款小计			16,913,187,720			15,673,251,016
其他货币资金						
人民币			308,510,283			60,759,609
合计			17,221,704,814			15,734,010,625

注 1: 于 2020 年 12 月 31 日, 本集团其他外币包括欧元、英镑、日元、新加坡元等 (于 2019 年 12 月 31 日, 同)。

其中，融资融券业务：

	2020 年 12 月 31 日	2019 年 12 月 31 日
自有信用资金		
其中：人民币	231,708,191	168,756,032
客户信用资金		
其中：人民币	802,853,574	483,795,674
合计	<u>1,034,561,765</u>	<u>652,551,706</u>

2 结算备付金

(1) 按类别列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
客户备付金	1,377,001,845	1,281,863,152
公司备付金	3,835,074,197	1,337,530,081
结构化主体持有的结算备付金	95,238	968,483
合计	<u>5,212,171,280</u>	<u>2,620,361,716</u>

于 2020 年 12 月 31 日，本集团使用受限的结算备付金包括本集团子公司客户结算备付金人民币 208,489 元 (2019 年 12 月 31 日：人民币 208,489 元)。

(2) 按币种列示

	2020 年 12 月 31 日			2019 年 12 月 31 日		
	外币金额	折算率	人民币金额	外币金额	折算率	人民币金额
客户普通备付金						
人民币			1,117,202,339			1,014,750,381
美元	3,808,296	6.5249	24,848,747	4,020,798	6.9762	28,049,891
港币	7,729,811	0.8416	6,505,718	5,988,201	0.8958	5,364,111
小计			<u>1,148,556,804</u>			<u>1,048,164,383</u>
客户信用备付金						
人民币			228,445,041			233,698,769
小计			<u>228,445,041</u>			<u>233,698,769</u>
客户备付金小计			<u>1,377,001,845</u>			<u>1,281,863,152</u>
公司自有备付金						
人民币			3,834,838,014			1,337,324,231
港币	280,622	0.8416	236,183	229,800	0.8958	205,850
小计			<u>3,835,074,197</u>			<u>1,337,530,081</u>
公司备付金小计			<u>3,835,074,197</u>			<u>1,337,530,081</u>
结构化主体持有的结算备付金						
人民币			95,238			968,483
合计			<u>5,212,171,280</u>			<u>2,620,361,716</u>

3 融出资金

	2020 年 12 月 31 日	2019 年 12 月 31 日
融资融券业务融出资金	7,059,376,038	5,212,872,405
孖展业务融资	<u>318,688,909</u>	<u>358,568,593</u>
小计	7,378,064,947	5,571,440,998
减：减值准备	<u>(140,265,209)</u>	<u>(103,035,919)</u>
融出资金净值	<u>7,237,799,738</u>	<u>5,468,405,079</u>

(1) 按交易对手分析

	2020 年 12 月 31 日	2019 年 12 月 31 日
境内		
其中：个人	6,401,432,283	4,776,430,669
机构	657,943,755	436,441,736
减：减值准备	(36,783,469)	(26,949,203)
小计	7,022,592,569	5,185,923,202
境外		
其中：个人	197,925,623	96,668,780
机构	120,763,286	261,899,813
减：减值准备	(103,481,740)	(76,086,716)
小计	215,207,169	282,481,877
账面价值合计	7,237,799,738	5,468,405,079

(2) 担保物信息

	担保物公允价值	
	2020 年 12 月 31 日	2019 年 12 月 31 日
担保物类别		
股票	21,080,659,363	14,768,781,756
资金	1,047,441,503	411,057,475
债券	-	337,801,760
合计	22,128,100,866	15,517,640,991

(3) 用于设定质押的融出资金

于 2020 年 12 月 31 日及 2019 年 12 月 31 日，本集团融出资金中未为回购业务设定质押。

4 衍生金融工具

	2020 年 12 月 31 日			2019 年 12 月 31 日		
	非套期工具			非套期工具		
	名义金额	公允价值		名义金额	公允价值	
		资产	负债		资产	负债
利率衍生工具						
利率互换	34,890,000,000	423,233	-	16,300,000,000	-	-
国债期货	4,855,821,549	-	-	1,951,692,800	-	-
货币衍生工具	72,505,420	-	-	213,604,610	-	-
权益衍生工具						
股指期货	326,803,234	-	-	883,311,864	-	-
股票期权	49,999,997	417,700	-	275,000,000	-	(1,165,213)
权益互换	390,004,502	6,195,666	-	-	-	-
其他衍生工具						
商品期货	565,017,352	-	-	2,459,888,491	-	(98,750)
场外期权	187,310,694	18,351,897	(20,883,097)	120,010,890	18,351,897	(18,351,897)
其他	169,422,677	10,890	-	360,206,627	-	-
合计		<u>25,399,386</u>	<u>(20,883,097)</u>		<u>18,351,897</u>	<u>(19,615,860)</u>

在当日无负债结算制度下，本集团的利率互换合约及期货合约每日结算，其产生的持仓损益金额已在本集团结算备付金以及利润表中体现，而并未反映在上述衍生金融工具科目中。

5 买入返售金融资产

(1) 按金融资产种类列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
债券	2,086,876,715	1,696,944,024
股票	840,306,076	990,211,471
票据	-	96,350,000
小计	2,927,182,791	2,783,505,495
减：减值准备	(17,291,968)	(41,078,851)
合计	<u>2,909,890,823</u>	<u>2,742,426,644</u>

(2) 按业务类别列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
债券质押式回购	1,987,882,369	803,628,348
股票质押式回购	838,797,134	911,126,096
债券买断式回购	98,994,346	893,315,676
约定购回式证券交易	1,508,942	79,085,375
票据买断式回购	-	96,350,000
小计	2,927,182,791	2,783,505,495
减：减值准备	(17,291,968)	(41,078,851)
合计	2,909,890,823	2,742,426,644

(3) 股票质押按剩余期限分析

	2020 年 12 月 31 日	2019 年 12 月 31 日
1 个月内 (含)	110,314,520	112,060,274
1 个月至 3 个月内 (含)	109,934,430	136,091,207
3 个月至 1 年内 (含)	536,599,793	587,765,026
1 年以上	-	75,209,589
逾期	81,948,391	-
小计	838,797,134	911,126,096
减：减值准备	(17,276,879)	(40,287,997)
合计	821,520,255	870,838,099

(4) 约定购回按剩余期限分析

	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
1 个月内 (含)	-	-
1 个月至 3 个月内 (含)	-	2,068,800
3 个月至 1 年内 (含)	<u>1,508,942</u>	<u>77,016,575</u>
小计	1,508,942	79,085,375
减：减值准备	<u>(15,089)</u>	<u>(790,854)</u>
合计	<u><u>1,493,853</u></u>	<u><u>78,294,521</u></u>

(5) 买入返售金融资产的担保物信息

	<u>担保物公允价值</u>	
	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
<u>担保物类别</u>		
担保物	6,879,672,632	5,534,085,393
其中：可供出售或再次抵押担保物	99,862,810	1,068,328,133
其中：已出售或再次抵押担保物	48,936,590	473,467,380

6 应收款项

	2020 年 12 月 31 日	2019 年 12 月 31 日
应收手续费及佣金收入	54,115,034	70,720,460
应收仓单销售款	27,434,275	27,446,813
应收交易款项	46,985,497	47,304,567
其他	43,178,564	5,958,253
小计	171,713,370	151,430,093
减：减值准备	(61,379,036)	(51,225,204)
账面价值合计	110,334,334	100,204,889

注：上述应收款项中无应收持有本公司 5% (含 5%) 以上表决权股份的股东的款项。上述应收款项中应收关联方款项参见附注九、5。

7 存出保证金

	2020 年 12 月 31 日			2019 年 12 月 31 日		
	原币金额	折算率	折人民币金额	原币金额	折算率	折人民币金额
交易保证金						
其中：人民币			1,791,624,128			1,488,573,763
美元	36,016,676	6.5246	234,993,112	22,030,482	6.9762	153,689,046
港币	7,901,567	0.8416	6,650,275	25,842,372	0.8958	23,149,080
其他币种			348,847			624,707
信用保证金						
其中：人民币			470,627,753			277,853,969
履约保证金						
其中：人民币			762,255,815			996,782,335
合计			3,266,499,930			2,940,672,900

8 交易性金融资产

	2020 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	公允价值合计	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	初始成本合计
债券	15,268,555,930	-	15,268,555,930	15,013,555,949	-	15,013,555,949
票据	1,777,250,750	-	1,777,250,750	1,761,999,131	-	1,761,999,131
股票	1,685,786,988	-	1,685,786,988	1,486,662,591	-	1,486,662,591
基金	928,818,778	-	928,818,778	909,346,522	-	909,346,522
股权	829,243,092	-	829,243,092	806,328,022	-	806,328,022
理财产品	737,422,806	-	737,422,806	737,390,000	-	737,390,000
资产管理计划	735,791,246	-	735,791,246	718,385,904	-	718,385,904
债权	268,450,150	-	268,450,150	314,555,095	-	314,555,095
资产支持证券	190,000,000	-	190,000,000	200,000,000	-	200,000,000
其他	99,905,609	-	99,905,609	120,671,352	-	120,671,352
合计	22,521,225,349	-	22,521,225,349	22,068,894,566	-	22,068,894,566

于 2020 年 12 月 31 日，本集团交易性金融资产中已融出证券为人民币 35,082,255 元。

于 2020 年 12 月 31 日，本集团交易性金融资产用于卖出回购和债券借贷质押的债券账面价值分别为人民币 4,193,413,604 元和人民币 2,011,888,650 元。用于卖出回购金融资产的票据账面价值为人民币 1,588,603,480 元。存在流通受限的股票为人民币 325,115,485 元。

	2019 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	公允价值合计	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	初始成本合计
债券	9,700,872,010	-	9,700,872,010	9,474,295,832	-	9,474,295,832
票据	7,907,426,414	-	7,907,426,414	7,899,811,462	-	7,899,811,462
股票	2,381,731,839	-	2,381,731,839	1,995,853,721	-	1,995,853,721
基金	720,480,641	-	720,480,641	710,010,891	-	710,010,891
资产管理计划	792,623,739	-	792,623,739	774,223,165	-	774,223,165
资产支持证券	380,619,374	-	380,619,374	360,925,422	-	360,925,422
理财产品	150,000,000	-	150,000,000	150,000,000	-	150,000,000
股权	123,172,654	-	123,172,654	152,444,508	-	152,444,508
债权	90,565,000	-	90,565,000	101,970,000	-	101,970,000
合计	22,247,491,671	-	22,247,491,671	21,619,535,001	-	21,619,535,001

于 2019 年 12 月 31 日，本集团交易性金融资产中已融出证券为人民币 51,908,847 元。

于 2019 年 12 月 31 日，本集团交易性金融资产用于卖出回购和债券借贷质押的债券账面价值分别为人民币 4,377,359,431 元和人民币 1,174,569,820 元。用于卖出回购金融资产的票据账面价值为人民币 7,441,387,313 元。存在流通受限的股票为人民币 518,848,544 元。

9 债权投资

项目	2020 年 12 月 31 日			
	初始成本	利息	减值准备	账面价值
债权	34,338,289	-	(24,260)	34,314,029
企业债	32,582,030	600,802	(17,351,918)	15,830,914
合计	66,920,319	600,802	(17,376,178)	50,144,943

项目	2019 年 12 月 31 日			
	初始成本	利息	减值准备	账面价值
企业债	34,827,783	642,213	(2,949,685)	32,520,311
合计	34,827,783	642,213	(2,949,685)	32,520,311

10 其他债权投资

	2020 年 12 月 31 日			
	初始成本	利息	公允价值变动	累计减值准备
地方政府债	828,000,000	9,006,203	23,691,407	(118,854)
国债	360,000,000	3,004,663	6,564,533	(25,773)
企业债	281,394,877	(8,485,456)	(41,271,095)	(74,406,110)
中期票据	84,446,517	(699,422)	21,207,997	(245,971)
定向工具	78,932,000	4,062,977	35,816,229	(609,766)
资产支持证券	10,834,000	54,140	(3,121,560)	(4,899,663)
合计	1,643,607,394	6,943,105	42,887,511	(80,306,137)
				1,693,438,010
	2019 年 12 月 31 日			
	初始成本	利息	公允价值变动	累计减值准备
地方政府债	885,000,000	2,954,921	31,459,944	(126,090)
企业债	307,951,597	(11,757,548)	(101,886,876)	(100,039,618)
中期票据	36,158,108	-	15,864,962	(4,559,783)
合计	1,229,109,705	(8,802,627)	(54,561,970)	(104,725,491)
				1,165,745,108

于 2020 年 12 月 31 日，本集团其他债权投资中用于卖出回购和债券借贷质押的债券账面价值分别为人民币 348,312,469 元和人民币 569,172,092 元。

于 2019 年 12 月 31 日，本集团的其他债权投资中用于债券借贷的质押债券账面价值为人民币 919,414,865 元。

11 其他权益工具投资

	2020 年 12 月 31 日		
	<u>初始成本</u>	<u>本年末 公允价值</u>	<u>本年确认的 股利收入</u>
非交易性权益工具	<u>411,073,931</u>	<u>218,104,918</u>	<u>77,878</u>
合计	<u><u>411,073,931</u></u>	<u><u>218,104,918</u></u>	<u><u>77,878</u></u>
	2019 年 12 月 31 日		
	<u>初始成本</u>	<u>本年末 公允价值</u>	<u>本年确认的 股利收入</u>
非交易性权益工具	<u>435,592,257</u>	<u>239,373,750</u>	<u>377,242</u>
合计	<u>435,592,257</u>	<u>239,373,750</u>	<u>377,242</u>

(1) 处置的其他权益工具投资

(a) 2020 年处置的其他权益工具投资

项目类型	本年终止确认时的公允价值	本年股利收入	终止确认时的累计收益 / (损失) 本年从其他综合收益转入留存收益的金额
普可医疗股权	18,406,575	-	6,679,932
奥拓福股票	1,173,000	-	(3,820,103)
其他股票	6,902,169	-	(667,981)
合计	26,481,744	-	2,191,848

截至 2020 年 12 月 31 日止年度，本集团处置了部分其他权益工具投资，由此导致人民币 2,191,848 元的处置净收益由其他综合收益转入留存收益。

(b) 2019 年处置的其他权益工具投资

项目类型	本年终止确认时的公允价值	本年股利收入	终止确认时的
			累计损失本年从其他综合收益转入留存收益的金额
康得新股票	31,073,397	-	14,768,588
其他股票	4,735,859	-	3,216,149
合计	35,809,256	-	17,984,737

截至 2019 年 12 月 31 日止年度，本集团处置了部分其他权益工具投资，由此导致人民币 17,984,737 元的处置损失由其他综合收益转入留存收益。

12 固定资产

(1) 固定资产增减变动表

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
原值						
2019 年 1 月 1 日	434,701,509	274,930,122	3,367,993	36,576,278	33,746,184	783,322,086
本年增加	24,580,254	23,804,020	-	2,022,227	3,218,175	53,624,676
本年处置/报废	(7,181,720)	(18,770,597)	(18,465)	(4,175,313)	(2,390,064)	(32,536,159)
汇率变动影响	-	172,995	-	-	4,058	177,053
2019 年 12 月 31 日	452,100,043	280,136,540	3,349,528	34,423,192	34,578,353	804,587,656
本年增加	3,196,001	33,222,910	-	1,037,841	6,982,278	44,439,030
本年处置/报废	-	(10,460,995)	-	(3,402,872)	(2,571,962)	(16,435,829)
汇率变动影响	-	(233,540)	-	-	(15,172)	(248,712)
2020 年 12 月 31 日	455,296,044	302,664,915	3,349,528	32,058,161	38,973,497	832,342,145
累计折旧						
2019 年 1 月 1 日	152,697,371	186,475,648	3,257,205	31,891,622	25,835,403	400,157,249
本年计提	14,511,617	25,677,864	-	1,474,234	2,340,074	44,003,789
本年处置/报废	(831,129)	(17,075,615)	(1,103)	(3,885,628)	(2,193,145)	(23,986,620)
汇率变动影响	-	107,719	-	-	2,795	110,514
2019 年 12 月 31 日	166,377,859	195,185,616	3,256,102	29,480,228	25,985,127	420,284,932
本年计提	16,747,218	27,888,719	-	1,402,313	2,956,196	48,994,446
本年处置/报废	-	(8,819,372)	-	(3,211,780)	(1,720,177)	(13,751,329)
汇率变动影响	-	(154,488)	-	-	(10,030)	(164,518)
2020 年 12 月 31 日	183,125,077	214,100,475	3,256,102	27,670,761	27,211,116	455,363,531
账面净值						
2020 年 12 月 31 日	272,170,967	88,564,440	93,426	4,387,400	11,762,381	376,978,614
2019 年 12 月 31 日	285,722,184	84,950,924	93,426	4,942,964	8,593,226	384,302,724

(2) 于 2020 年 12 月 31 日，固定资产中包括：

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
以经营租赁租出的资产净值	66,343,357	-	-	-	-	66,343,357
尚未办妥房屋产权证的 资产净值	88,043,102	-	-	-	-	88,043,102
已提足折旧仍在继续使用的 资产净值	-	7,802,646	55,993	1,170,338	958,009	9,986,986

于 2019 年 12 月 31 日，固定资产中包括：

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
以经营租赁租出的资产净值	76,665,209	-	-	-	-	76,665,209
尚未办妥房屋产权证的 资产净值	89,045,927	-	-	-	-	89,045,927
已提足折旧仍在继续使用的 资产净值	-	4,511,310	55,993	467,659	619,317	5,654,279

13 无形资产

	软件费	交易席位费	土地使用权	合计
原值				
2019 年 1 月 1 日	267,642,056	28,714,125	1,290,795	297,646,976
本年增加	38,900,916	-	-	38,900,916
本年减少	(1,288,500)	-	-	(1,288,500)
汇率变动影响	-	19,581	-	19,581
2019 年 12 月 31 日	305,254,472	28,733,706	1,290,795	335,278,973
本年增加	66,003,779	-	-	66,003,779
本年减少	(2,341,897)	-	-	(2,341,897)
汇率变动影响	-	(54,139)	-	(54,139)
2020 年 12 月 31 日	368,916,354	28,679,567	1,290,795	398,886,716
累计摊销				
2019 年 1 月 1 日	165,407,996	17,153,686	376,614	182,938,296
本年计提	36,040,837	-	34,542	36,075,379
本年减少	(1,288,500)	-	-	(1,288,500)
2019 年 12 月 31 日	200,160,333	17,153,686	411,156	217,725,175
本年计提	39,867,796	-	34,542	39,902,338
本年减少	(1,987,000)	-	-	(1,987,000)
2020 年 12 月 31 日	238,041,129	17,153,686	445,698	255,640,513
账面价值				
2020 年 12 月 31 日	130,875,225	11,525,881	845,097	143,246,203
2019 年 12 月 31 日	105,094,139	11,580,020	879,639	117,553,798

14 商誉

(1) 商誉变动情况

形成商誉的事项	年初余额	本年增加	本年处置	年末余额
账面原值				
重组商誉 (a)	49,096,844	-	-	49,096,844
格林期货商誉 (b)	427,843,057	-	-	427,843,057
小计	476,939,901	-	-	476,939,901
减值准备	-	-	-	-
商誉账面净额	476,939,901	-	-	476,939,901

(a) 重组商誉分别形成于本公司 1998 年的“银证分离、信证分离”重组、1999 年本公司收购北京农行信托投资公司证券交易营业部和 2001 年本公司与山西省五家信托投资公司所属证券类资产合并重组。上述重组并购形成的商誉于 2006 年 12 月 31 日停止摊销，以后每年年末进行减值测试。

(b) 本集团于 2013 年通过支付现金以及发行股份的方式收购格林期货 100% 股权，同时格林期货吸收合并原大华期货有限公司（以下简称“大华期货”）并更名为格林大华。

格林期货于购买日的可辨认净资产的公允价值根据中联资产评估集团有限公司评估并出具的中联评报字 [2013] 第 984 号评估报告计算确定，合并对价超过格林期货于购买日的可辨认净资产公允价值的差额作为商誉。

(2) 商誉减值准备

分摊至本集团资产组和资产组组合的商誉根据经营分部汇总如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日
证券经纪业务	49,096,844	49,096,844
期货经纪业务	427,843,057	427,843,057
合计	476,939,901	476,939,901

证券经纪业务资产组和资产组组合的可收回金额以预计未来现金流量现值的方法确定。本集团根据管理层批准的最近未来 5 年财务预算和 13%税前折现率预计该资产组的未来现金流量现值，超过 5 年财务预算之后年份的现金流量均保持稳定。对可收回金额的预计结果并没有导致确认减值损失。但预计该资产组未来现金流量现值所依据的关键假设可能会发生改变，如果关键假设发生负面变动，则可能会导致该资产组的账面价值超过其可收回金额。

期货经纪业务资产组和资产组组合的可回收金额是依据市场法评估的公允价值为基础计算，关键假设包括期货类公司近期公平交易中的交易成交价格、成交价格与相关经济指标的相关性分析及处置费用等参数。

15 其他资产

	2020 年 12 月 31 日	2019 年 12 月 31 日
其他应收款 (1)	335,436,914	425,200,157
长期待摊费用 (2)	47,795,348	46,928,688
预付款项 (3)	29,144,771	17,007,417
存货 (4)	-	207,857,416
其他	89,098,990	113,706,033
合计	501,476,023	810,699,711

(1) 其他应收款

	2020 年 12 月 31 日	2019 年 12 月 31 日
其他应收款余额	541,158,237	546,845,812
减：减值准备	(205,721,323)	(121,645,655)
其他应收款净额	335,436,914	425,200,157

注： 上述其他应收款中应收关联方款项参见附注九、5。

子公司格林大华资本管理有限公司（以下简称“格林大华资本管理”）应收客户款项金额人民币 36,703.70 万元，根据预期可收回金额低于账面价值的差额，计提减值准备人民币 18,351.85 万元。

(2) 长期待摊费用

	装修及 工程费用	经营性 租赁租金	其他	合计
2020 年 1 月 1 日	36,698,809	5,928,861	4,301,018	46,928,688
本年增加额	16,618,351	559,549	2,209,114	19,387,014
本年摊销额	(14,799,355)	(1,811,552)	(1,608,823)	(18,219,730)
本年处置额	(147,876)	-	(152,748)	(300,624)
2020 年 12 月 31 日	38,369,929	4,676,858	4,748,561	47,795,348

	装修及 工程费用	经营性 租赁租金	其他	合计
2019 年 1 月 1 日	34,637,558	7,678,241	4,555,332	46,871,131
本年增加额	15,341,001	-	1,468,292	16,809,293
本年摊销额	(12,042,491)	(1,749,380)	(992,827)	(14,784,698)
本年处置额	(1,237,259)	-	(729,779)	(1,967,038)
2019 年 12 月 31 日	36,698,809	5,928,861	4,301,018	46,928,688

(3) 预付款项

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	金额	占总额比例	金额	占总额比例
预缴企业所得税	14,488,660	49.72%	-	-
预付软件购买款	4,673,926	16.04%	8,068,888	47.44%
预付租金	3,099,271	10.63%	2,201,996	12.95%
预付资讯信息费	991,113	3.40%	1,664,723	9.79%
预付购房及工程款	55,720	0.19%	2,020,742	11.88%
其他	5,836,081	20.02%	3,051,068	17.94%
合计	29,144,771	100.00%	17,007,417	100.00%

上述预付款项中无预付持有本公司 5% (含 5%) 以上表决权股份的股东的款项。上述预付款项中预付关联方款项参见附注九、5。

(4) 存货

(a) 明细项目

2020 年 12 月 31 日		
	账面原值	跌价准备
	账面净值	
库存商品	-	-

2019 年 12 月 31 日		
	账面原值	跌价准备
	账面净值	
库存商品	209,836,575	(1,979,159)
	207,857,416	

(b) 存货跌价准备

	2020 年 1 月 1 日余额	本年增加	本年减少	2020 年 12 月 31 日余额
库存商品跌价准备	1,979,159	-	(1,979,159)	-

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
库存商品跌价准备	19,921,060	1,979,159	(19,921,060)	1,979,159

16 递延所得税资产和递延所得税负债

(1) 未经抵销的递延所得税资产

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延 所得税资产	可抵扣 暂时性差异	递延 所得税资产	可抵扣 暂时性差异
公允价值变动	79,334,964	317,339,856	83,235,032	332,940,128
- 交易性金融资产	20,758,631	83,034,524	12,964,235	51,856,940
- 衍生金融工具	12,932,603	51,730,412	7,320,137	29,280,548
- 其他债权投资	-	-	13,588,372	54,353,488
- 其他权益工具投资	44,462,847	177,851,388	46,863,006	187,452,024
- 交易性金融负债	1,180,883	4,723,532	2,499,282	9,997,128
可抵扣亏损	30,412,621	121,650,484	29,042,513	116,170,052
信用资产减值准备	76,209,027	304,836,108	56,999,461	227,997,844
其他资产减值准备	-	-	494,790	1,979,159
已计提尚未支付的工资及奖金	8,211,553	32,846,212	11,044,569	44,178,276
未实现的投资收益	4,782,010	19,128,040	6,632,857	26,531,428
其他	3,477,547	13,910,188	2,970,628	11,882,513
合计	202,427,722	809,710,888	190,419,850	761,679,400

(2) 未经抵销的递延所得税负债

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延 所得税负债	应纳税 暂时性差异	递延 所得税负债	应纳税 暂时性差异
公允价值变动	(13,004,590)	(52,018,360)	(40,244,483)	(160,977,932)
- 交易性金融资产	(2,282,713)	(9,130,852)	(40,244,483)	(160,977,932)
- 其他债权投资	(10,721,877)	(42,887,508)	-	-
未实现的投资收益	(181,932)	(727,728)	(3,393,384)	(13,573,536)
评估增值	(3,643,908)	(14,575,632)	(4,042,507)	(16,170,028)
其他	(535,318)	(2,141,272)	(826,770)	(3,307,080)
合计	(17,365,748)	(69,462,992)	(48,507,144)	(194,028,576)

(3) 递延所得税资产和递延所得税负债互抵金额

	2020 年 12 月 31 日	2019 年 12 月 31 日
递延所得税资产	(10,944,045)	(15,458,088)
递延所得税负债	<u>10,944,045</u>	<u>15,458,088</u>

抵销后的递延所得税资产和递延所得税负债净额列示如下：

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	递延 所得税资产 或负债净额	互抵后的 可抵扣或 应纳税 暂时性差额	递延 所得税资产 或负债净额	互抵后的 可抵扣或 应纳税 暂时性差额
递延所得税资产	191,483,677	765,934,708	174,961,762	699,847,048
递延所得税负债	<u>(6,421,703)</u>	<u>(25,686,812)</u>	<u>(33,049,056)</u>	<u>(132,196,224)</u>

(4) 未确认递延所得税资产明细

按照附注三、(24) 所载的会计政策，由于本集团部分纳入合并范围的企业不是很可能获得可用于抵扣有关亏损的未来应纳税利润，因此本集团于 2020 年 12 月 31 日尚未就该些企业共计人民币 208,499,180 元 (2019 年 12 月 31 日：人民币 140,637,997 元) 的累积可抵扣亏损确认递延所得税资产。

17 资产减值准备

(1) 各项减值准备的变动情况:

	年初余额	本年增加	本年减少		汇率变动的影响	2020 年 12 月 31 日
		本年转回	本年核销或转出			
融出资金减值准备	103,035,919	41,745,293	-	-	(4,516,003)	140,265,209
买入返售金融资产减值准备	41,078,851	-	(23,786,883)	-	-	17,291,968
应收款项减值准备	51,225,204	12,202,179	-	(2,037,998)	(10,349)	61,379,036
债权投资减值准备	2,949,685	15,073,728	-	-	(647,235)	17,376,178
其他债权投资减值准备	104,725,491	-	(24,419,354)	-	-	80,306,137
其他应收款坏账准备	121,645,655	84,075,668	-	-	-	205,721,323
金融工具及其他项目信用减值准备小计	424,660,805	153,096,868	(48,206,237)	(2,037,998)	(5,173,587)	522,339,851
存货减值准备	1,979,159	-	(1,979,159)	-	-	-
其他资产减值准备小计	1,979,159	-	(1,979,159)	-	-	-
合计	426,639,964	153,096,868	(50,185,396)	(2,037,998)	(5,173,587)	522,339,851

	原金融工具 准则下的余额	首次执行 新金融工具 准则的调整金额	调整后的 年初余额	本年增加	本年减少		汇率 变动的影响	2019 年 12 月 31 日
					本年转回	本年核销或转出		
融出资金减值准备	64,286,454	13,818,719	78,105,173	23,683,072	-	-	1,247,674	103,035,919
买入返售金融资产减值准备	7,906,436	55,150,709	63,057,145	-	(21,978,294)	-	-	41,078,851
应收款项减值准备	31,818,213	1,267,954	33,086,167	22,591,677	(1,195,004)	(3,257,636)	-	51,225,204
债权投资减值准备	-	1,644,492	1,644,492	1,254,582	-	-	50,611	2,949,685
可供出售金融资产减值准备	46,328,195	(46,328,195)	-	-	-	-	-	-
其他债权投资减值准备	-	65,088,927	65,088,927	39,648,902	(167)	(12,171)	-	104,725,491
其他应收款坏账准备	8,564,034	1,766,482	10,330,516	112,540,021	-	(1,224,882)	-	121,645,655
金融工具及其他项目								
信用减值准备小计	158,903,332	92,409,088	251,312,420	199,718,254	(23,173,465)	(4,494,689)	1,298,285	424,660,805
存货减值准备	19,921,060	-	19,921,060	-	(17,941,901)	-	-	1,979,159
其他资产减值准备小计	19,921,060	-	19,921,060	-	(17,941,901)	-	-	1,979,159
合计	178,824,392	92,409,088	271,233,480	199,718,254	(41,115,366)	(4,494,689)	1,298,285	426,639,964

(2) 按阶段划分的预期信用损失减值准备：

	2020 年 12 月 31 日			合计
	未来 12 个月	整个存续期	整个存续期预期	
	预期信用损失	预期信用损失	信用损失	
	(未发生信用减值)	(已发生信用减值)		
融出资金减值准备	38,921,520	-	101,343,689	140,265,209
买入返售金融资产				
减值准备	7,583,577	-	9,708,391	17,291,968
应收款项坏账准备	-	3,606,682	57,772,354	61,379,036
债权投资减值准备	24,260	-	17,351,918	17,376,178
其他债权投资减值准备	1,099,645	-	79,206,492	80,306,137
其他资产坏账准备	-	12,769,467	192,951,856	205,721,323
合计	47,629,002	16,376,149	458,334,700	522,339,851

	2019 年 12 月 31 日			合计
	未来 12 个月	整个存续期	整个存续期预期	
	预期信用损失	预期信用损失	信用损失	
	(未发生信用减值)	(已发生信用减值)		
融出资金减值准备	26,068,685	-	76,967,234	103,035,919
买入返售金融资产				
减值准备	6,919,868	6,488,290	27,670,693	41,078,851
应收款项坏账准备	-	910,293	50,314,911	51,225,204
债权投资减值准备	-	2,949,685	-	2,949,685
其他债权投资减值准备	603,707	-	104,121,784	104,725,491
其他资产坏账准备	-	1,169,119	120,476,536	121,645,655
合计	33,592,260	11,517,387	379,551,158	424,660,805

18 短期借款

	2020 年	2019 年
	12 月 31 日	12 月 31 日
信用借款	180,966,251	183,832,245
质押借款	43,486,832	-
合计	224,453,083	183,832,245

19 应付短期融资款

	2020 年 12 月 31 日	2019 年 12 月 31 日
应付收益凭证 (a)	5,344,091,022	4,323,301,803
应付短期公司债券 (b)	176,394,822	-
合计	5,520,485,844	4,323,301,803

(a) 应付收益凭证

	固定年利率	2020 年 1 月 1 日 未付本金	本年发行	本年兑付	2020 年 12 月 31 日 未付本金	2020 年 12 月 31 日 应计利息
收益凭证	2.0%-8.18%	4,286,260,000	15,309,230,000	(14,316,900,000)	5,278,590,000	65,501,022

本公司于 2020 年度共发行若干期限小于一年的收益凭证,未到期收益凭证的年利率为 2.75% 至 5%。

(b) 应付短期公司债券

债券名称	发行日期	到期日期	票面 利率	2020 年 1 月 1 日 未付本金	本年发行	本年兑付	2020 年 12 月 31 日 未付本金	2020 年 12 月 31 日 应计利息
SSIFH 4 1/2 05/21/21	2020-05-21	2021-05-21	4.50%	-	176,163,163	-	176,163,163	231,659

20 拆入资金

	2020 年 12 月 31 日	2019 年 12 月 31 日
转融通融入资金 (a)	3,714,851,111	3,731,229,861
银行及其他金融机构拆入资金 (b)	6,307,405,986	1,780,554,200
合计	10,022,257,097	5,511,784,061

(a) 转融通融入资金

剩余期限	2020 年 12 月 31 日		2019 年 12 月 31 日	
	余额	利率区间	余额	利率区间
1 个月内	806,700,000	2.50%-2.80%	-	-
1 至 3 个月 (含)	2,908,151,111	2.80%	1,923,508,333	3.5%
3 至 12 个月 (含)	-	-	1,807,721,528	3.25-3.50%
合计	3,714,851,111		3,731,229,861	

(b) 银行及其他金融机构拆入资金

剩余期限	2020 年 12 月 31 日		2019 年 12 月 31 日	
	余额	利率区间	余额	利率区间
1 个月以内	6,307,405,986	2.21%-3.60%	1,780,554,200	3.00% - 3.60%
合计	6,307,405,986		1,780,554,200	

21 交易性金融负债

	2020 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允 价值计量且其变动 计入当期损益的 金融负债	指定为以公允 价值计量且其变动 计入当期损益的 金融负债	公允价值合计	分类为以公允 价值计量且其变动 计入当期损益的 金融负债	指定为以公允 价值计量且其变动 计入当期损益的 金融负债	初始成本合计
卖出的借入债券	680,458,502	-	680,458,502	666,811,693	-	666,811,693
收益凭证	50,069,863	-	50,069,863	50,000,000	-	50,000,000
合计	730,528,365	-	730,528,365	716,811,693	-	716,811,693

	2019 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允 价值计量且其变动 计入当期损益的 金融负债	指定为以公允 价值计量且其变动 计入当期损益的 金融负债	公允价值合计	分类为以公允 价值计量且其变动 计入当期损益的 金融负债	指定为以公允 价值计量且其变动 计入当期损益的 金融负债	初始成本合计
卖出的借入债券	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290
合计	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290

22 卖出回购金融资产款

(1) 按金融资产种类列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
债券	5,211,963,155	4,613,363,707
银行承兑汇票	1,587,933,921	7,587,279,587
合计	<u>6,799,897,076</u>	<u>12,200,643,294</u>

(2) 按业务类别列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
债券质押式回购	5,014,515,033	4,582,511,601
票据质押式回购	1,587,933,921	6,205,549,739
债券买断式回购	197,448,122	30,852,106
票据买断式回购	-	1,381,729,848
合计	<u>6,799,897,076</u>	<u>12,200,643,294</u>

(3) 卖出回购金融资产款的担保物信息

	担保物公允价值	
<u>担保物类别</u>	2020 年 12 月 31 日	2019 年 12 月 31 日
债券	5,743,724,809	4,853,397,709
银行承兑汇票	1,588,603,480	7,441,387,313
合计	<u>7,332,328,289</u>	<u>12,294,785,022</u>

23 代理买卖证券款

	2020 年 12 月 31 日	2019 年 12 月 31 日
<u>普通经纪业务</u>		
个人	8,635,219,095	7,718,586,226
机构	2,556,600,309	1,377,357,693
<u>信用业务</u>		
个人	1,094,573,154	1,006,436,991
机构	530,682,513	46,705,457
合计	<u>12,817,075,071</u>	<u>10,149,086,367</u>

24 应付职工薪酬

(1) 应付职工薪酬列示如下：

	2020 年 1 月 1 日余额	本年增加	本年减少	2020 年 12 月 31 日余额
短期薪酬及长期薪金	151,049,692	1,234,579,887	(1,166,094,128)	219,535,451
离职后福利 - 设定提存计划	(781,696)	7,829,055	(5,996,187)	1,051,172
合计	<u>150,267,996</u>	<u>1,242,408,942</u>	<u>(1,172,090,315)</u>	<u>220,586,623</u>
	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
短期薪酬及长期薪金	134,568,862	940,589,000	(924,108,170)	151,049,692
离职后福利 - 设定提存计划	(600,452)	78,829,571	(79,010,815)	(781,696)
辞退福利	-	42,935	(42,935)	-
合计	<u>133,968,410</u>	<u>1,019,461,506</u>	<u>(1,003,161,920)</u>	<u>150,267,996</u>

于 2020 年 12 月 31 日，本集团共有员工 2,637 人（2019 年 12 月 31 日：2,517 人），其中包括本公司高级管理人员 10 人（2019 年 12 月 31 日：5 人）。

2020 年度，本公司向高级管理人员实际支付的薪酬总额为人民币 2,256.28 万元（2019 年度：人民币 1,998.78 万元）。

(2) 短期薪酬及长期薪金

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
工资、奖金、津贴和补贴	149,514,516	1,093,832,957	(1,044,703,503)	198,643,970
职工福利费	(11,619)	23,806,074	(23,789,254)	5,201
社会保险费	184,462	37,470,916	(37,745,810)	(90,432)
其中：医疗保险费	200,566	36,615,351	(36,903,990)	(88,073)
工伤保险费	(23,981)	118,328	(94,173)	174
生育保险费	7,877	737,237	(747,647)	(2,533)
工会经费和职工教育经费	1,510,065	26,955,747	(7,535,834)	20,929,978
住房公积金	(147,732)	50,025,322	(49,830,856)	46,734
劳务费	-	2,478,799	(2,478,799)	-
其他社保金	-	10,072	(10,072)	-
合计	151,049,692	1,234,579,887	(1,166,094,128)	219,535,451

	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
工资、奖金、津贴和补贴	130,564,246	831,835,792	(812,885,522)	149,514,516
职工福利费	5,201	6,141,421	(6,158,241)	(11,619)
社会保险费	(1,471,119)	44,821,345	(43,165,764)	184,462
其中：医疗保险费	(1,378,636)	41,426,739	(39,847,537)	200,566
工伤保险费	(32,079)	924,147	(916,049)	(23,981)
生育保险费	(60,404)	2,470,459	(2,402,178)	7,877
工会经费和职工教育经费	5,374,888	9,855,701	(13,720,524)	1,510,065
住房公积金	95,646	44,416,066	(44,659,444)	(147,732)
劳务费	-	3,509,438	(3,509,438)	-
其他社保金	-	9,237	(9,237)	-
合计	134,568,862	940,589,000	(924,108,170)	151,049,692

(3) 离职后福利 - 设定提存计划

	2020 年 1 月 1 日余额	本年增加	本年减少	2020 年 12 月 31 日余额
基本养老保险	(786,115)	6,994,248	(5,157,403)	1,050,730
失业保险费	4,419	(52,844)	48,867	442
强积金	-	887,651	(887,651)	-
合计	(781,696)	7,829,055	(5,996,187)	1,051,172

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
基本养老保险	(609,905)	75,625,353	(75,801,563)	(786,115)
失业保险费	9,453	2,483,380	(2,488,414)	4,419
强积金	-	720,838	(720,838)	-
合计	<u>(600,452)</u>	<u>78,829,571</u>	<u>(79,010,815)</u>	<u>(781,696)</u>

(4) 辞退福利

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
遣散费	<u>-</u>	<u>42,935</u>	<u>(42,935)</u>	<u>-</u>

25 应交税费

	2020 年 12 月 31 日	2019 年 12 月 31 日
应交企业所得税	80,541,190	64,681,141
应交代扣代缴个人所得税	42,649,986	14,021,386
应交增值税	14,320,792	10,826,909
应交城市维护建设税	275,529	317,379
其他	<u>4,465,460</u>	<u>3,224,496</u>
合计	<u>142,252,957</u>	<u>93,071,311</u>

26 应付款项

	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
应付货币经纪费用	52,503,351	-
应付手续费及佣金支出	12,449,528	4,088,028
应付仓单采购款	9,999,000	4,269,696
应付经纪人风险金	7,415,386	8,531,677
应付客户款项	6,000,000	8,000,000
其他	<u>2,412,993</u>	<u>297,239</u>
合计	<u><u>90,780,258</u></u>	<u><u>25,186,640</u></u>

27 应付债券

	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
应付公司债券 (1)	3,078,455,604	3,115,713,443
应付次级债券 (1)	4,558,018,699	3,054,591,998
应付一年期以上的收益凭证	<u>17,816,910</u>	<u>81,612,222</u>
合计	<u><u>7,654,291,213</u></u>	<u><u>6,251,917,663</u></u>

(1) 应付债券的增减变动:

债券名称	面值	发行日期	债券期限	票面利率	发行金额	2020 年		2020 年		2020 年	应计利息
						1 月 1 日	本年	12 月 31 日	12 月 31 日		
						未付本金	折溢价摊销	未付本金	未付本金		
							本年发行	本年偿还			
17 山证 01 (a)	100	2017-03-15	3 年	4.76%	1,500,000,000	1,499,909,513	-	(1,500,000,000)	-	-	-
17 山证 02 (b)	100	2017-03-15	5 年	5.10%	500,000,000	499,854,638	-	-	499,854,638	20,400,000	
18 山证 C1 (c)	100	2018-12-04	3 年	4.85%	2,000,000,000	2,000,000,000	-	-	2,000,000,000	7,441,096	
19 山证 C1 (d)	100	2019-01-11	3 年	4.85%	1,000,000,000	1,000,000,000	-	-	1,000,000,000	47,174,863	
19 山证 01 (e)	100	2019-01-22	3 年	4.10%	1,000,000,000	1,000,000,000	-	-	1,000,000,000	38,647,541	
20 山证 01 (f)	100	2020-09-01	3 年	3.90%	1,500,000,000	-	1,500,000,000	-	1,500,000,000	19,553,425	
20 山证 C1 (g)	100	2020-12-14	3 年	4.60%	1,500,000,000	-	1,500,000,000	-	1,500,000,000	3,402,740	
合计					9,000,000,000	5,999,764,151	3,000,000,000	(1,500,000,000)	7,499,854,638	136,619,665	

- (a) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2017 年 3 月 15 日完成发行公司债券 "17 山证 01", 发行总额为人民币 1,500,000,000 元, 债券期限为 3 年, 票面利率为 4.76%, 每年付息一次。
- (b) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2017 年 3 月 15 日完成发行公司债券 "17 山证 02", 发行总额为人民币 500,000,000 元, 债券期限为 5 年, 票面利率为 5.10%, 每年付息一次。
- (c) 经深圳证券交易所深证函 [2018] 598 号文核准公开发行, 本公司于 2018 年 12 月 4 日发行次级债券 "18 山证 C1", 发行总额为人民币 2,000,000,000 元, 债券期限为 3 年, 票面利率为 4.85%, 每年付息一次。
- (d) 经深圳证券交易所深证函 [2018] 598 号文核准公开发行, 于 2019 年 1 月 11 日完成发行次级债券 "19 山证 C1", 发行总额为人民币 1,000,000,000 元, 债券期限为 3 年, 票面利率为 4.85%, 每年付息一次。

- (e) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2019 年 1 月 22 日完成发行公司债券“19 山证 01”, 发行总额为人民币 1,000,000,000 元, 债券期限为 3 年, 票面利率为 4.10%, 每年付息一次。
- (f) 经证监会证监许可 [2020] 1606 号核准公开发行, 于 2020 年 9 月 1 日完成发行公司债券“20 山证 01”, 发行总额为人民币 1,500,000,000 元, 债券期限为 3 年, 票面利率为 3.90%, 每年付息一次。
- (g) 经证监会证监许可 [2020] 1924 号文核准公开发行, 于 2020 年 12 月 14 日完成发行次级债券“20 山证 C1”, 发行总额为人民币 1,500,000,000 元, 债券期限为 3 年, 票面利率为 4.60%, 每年付息一次。

28 其他负债

	2020 年 12 月 31 日	2019 年 12 月 31 日
其他应付款 (1)	395,892,812	476,823,489
应付并表有限合伙企业其他受益人款项	205,703,730	287,116,675
期货风险准备金 (2)	86,659,818	80,290,997
应付结构化主体其他受益人款项 (3)	46,045,320	513,697,700
其他	16,391,286	48,029,708
合计	<u>750,692,966</u>	<u>1,405,958,569</u>

(1) 其他应付款

(a) 按款项性质列示

	2020 年 12 月 31 日	2019 年 12 月 31 日
应付基金公司客户认购款	150,255,214	122,940,888
应付房屋租赁费	39,877,351	14,001,042
应付期权费	37,734,930	38,744,940
应付德意志银行香港分行款项	28,565,984	27,820,241
应付软件开发费	27,718,986	18,878,200
应付证券投资者保护基金	7,227,026	4,100,989
其他	104,513,321	250,337,189
合计	395,892,812	476,823,489

(b) 上述其他应付款中无应付持有本公司 5% (含 5%) 以上表决权股份的股东的款项。

(c) 上述其他应付款中应付关联方款项参见附注九、5。

(2) 期货风险准备金

本公司下属子公司格林大华根据财政部《商品期货交易财务管理暂行规定》按商品和金融期货经纪业务手续费收入的 5% 计提期货风险准备金并计入当期损益, 动用期货风险准备金弥补因自身原因造成的损失或是按规定核销难以收回的垫付风险损失款时, 冲减期货风险准备金余额。

(3) 应付结构化主体其他受益人款项

应付结构化主体其他受益人款项为本集团纳入合并范围内结构化主体产生的应付其他份额持有人持有的权益。纳入合并范围的结构化主体信息参见附注七、2。

29 股本

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
无限售条件股份：人民币普通股	<u>2,828,725,153</u>	<u>761,046,394</u>	<u>-</u>	<u>3,589,771,547</u>

30 资本公积

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
股本溢价	<u>6,713,296,178</u>	<u>3,010,123,212</u>	<u>-</u>	<u>9,723,419,390</u>

31 其他综合收益

项目	2020 年 1 月 1 日 归属于母公司股东 的其他综合收益	本年发生额					2020 年 12 月 31 日 归属于母公司股东 的其他综合收益
		本年所得 税前发生额	减：前期计入其他综 合收益当期 转入损益	减：前期计入其他综 合收益当期 转入留存收益	减：所得税影响	税后归属于 母公司	税后归属于 少数股东
不能重分类进损益的其他 综合收益							
其中：其他权益工具投资公 允价值变动	(142,940,911)	6,083,616	-	(2,922,464)	(724,036)	2,495,281	(58,165)
	(142,940,911)	6,083,616	-	(2,922,464)	(724,036)	2,495,281	(58,165)
小计							
以后将重分类进损益的其他 综合收益							
其中：权益法下可转损益的 其他综合收益	109,193	-	-	-	-	-	109,193
其他债权投资							
公允价值变动	(40,816,499)	70,583,912	26,859,267	-	(24,310,249)	73,132,930	-
其他债权投资							
信用减值准备	78,560,915	23,329,458	(47,748,812)	-	6,100,214	(18,319,140)	-
外币报表折算差额	50,288,101	(44,340,519)	-	-	-	(44,340,519)	-
小计							
合计							

32 盈余公积

	2020 年 12 月 31 日	2019 年 12 月 31 日
上年末盈余公积	556,740,074	507,232,749
加：会计政策变更调整金额	-	(7,217,920)
提取盈余公积	94,140,284	58,523,719
其他综合收益结转留存收益	(448,808)	(1,798,474)
本年末盈余公积	650,431,550	556,740,074

33 一般风险准备及交易风险准备

	2020 年 1 月 1 日	本年增加	本年减少	2020 年 12 月 31 日
一般风险准备	628,719,120	101,503,390	-	730,222,510
交易风险准备	599,220,321	96,916,774	-	696,137,095
合计	1,227,939,441	198,420,164	-	1,426,359,605

34 未分配利润

	2020 年 12 月 31 日	2019 年 12 月 31 日
上年末未分配利润	1,382,574,910	1,289,250,284
加：会计政策变更调整金额	-	(76,324,474)
加：本年归属于母公司股东的净利润	750,927,346	510,183,708
减：提取盈余公积	(94,140,284)	(58,523,719)
提取一般风险准备	(101,503,390)	(64,045,575)
提取交易风险准备	(96,916,774)	(60,342,793)
对股东的分配 (1)	(282,872,515)	(141,436,258)
加：其他综合收益结转留存收益	(784,813)	(16,186,263)
本年末未分配利润 (2)	1,557,284,480	1,382,574,910

(1) 对股东的分配

经 2019 年 5 月 17 日召开的 2018 年度股东大会审议批准，本公司以 2018 年末总股本 2,828,725,153 股为基数，向全体股东每股派发现金股利人民币 0.05 元，共派发现金股利人民币 141,436,258 元。

经 2020 年 5 月 19 日召开的 2019 年度股东大会审议批准，本公司以 2019 年末总股本 2,828,725,153 股为基数，向全体股东每股派发现金股利人民币 0.1 元，共派发现金股利人民币 282,872,515 元。

(2) 年末未分配利润的说明

于 2020 年 12 月 31 日，本集团归属于母公司的未分配利润中包含了本公司的子公司提取的盈余公积人民币 99,435,480 元 (2019 年 12 月 31 日：人民币 91,713,932 元)。

35 少数股东权益

归属于各子公司少数股东的少数股东权益

	2020 年 12 月 31 日	2019 年 12 月 31 日
中德证券	383,823,059	374,649,994
山证投资	162,184,489	186,614,057
合计	<u>546,007,548</u>	<u>561,264,051</u>

36 手续费及佣金净收入

	2020 年	2019 年
证券经纪业务净收入		
- 证券经纪业务收入	683,504,295	481,543,391
- 代理买卖证券业务	629,388,637	455,179,077
- 交易单元席位租赁	7,533,244	11,951,853
- 代销金融产品业务	46,582,414	14,412,461
- 证券经纪业务支出	(163,111,770)	(133,892,044)
- 代理买卖证券业务	(163,111,770)	(133,892,044)
期货经纪业务净收入		
- 期货经纪业务收入	206,557,249	175,183,916
- 期货经纪业务支出	(78,263,420)	(91,342,573)
投资银行业务净收入		
- 投资银行业务收入	673,103,463	587,960,257
- 证券承销业务	512,596,502	377,718,857
- 证券保荐业务	17,075,472	15,543,396
- 财务顾问业务 (1)	143,431,489	194,698,004
- 投资银行业务支出	(21,346,368)	(15,499,428)
- 证券承销业务	(13,108,036)	(15,202,598)
- 财务顾问业务 (1)	(8,238,332)	(296,830)
资产管理业务净收入		
- 资产管理业务收入	121,161,191	91,085,810
- 资产管理业务支出	(42,817,196)	-
基金管理业务		
- 基金管理业务收入	66,780,649	65,479,841
- 基金管理业务支出	(3,353,947)	(2,561,024)
投资咨询业务		
- 投资咨询业务收入	20,347,527	15,958,590
- 投资咨询业务支出	(2,018,868)	-
手续费及佣金净收入	<u>1,460,542,805</u>	<u>1,173,916,736</u>
其中：手续费及佣金收入合计	1,771,454,374	1,327,880,908
手续费及佣金支出合计	(310,911,569)	(153,964,172)

(1) 财务顾问业务净收入按性质分类如下:

	<u>2020 年</u>	<u>2019 年</u>
并购重组财务顾问净收入		
- 境内上市公司	5,886,793	39,783,019
- 其他	-	3,413,208
其他财务顾问业务净收入	<u>129,306,364</u>	<u>151,204,947</u>
财务顾问服务净收入	<u>135,193,157</u>	<u>194,401,174</u>

37 利息净收入 / (支出)

	2020 年	2019 年
利息收入		
其中：货币资金及结算备付金利息收入	390,812,447	372,058,577
融出资金利息收入	452,149,303	372,761,527
买入返售金融资产利息收入	131,911,842	178,440,578
其中：约定购回利息收入	3,580,724	2,027,777
股权质押回购利息收入	55,009,484	97,869,250
债权投资利息收入	-	2,992,056
其他债权投资利息收入	58,180,136	139,524,287
其他按实际利率法计算的金融资产产生的利息收入	15,696,714	16,992,331
利息收入小计	1,048,750,442	1,082,769,356
利息支出		
其中：短期借款利息支出	(6,773,967)	(6,074,152)
应付短期融资款利息支出	(197,781,260)	(189,695,829)
拆入资金利息支出	(223,275,023)	(249,346,738)
其中：转融通利息支出	(112,558,683)	(141,825,833)
卖出回购金融资产款利息支出	(310,514,596)	(353,112,086)
代理买卖证券款利息支出	(27,151,847)	(21,612,914)
应付债券利息支出	(250,931,676)	(283,853,492)
其他利息支出	(25,607,758)	(121,646,221)
利息支出小计	(1,042,036,127)	(1,225,341,432)
利息净收入 / (支出)	6,714,315	(142,572,076)

38 投资收益

	<u>2020 年</u>	<u>2019 年</u>
权益法核算的长期股权投资损益	2,253,274	138,292
金融工具投资收益	1,693,319,866	1,063,431,117
其中：持有期间取得的收益	925,425,022	934,643,174
其中：交易性金融工具	927,394,413	931,865,932
其他权益工具投资	77,878	377,242
衍生金融工具	(2,047,269)	2,400,000
处置金融工具取得的收益	767,894,844	128,787,943
其中：交易性金融工具	794,509,665	275,173,247
其他债权投资	102,417,126	84,313,942
衍生金融工具	(129,031,947)	(230,699,246)
合计	<u>1,695,573,140</u>	<u>1,063,569,409</u>

39 公允价值变动损益

	<u>2020 年</u>	<u>2019 年</u>
交易性金融资产	(238,918,037)	247,569,421
交易性金融负债	5,273,600	2,767,830
衍生金融工具	<u>7,037,488</u>	<u>6,600,219</u>
合计	<u>(226,606,949)</u>	<u>256,937,470</u>

40 其他业务收入

	<u>2020 年</u>	<u>2019 年</u>
仓单业务收入	354,001,598	2,700,826,481
固定资产出租收入	7,905,379	9,565,988
其他	10,029,782	15,578,738
合计	<u>371,936,759</u>	<u>2,725,971,207</u>

41 其他收益

与收益相关的政府补助

	<u>2020 年</u>	<u>2019 年</u>
政府奖励金	21,143,534	23,120,644
税收返还收入	242,228	4,362,723
稳岗补贴	2,678,244	1,193,420
房租补贴收入	8,670,968	-
其他收入	-	1,672,084
合计	<u>32,734,974</u>	<u>30,348,871</u>

其中：计入非经常性损益的金额 32,734,974 30,348,871

42 资产处置 (损失) / 收益

	<u>2020 年</u>	<u>2019 年</u>
资产处置 (损失) / 收益	<u>(224,952)</u>	<u>3,876,061</u>
其中：计入非经常性损益的金额	(224,952)	3,876,061

43 税金及附加

	<u>2020 年</u>	<u>2019 年</u>
城市维护建设税	11,918,945	8,907,880
教育费附加及地方教育费附加	8,394,837	6,235,601
其他	6,374,392	7,461,169
合计	<u>26,688,174</u>	<u>22,604,650</u>

44 业务及管理费

	<u>2020 年</u>	<u>2019 年</u>
职工薪酬 (附注五、24)	1,242,408,942	1,019,461,506
租赁费及物业费用	163,967,917	157,949,404
营销及管理费用	118,207,229	127,074,437
无形资产及长期待摊费用摊销	58,122,068	50,860,077
固定资产折旧	48,994,446	44,003,789
系统运转及维护费	65,054,715	45,361,239
资讯信息费及专业服务费	43,208,086	56,208,441
证券投资者保护基金	18,839,758	16,373,802
其他	62,164,033	50,093,686
合计	<u>1,820,967,194</u>	<u>1,567,386,381</u>

45 信用减值损失

	<u>2020 年度</u>	<u>2019 年度</u>
计提融出资金减值损失	41,745,293	23,683,072
转回买入返售金融资产减值准备	(23,786,883)	(21,978,294)
计提应收款项减值损失	12,202,179	21,396,673
计提债权投资减值损失	15,073,728	1,254,582
(转回) / 计提其他债权投资减值损失	(24,419,354)	39,648,735
计提其他应收款减值损失	84,075,668	112,540,021
合计	<u>104,890,631</u>	<u>176,544,789</u>

46 其他资产减值损失转回

	<u>2020 年度</u>	<u>2019 年度</u>
转回存货跌价准备	<u>1,979,159</u>	<u>17,941,901</u>
合计	<u>1,979,159</u>	<u>17,941,901</u>

47 其他业务成本

	<u>2020 年</u>	<u>2019 年</u>
仓单业务成本	<u>381,977,626</u>	<u>2,685,981,550</u>
合计	<u>381,977,626</u>	<u>2,685,981,550</u>

48 营业外收入

	<u>2020 年</u>	<u>2019 年</u>
政府补助	3,735,023	2,360,000
其他	<u>1,208,817</u>	<u>750,431</u>
合计	<u>4,943,840</u>	<u>3,110,431</u>

49 营业外支出

	<u>2020 年</u>	<u>2019 年</u>
捐赠支出	6,376,924	2,618,571
债务重组调整	2,216,204	-
罚没支出	62,439	1,345
滞纳金、违约金	26,278	1,838,352
其他	154,769	479,126
合计	<u>8,836,614</u>	<u>4,937,394</u>

50 所得税费用

(1) 本年所得税费用

	<u>2020 年</u>	<u>2019 年</u>
当期所得税费用	307,541,242	148,090,653
递延所得税费用	(64,309,980)	(2,234,824)
合计	<u>243,231,262</u>	<u>145,855,829</u>

(2) 所得税费用与会计利润的关系

将基于合并利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	<u>2020 年</u>	<u>2019 年</u>
税前利润	<u>1,005,534,801</u>	<u>665,778,305</u>
按税率 25%计算的预期所得税	251,383,700	166,444,576
非应税收入的影响	(38,422,200)	(37,164,213)
不可抵扣的成本、费用和损失的影响	9,644,344	5,146,747
其他	20,625,418	11,428,719
本年所得税费用	<u>243,231,262</u>	<u>145,855,829</u>

51 基本及稀释每股收益

(1) 基本每股收益

基本每股收益以归属于母公司普通股股东的合并净利润除以本公司发行在外普通股的加权平均数计算：

	<u>2020 年</u>	<u>2019 年</u>
归属于母公司普通股股东的合并净利润	<u>750,927,346</u>	<u>510,183,708</u>
本公司发行在外普通股的加权平均数	<u>3,209,248,350</u>	<u>2,828,725,153</u>
基本每股收益 (元 / 股)	<u>0.23</u>	<u>0.18</u>

(2) 稀释每股收益

稀释每股收益以归属于母公司普通股股东的合并净利润（稀释）除以母公司发行在外普通股的加权平均数（稀释）计算。2020 年度，本公司不存在具有稀释性的潜在普通股（2019 年度：同），因此，稀释每股收益等于基本每股收益。

52 现金流量表项目

(1) 收到的其他与经营活动有关的现金

	<u>2020 年</u>	<u>2019 年</u>
销售仓单收到的现金	380,178,130	2,661,305,890
买卖其他债权投资收到的现金净额	-	3,308,483,584
合并结构化主体增加的现金净额	-	37,388,739
其他	<u>98,755,228</u>	<u>113,293,546</u>
合计	<u>478,933,358</u>	<u>6,120,471,759</u>

(2) 支付其他与经营活动有关的现金

	2020 年	2019 年
合并结构化主体支付的现金净额	544,869,866	-
买卖其他债权投资支付的现金净额	434,081,327	-
存出保证金净增加额	325,827,030	384,134,038
采购仓单支付的现金	177,695,803	3,022,260,461
支付的租赁及物业费	138,091,608	150,972,976
买卖非交易性金融资产支付的现金	97,974,220	288,398,436
应付仓单质押金净减少额	28,789,600	17,030,000
其他	498,046,937	468,137,832
合计	2,245,376,391	4,330,933,743

53 现金流量表相关情况

(1) 现金流量表补充资料

(a) 将净利润调节为经营活动现金流量

	2020 年	2019 年
净利润	762,303,539	519,922,476
加：信用减值损失	104,890,631	176,544,789
其他资产减值损失转回	(1,979,159)	(17,941,901)
固定资产折旧	48,994,446	44,003,789
无形资产摊销	39,902,338	36,075,379
长期待摊费用摊销	18,219,730	14,784,698
处置固定资产、无形资产和 其他长期资产的损益	224,952	(3,876,061)
公允价值变动损益	227,713,096	(282,959,657)
投资活动利息收入	(10,882,370)	(5,750,945)
融资活动利息支出	455,486,903	479,623,473
汇兑 (收益) / 损失	(1,301,949)	9,866,941
投资收益	(2,331,152)	(515,534)
递延所得税费用	(64,309,980)	(2,234,824)
经营性应收项目的 (增加) / 减少	(2,889,663,664)	5,267,813,472
经营性应付项目的减少	(146,390,559)	(2,277,109,829)
经营活动 (使用) / 产生的现金流量净额	(1,459,123,198)	3,958,246,266

(b) 现金及现金等价物净变动情况

	2020 年	2019 年
现金及现金等价物的年末余额	21,938,940,527	18,136,083,250
减：现金及现金等价物的年初余额	(18,136,083,250)	(14,853,884,395)
现金及现金等价物净增加额	3,802,857,277	3,282,198,855

(2) 现金及现金等价物的构成

	2020 年 12 月 31 日	2019 年 12 月 31 日
货币资金	17,221,704,814	15,734,010,625
其中：库存现金	6,811	-
银行存款	16,913,187,720	15,673,251,016
其他货币资金	308,510,283	60,759,609
结算备付金	5,212,171,280	2,620,361,716
小计	22,433,876,094	18,354,372,341
减：三个月以上的定期存款	(410,000,000)	-
减：使用受限的货币资金和结算备付金	(31,377,255)	(59,534,406)
减：应计利息	(53,558,312)	(158,754,685)
现金及现金等价物余额	21,938,940,527	18,136,083,250

六 合并范围的变更

1 新设企业导致合并范围增加

企业类型	注册地 / 主要经营地	业务性质	注册资本 / 认缴出资	经营范围	出资比例 (%)	表决权比例 (%)
山证科技 (深圳) 有限公司 (以下简称“山证科技”)	深圳市	软件和信息技术服务	人民币 20,000 万元	软件和信息技术服务	100.00%	注 1

注 1 截至 2020 年 12 月 31 日, 本公司尚未对山证科技实缴出资。

2 因有限合伙企业注销导致合并范围减少

子公司类型	注册地 / 主要经营地	业务性质	注册资本	经营范围	出资比例 (%)	注销时间
宁波龙华浩合投资管理合伙企业 (有限合伙) (以下简称“龙华浩合”)	宁波市	投资与资产管理	人民币 5,000 万元	项目投资、 投资管理、经济信息咨询	20.00%	2020 年 5 月 9 日
宁波龙华显合投资管理合伙企业 (有限合伙) (以下简称“龙华显合”)	宁波市	投资与资产管理	人民币 6,000 万元	项目投资、 投资管理、经济信息咨询	20.00%	2020 年 5 月 9 日
宁波龙华治合投资管理合伙企业 (有限合伙) (以下简称“龙华治合”)	宁波市	投资与资产管理	人民币 2,000 万元	投资与资产管理	20.00%	2020 年 5 月 9 日

七 在其他主体中的权益

1 在子公司中的权益

(1) 企业集团的构成

(a) 通过设立或投资等方式取得的子公司

子公司名称	注册地及 营业地	注册资本 / 认缴出资	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
中德证券	北京市	人民币 100,000 万元	投资银行业务	人民币 100,000 万元	66.70%	-	66.70%	-
格林大华资本管理	上海市	人民币 30,000 万元	资本管理业务	人民币 30,000 万元	40.00%	60.00%	40.00%	60.00%
山证投资	北京市	人民币 100,000 万元	投资与资产管理	人民币 100,000 万元	100.00%	-	100.00%	-
山证基金管理有限公司 (以下简称“山证基金”)	太原市	人民币 5,000 万元	投资与资产管理	人民币 12,000 万元	-	100.00%	-	100.00%
山西中小企业创业投资基金 (有限合伙) (以下简称“中小创投基金”)	太原市	人民币 20,000 万元	投资与资产管理	人民币 17,867.50 万元	-	50.00%	-	注 1
山证资本管理 (北京) 有限公司	北京市	人民币 3,000 万元	投资与资产管理	人民币 3,000 万元	-	100.00%	-	100.00%
北京山证投资管理合伙企业 (有限合伙) (以下简称“北京山证投资”)	北京市	人民币 5,900 万元	投资与资产管理	人民币 5,680 万元	-	49.15%	-	注 1
杭州山证双子股权投资基金合伙企业 (有限合伙) (以下简称“杭州双子”)	杭州市	人民币 3,900 万元	投资与资产管理	人民币 3,900 万元	-	48.72%	-	注 1
新余市合盛锦禾投资管理中心 (有限合伙) (以下简称“合盛锦禾”)	新余市	人民币 7,156.24 万元	投资与资产管理	人民币 4,622.13 万元	-	98.92%	-	注 2
运城山证中小企业创业投资基金合伙企业 (有限合伙) (以下简称“运城山证”)	运城市	人民币 4,000 万元	股权投资、基金管理	人民币 4,000 万元	-	50.00%	-	注 1

子公司名称	注册地及 营业地	注册资本 / 认缴出资	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
珠海龙华启富一号投资基金合伙企业(有限合伙) (以下简称“珠海启富一号”)	珠海市	人民币 4,300 万元	投资与资产管理	-	-	20.00%	-	注 1
舟山龙华海水股权投资投资基金合伙企业(有限合伙) (以下简称“舟山海水”)	舟山市	人民币 1,520 万元	租赁和商务服务业	人民币 1,363.81 万元	-	100.00%	-	注 1
珠海山证天安投资基金合伙企业(有限合伙) (以下简称“山证天安”)	珠海市	人民币 1,910 万元	租赁和商务服务业	人民币 250 万元	-	100.00%	-	注 1
山证国际期货有限公司	香港	港币 5,000 万元	期货合约交易	港币 5,000 万元	-	100.00%	-	100.00%
山证国际证券有限公司	香港	港币 35,000 万元	证券交易	港币 35,000 万元	-	100.00%	-	100.00%
山证国际资产管理有限公司 (以下简称“山证国际资管”)	香港	港币 3,000 万元	资产管理	港币 3,000 万元	-	100.00%	-	100.00%
山证国际融资有限公司 (以下简称“山证国际融资”)	香港	港币 2,500 万元	资本业务	港币 2,500 万元	-	100.00%	-	100.00%
山证国际投资有限公司 (以下简称“山证国际投资”)	香港	港币 1,000 万元	信贷业务	港币 1,000 万元	-	100.00%	-	100.00%
山证国际投资管理有限公司	香港	港币 20,000 万元	投资业务	港币 20,000 万元	-	100.00%	-	100.00%
汇通商品有限公司 (以下简称“汇通商品”)	香港	港币 10,000 万元	贸易业务	港币 20,000 万元	-	100.00%	-	100.00%
山证创新投资有限公司 (以下简称“山证创新”)	上海市	人民币 150,000 万元	投资与资产管理	人民币 130,000 万元	100.00%	-	100.00%	-
山证科技	深圳市	人民币 20,000 万元	软件和信息技术服务	-	100.00%	-	100.00%	-

注 1：本公司下属子公司山证投资作为中小创投基金、北京山证投资、杭州双子、运城山证、珠海启富一号、龙华治合、舟山海水、山证天安、龙华治合和龙华显合的普通合伙人负责管理这些有限合伙企业，负责执行合伙企业的合伙事务，并且本集团享有的可变回报重大，能够对上述合伙企业实施控制。因此本集团将上述有限合伙企业纳入合并财务报表范围。

注 2：根据《新余市合盛锦禾投资管理中心（有限合伙）合伙协议》，本公司下属子公司山证基金为合盛锦禾有限合伙人，出资比例 98.92%，以出资额为限承担亏损，普通合伙人享有投资收益，不承担亏损。因此，本集团对其拥有控制权，同时本集团享有的可变更回报的影响重大，故将其纳入本集团合并财务报表的范围。

(b) 非同一控制下企业合并取得的子公司

子公司名称	注册地及 营业地	注册资本	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
格林大华	北京市	人民币 80,000 万元	期货经纪业务	人民币 80,000 万元	100.00%	-	100.00%	-
山证国际金融控股有限公司 (以下简称“山证国际金控”)	香港	港币 100,000 万元	投资控股	港币 100,000 万元	100.00%	-	100.00%	-
山证并购	北京市	人民币 21,000 万元	租赁和商务服务业	人民币 18,025.31 万元	-	47.62%	-	注 1

注 1：本公司下属子公司山证投资作为山证并购的普通合伙人负责管理这些有限合伙企业，负责执行合伙企业的合伙事务，并且本集团享有的可变更回报重大，能够对上述合伙企业实施控制。因此本集团将上述有限合伙企业纳入合并财务报表范围。

(2) 重要的非全资子公司

<u>子公司名称</u>	<u>少数股东的 持股比例</u>	<u>本年归属于少数 股东的收益</u>	<u>本年向少数股东 宣告分派的股利</u>	<u>年末少数股东 权益余额</u>
中德证券	33.30%	9,173,065	-	383,823,059

(3) 重要非全资子公司的主要财务信息

下表列示了上述子公司的主要财务信息，这些子公司的主要财务信息是集团内部交易抵销前的金额：

	<u>中德证券</u>	
	<u>2020 年 12 月 31 日</u>	<u>2019 年 12 月 31 日</u>
资产合计	1,356,089,500	1,342,067,096
负债合计	135,147,909	162,752,038

	<u>中德证券</u>	
	<u>2020 年</u>	<u>2019 年</u>
营业收入	437,640,331	384,066,296
净收益	41,626,533	27,272,480
综合收益总额	41,626,533	27,272,480
经营活动产生的现金流量净额	30,512,617	85,389,216

2 纳入合并财务报表范围的结构化主体

结构化主体名称	2020 年 12 月 31 日 实际持有份额	2019 年 12 月 31 日 实际持有份额
证券行业支持民企发展系列之山西证券 FOF		
单一资产管理计划	500,000,000	500,000,000
山西信托信宝 13 号集合资金信托计划	130,000,000	-
山证汇通乾通 3 号集合资产管理计划	63,500,000	-
山证汇通乾通 5 号集合资产管理计划	56,500,000	-
山证汇通乾通 2 号集合资产管理计划	51,000,000	-
山西信托信宝 12 号集合资金信托计划	41,000,000	-
山证国际大商所铁矿石期货指数 ETF	36,738,692	-
山证汇通乾通 4 号集合资产管理计划	20,000,000	-
山西信托信宝 15 号集合资金信托计划	12,280,000	-
山西证券裕盛一年定期开放灵活配置混合型 发起式证券投资基金	10,000,000	-
山西证券启元 3 号集合资产管理计划	-	22,794,398
山西证券启元 2 号集合资产管理计划	-	19,792,661
合计	921,018,692	542,587,059

上述结构化主体中，山西信托信宝 12 号集合资金信托计划、山西信托信宝 13 号集合资金信托计划、山西信托信宝 15 号集合资金信托计划及山证国际大商所铁矿石期货指数 ETF 于本集团子公司层面被纳入合并范围，其余结构化主体于本集团层面被纳入合并范围。

本集团作为上述资产管理计划管理人考虑对该等结构化主体是否存在控制，并基于本集团作为资产管理人的决策范围、资产管理计划其他方的权力和面临的可变动收益风险敞口等因素来判断本集团是主要责任人还是代理人。对于上述纳入合并范围的资产管理计划，本集团作为主要责任人身份行使投资决策权，且本集团所享有的总收益在资产管理计划总收益中占比较大，因此将其纳入合并范围。

于 2020 年 12 月 31 日，上述资产管理计划应付其他持有人的本金为人民币 30,122,427 元（2019 年 12 月 31 日：人民币 489,544,207 元），收益为人民币 15,922,893 元（2019 年 12 月 31 日：人民币 24,153,493 元）。

3 在联营企业中的权益

被投资单位	本年增减变动				年末余额
	年初余额	新增投资	减少投资	权益法下确认 的投资收益	宣告发放现金 股利或利润
杭州龙华融股权投资基金合伙企业 (有限合伙)	10,087,068	-	-	-	-
汾西信富扶贫引导基金合伙企业 (有限合伙)	1,986,839	-	(1,500,000)	-	-
山西国投创新绿色能源股权投资合伙企业 (有限合伙)	199,636,974	-	(150,000,000)	3,297,088	(3,297,088)
山西交通产业基金合伙企业 (有限合伙)	200,000,000	-	-	9,000,000	(9,000,000)
深圳烨华资源集团有限公司	10,043,814	-	-	(10,043,814)	-
山西太行煤成气产业投资基金合伙企业 (有限合伙)	-	33,000,000	-	-	-
山西信创引导私募股权投资基金合伙企业 (有限合伙)	-	2,000,000	-	-	-
合计	421,754,695	35,000,000	(151,500,000)	2,253,274	(12,297,088)

上述联营企业的基本信息如下:

公司名称	注册地及营业地	业务性质	注册资本/认缴出资	企业实收资本	本集团出资比例
杭州龙华融股权投资基金合伙企业 (有限合伙)	杭州市	私募股权投资	人民币 5,000 万元	人民币 5,000 万元	20.00%
汾西信富扶贫引导基金合伙企业 (有限合伙)	临汾市	私募股权投资	人民币 300 万元	人民币 300 万元	16.67%
山西国投创新绿色能源股权投资合伙企业 (有限合伙)	太原市	私募股权投资	人民币 25,100 万元	人民币 25,100 万元	19.92%
山西交通产业基金合伙企业 (有限合伙)	太原市	私募股权投资	人民币 1,000,000 万元	人民币 100,000 万元	20.00%
深圳烨华资源集团有限公司	深圳市	私募股权投资	人民币 10,000 万元	人民币 10,000 万元	10.00%
山西太行煤成气产业投资基金合伙企业 (有限合伙)	晋城市	私募股权投资	人民币 60,100 万元	人民币 16,700 万元	19.76%
山西信创引导私募股权投资基金合伙企业 (有限合伙)	太原市	私募股权投资	人民币 50,000 万元	人民币 20,100 万元	20.10%

4 在未纳入合并财务报表范围的结构化主体中的权益

(1) 在第三方机构发起设立的结构化主体中享有的权益

本集团通过直接持有投资而在第三方机构发起设立的结构化主体中享有权益。这些结构化主体未纳入本集团的合并财务报表范围，主要包括资产管理计划、信托计划、基金及银行理财产品。这些结构化主体的性质和目的主要是管理投资者的资产并赚取管理费，其融资方式是向投资者发行投资产品。

截至 2020 年 12 月 31 日，本集团通过直接持有投资而在第三方机构发起设立的结构化主体中享有的权益在本集团合并资产负债表中的相关资产负债项目及其账面价值 / 最大损失敞口列示如下：

	交易性金融资产	
	2020 年 12 月 31 日	2019 年 12 月 31 日
理财产品	737,422,806	150,000,000
资产管理计划	402,933,962	339,396,043
基金	172,452,069	392,907,319
合计	1,312,808,837	882,303,362

本集团因投资上述资产管理计划、基金及银行理财产品的最大损失敞口是上述投资于资产负债表日的账面价值。

(2) 在本集团作为发起人但未纳入合并财务报表范围的结构化主体中享有的权益

本集团发起设立的未纳入合并财务报表范围的结构化主体，主要包括本集团发行的资产管理计划及基金。这些结构化主体的性质和目的主要是管理投资者的资产并收取管理费，其融资方式是向投资者发行投资产品。本集团在这些未纳入合并财务报表范围的结构化主体中享有的权益主要包括直接持有投资或通过管理这些结构化主体收取管理费收入。

于 2020 年 12 月 31 日，本集团在上述资产管理计划及基金中直接持有投资而在合并资产负债表中反映在交易性金融资产的账面价值金额共计人民币 1,089,223,993 元（于 2019 年 12 月 31 日，本集团在上述资产管理计划及基金中直接持有投资而在合并资产负债表中反映在以公允价值计量且其变动计入当期损益的金融资产的账面价值金额共计人民币 780,801,018 元）。上述资产管理计划及基金投资的最大损失敞口与其账面价值相近。

于 2020 年 12 月 31 日，本集团发起设立但未纳入本集团合并财务报表范围的结构化主体的受托资产总额为人民币 45,167,116,464 元 (2019 年 12 月 31 日：人民币 48,172,011,435 元)。

2020 年度，本集团自上述结构化主体获取的管理费收入为人民币 191,730,124 元 (2019 年度：人民币 156,565,651 元)。

八 分部报告

本集团根据内部组织结构、管理要求及内部报告制度确定了证券经纪业务分部、投资银行业务分部、固定收益业务、股票等其他自营投资业务分部、受托资产管理业务分部、期货经纪业务分部及大宗商品交易及风险管理业务分部共七个报告分部。每个报告分部为单独的业务分部，提供不同的劳务，由于每个分部需要不同的技术及市场策略而需要进行单独的管理。本集团管理层将会定期审阅不同分部的财务信息以决定向其配置资源、评价业绩。

本集团七个分部业务介绍如下：

- 证券经纪业务分部

该分部为个人以及机构客户提供代理买卖证券服务。

- 投资银行业务分部

该分部业务包括股票承销业务、债券承销业务、场外市场业务及收购兼并业务等。

- 固定收益业务

该分部运用自有资金，从事债券、票据等投资活动，并持有相关金融资产。

- 股票等其他自营投资业务分部

该分部运用自有资金，从事证券投资、收益权投资等投资活动，并持有相关金融资产。

- 受托资产管理业务分部

该分部对委托人的资产进行管理，并开展基金管理和销售，以及专户资产管理业务。

- 期货经纪业务分部

该分部为个人以及机构客户提供期货经纪服务。

- 大宗商品交易及风险管理业务分部

该分部参与提供仓单购买和转售、期货套利和套期保值服务。

编制分部报告所采用的会计政策与编制本集团财务报表所采用的会计政策一致。

分部间转移价格参照向第三方销售所采用的价格确定。

资产根据分部的经营以及资产的所在位置进行分配，负债根据分部的经营进行分配，间接归属于各分部的费用按照收入比例在分部之间进行分配。

本集团在中国内地和香港地区提供服务，全部的对外交易收入均来源于中国内地和香港地区，本集团金融资产及递延所得税资产之外的非流动资产均位于中国内地和香港地区。

由于本集团业务并不向特定客户开展，因此不存在对单一客户的重大依存。

下述披露的本集团各个报告分部的信息是本集团管理层在计量报告分部利润（亏损）、资产和负债时运用了下列数据，或者未运用下列数据但定期提供给本集团管理层的：

(a) 2020 年度及截至 2020 年 12 月 31 日分部信息

	证券经纪业务	投资银行业务	固定收益业务	股票等其他 自营投资业务	受托资产 管理业务	期货经纪业务	大宗商品交易及 风险管理业务	未分配项目 及其他	分部间抵销	合计
对外交易收入	920,870,506	460,035,075	1,031,950,869	118,484,676	166,365,228	217,847,769	437,682,144	(11,264,226)	-	3,341,972,041
其中：手续费及佣金净收入	543,438,165	417,277,761	219,688,202	-	151,844,848	128,293,829	-	-	-	1,460,542,805
利息净收入 / (支出)	377,699,728	12,188,071	(385,896,760)	(21,673,663)	5,652,623	88,086,952	10,012,574	(79,355,210)	-	6,714,315
投资损益	(69,863)	28,765,561	1,273,206,197	257,972,309	9,068,267	4,321,423	69,581,950	52,727,296	-	1,695,573,140
公允价值变动										
(损失) / 收益	-	-	(75,046,770)	(122,314,650)	(169,021)	(10,000,000)	1,866,397	(20,942,905)	-	(226,606,949)
其他	(197,524)	1,803,682	-	4,500,680	(31,489)	7,145,565	356,221,223	36,306,593	-	405,748,730
分部间交易收入 / (支出)	2,674,709	26,220,876	-	106,744,813	(8,257,800)	5,901,105	-	(3,887,475)	(129,396,228)	-
其中：手续费及佣金净收入	2,674,709	26,220,876	-	-	8,357,361	-	-	-	(37,252,946)	-
利息净 (支出) / 收入	-	-	-	-	(16,615,161)	-	-	(3,887,475)	20,502,636	-
投资损益	-	-	-	108,386,690	-	4,564,551	-	-	(112,951,241)	-
公允价值变动损益	-	-	-	(1,641,877)	-	-	-	-	1,641,877	-
其他	-	-	-	-	-	1,336,554	-	-	(1,336,554)	-
营业支出	(526,737,721)	(409,328,808)	(325,586,463)	(50,707,410)	(115,082,296)	(162,869,791)	(501,229,498)	(249,965,843)	8,963,364	(2,332,544,466)
其中：折旧费和摊销费	(50,137,932)	(3,744,777)	(12,126,438)	(1,711,751)	(8,986,184)	(7,182,768)	(377,775)	(22,848,889)	-	(107,116,514)
信用减值 (损失) / 转回	(9,955,338)	(4,492,079)	23,689,557	-	-	(2,121,308)	(96,056,790)	(15,954,673)	-	(104,890,631)
其他资产减值转回	-	-	-	-	-	1,979,159	-	-	-	1,979,159
利润 / (亏损) 总额	395,493,636	78,576,158	706,364,406	174,522,249	43,899,222	63,260,858	(63,527,355)	(272,621,508)	(120,432,865)	1,005,534,801
所得税费用	(112,251,877)	(23,302,397)	(144,453,440)	(14,736,360)	(13,843,024)	(16,767,518)	22,264,297	59,859,057	-	(243,231,262)
净利润 / (亏损)	283,241,759	55,273,761	561,910,966	159,785,889	30,056,198	46,493,340	(41,263,058)	(212,762,451)	(120,432,865)	762,303,539
资产总额	21,514,420,915	1,356,089,500	20,707,446,346	3,501,547,908	1,698,822,069	6,088,435,524	1,442,654,309	13,042,531,612	(6,899,899,359)	62,452,048,824
负债总额	17,631,084,790	140,045,935	13,918,470,294	272,204,716	97,821,649	5,275,672,146	1,131,470,865	8,138,417,839	(1,604,582,881)	45,000,605,353
长期股权投资以外的其他非 流动资产净增加 / (减少) 额	21,488,878	(2,361,267)	(31,487,266)	32,814,433	(27,350)	(882,914)	21,815,952	(5,387,872)	(1,082,384)	34,890,210

(b) 2019 年度及 2019 年 12 月 31 日分部信息

	证券经纪业务	投资银行业务	固定收益业务	股票等其他 自营投资业务	受托资产 管理业务	期货经纪业务	大宗商品交易及 风险管理业务	未分配项目 及其他	分部间抵销	合计
对外交易收入	695,714,106	415,116,970	708,622,058	141,275,500	170,002,837	193,296,342	2,677,641,090	100,511,834	-	5,102,180,737
其中：手续费及佣金净收入	365,343,427	376,547,072	194,180,267	-	154,004,627	83,841,343	-	-	-	1,173,916,736
利息净收入 / (支出)	325,385,997	32,744,176	(398,214,951)	(101,875,510)	(14,309,392)	87,258,887	1,256,403	(74,817,686)	-	(142,572,076)
投资损益	-	3,177,000	963,004,600	85,285,459	33,751,568	12,900,700	(83,177,111)	48,627,193	-	1,063,569,409
公允价值变动										
(损失) / 收益	-	-	(50,347,858)	157,865,551	(3,346,969)	3,790,860	51,909,079	97,066,807	-	256,937,470
其他	4,984,682	2,648,722	-	-	(96,997)	5,504,552	2,707,652,719	29,635,520	-	2,750,329,198
分部间交易收入 / (支出)	3,235,125	12,756,321	-	50,000,000	3,658,638	-	(22,075,491)	17,875,526	(65,450,119)	-
其中：手续费及佣金净收入	3,235,125	12,756,321	-	-	14,899,661	-	-	-	(30,891,107)	-
利息净收入 / (支出)	-	-	-	-	(20,963,239)	-	(22,075,491)	17,875,526	25,163,204	-
投资损益	-	-	-	50,000,000	9,722,216	-	-	-	(59,722,216)	-
营业支出	(494,854,668)	(369,776,007)	(242,022,268)	(41,989,028)	(96,844,119)	(152,051,119)	(2,833,477,182)	(219,011,197)	15,450,119	(4,434,575,469)
其中：折旧费和摊销费	(45,555,722)	(4,119,623)	(6,378,899)	(2,083,865)	(6,542,109)	(8,553,556)	(299,468)	(21,330,624)	-	(94,863,866)
信用减值转回 / (损失)	(9,505,166)	(4,343,215)	(40,722,385)	815,003	-	(18,056,603)	(104,732,589)	166	-	(176,544,789)
其他资产减值转回	-	-	-	-	-	17,941,901	-	-	-	17,941,901
利润 / (亏损) 总额	202,784,764	52,233,398	466,599,789	149,286,381	76,777,114	43,673,723	(179,190,973)	(96,385,891)	(50,000,000)	665,778,305
所得税费用	(46,239,494)	(16,674,173)	(79,939,624)	(16,863,042)	(25,453,168)	(12,099,953)	46,596,419	4,817,206	-	(145,855,829)
净利润 / (亏损)	156,545,270	35,559,225	386,660,165	132,423,339	51,323,946	31,573,770	(132,594,554)	(91,568,685)	(50,000,000)	519,922,476
资产总额	16,217,279,926	1,342,067,096	20,288,549,894	3,072,172,112	2,269,701,698	4,586,047,751	1,015,754,311	12,303,855,009	(5,399,650,616)	55,695,777,181
负债总额	15,597,267,672	165,425,333	16,069,073,931	304,430,633	179,772,329	3,812,390,800	650,441,451	6,250,237,281	(549,002,855)	42,480,036,575
长期股权投资以外的其他非 流动资产净增加 / (减少) 额	4,073,829	(3,227,502)	56,584,665	(19,855,549)	(538,375)	(7,392,199)	47,494,943	(37,189,764)	(692,091)	39,257,957

九 关联方及关联交易

1 本公司的母公司情况

公司名称	注册地	业务性质	注册资本	母公司	母公司	本公司 最终控制方
				对本公司的 持股比例	对本公司的 表决权比例	
山西金控	山西省	投资管理	人民币 1,064,670 万元	31.77%	31.77%	山西省财政厅

本公司的母公司的变动情况参见附注一。

于 2020 年 12 月 31 日,山西金控持有本公司股权比例为 31.77% (2019 年 12 月 31 日:30.59%)。

于 2020 年 12 月 31 日,山西金控所属子公司山西信托股份有限公司 (以下简称“山西信托”) 未持有本公司股权 (2019 年 12 月 31 日: 0.42%), 山西金控及所属子公司合计持有本公司股权比例为 31.77% (2019 年 12 月 31 日: 31.01%)。

2 本公司的子公司情况

本公司子公司的情况参见附注七、1。

3 持有本公司 5%以上 (含 5%) 股份的其他股东

作为关联方的持本公司 5%以上 (含 5%) 股份的其他股东名称及持股情况列示如下:

	2020 年 12 月 31 日		2019 年 12 月 31 日	
	股份	持股比例	股份	持股比例
太原钢铁 (集团) 有限公司 (以下简称 “太钢集团”)	344,418,616	9.59%	282,605,635	9.99%
山西国际电力集团有限公司 (以下简称 “山西国电”)	199,268,856	5.55%	199,268,856	7.04%

4 其他关联方

于 2020 年 12 月 31 日，除上述 1、2、3 中提及的关联方外，与本集团发生关联交易的关联方还包括：

单位名称	与本企业关系
山西国信	受山西金控控制
山西省融资再担保集团有限公司 (以下简称“山西再担保”)	受山西金控控制
山西光信地产有限公司 (以下简称“山西光信地产”)	受山西金控控制
上海万方投资管理有限公司 (以下简称“上海万方”)	受山西金控控制
山西国贸物业管理服务有限公司 (以下简称“国贸物业”)	受山西金控控制
山西省国贸投资集团有限公司 (以下简称“山西国贸”)	受山西金控控制
山西国贸大饭店管理有限公司 (以下简称“国贸大饭店”)	受山西金控控制
山西环境能源交易中心有限公司 (以下简称“环境能源交易中心”)	受山西金控控制
山西省国有投融资管理有限公司 (以下简称“国有投融资”)	受山西金控控制
山西国信文旅房地产开发有限公司 (以下简称“国信文旅”)	受山西金控控制
山西国信医疗投资管理有限公司 (以下简称“国信医投”)	受山西金控控制
中合盛资本管理有限公司 (以下简称“中合盛”)	受山西金控控制
山西股权交易中心有限公司 (以下简称“股权交易中心”)	受山西金控控制
山西省产权交易中心股份有限公司 (以下简称“产权交易中心”)	受山西金控控制
山西省金融资产交易中心 (有限公司) (以下简称“晋金所”)	受山西金控控制
山西卓融投资有限公司 (以下简称“山西卓融”)	受山西金控控制
北京卓融投资管理有限公司 (以下简称“北京卓融”)	受山西金控控制
深圳市义信利资产管理有限公司 (以下简称“义信利”)	受山西金控控制
山西金控资本管理有限公司 (以下简称“金控资本”)	受山西金控控制
山西国际贸易中心有限公司 (以下简称“国际贸易中心”)	受山西金控控制
山西太行产业投资基金合伙企业 (有限合伙) (以下简称“太行投资基金”)	受山西金控控制
山西黄河股权投资管理有限公司 (以下简称“山西黄河”)	受山西金控控制
山西信创产业私募股权投资基金合伙企业 (有限合伙) (以下简称“信创产业”)	受山西金控控制
汇丰晋信基金管理有限公司 (以下简称“汇丰晋信”)	受山西金控共同控制
山西太钢投资有限公司 (以下简称“太钢投资”)	受太钢集团控制
太钢集团财务有限公司 (以下简称“太钢财务”)	受太钢集团控制
山西太钢创业投资有限公司 (以下简称“太钢创投”)	受太钢集团控制
山西地方电力有限公司 (以下简称“山西地方电力”)	受山西国电控制
山西地方电力有限公司离石分公司 (以下简称“地方电力离石分公司”)	受山西国电控制
吕梁国投集团有限公司 (以下简称“吕梁国投”)	公司监事任职企业

单位名称	与本企业关系
长治市经济建设投资服务中心 (以下简称“长治投资”)	公司监事任职企业
山西省旅游投资控股集团有限公司 (以下简称“山西旅投”)	持股 5%以上股东一致行动人
山西省科技基金发展有限公司 (以下简称“科技基金”)	本公司股东, 并向本公司委派监事
山西省杏花村汾酒集团有限责任公司 (以下简称“山西汾酒”)	本公司股东, 并向本公司委派监事
山西国投创新绿色能源股权投资合伙企业 (有限合伙) (以下简称“绿色能源”)	受本集团子公司重大影响
杭州龙华股融股权投资基金合伙企业 (有限合伙) (以下简称“龙华股融”)	受本集团子公司重大影响
汾西启富扶贫引导基金合伙企业 (有限合伙) (以下简称“汾西扶贫”)	受本集团子公司重大影响
山西交通产业基金合伙企业 (有限合伙) (以下简称“交通产业”)	受本集团子公司重大影响
山西信创引导私募股权投资基金合伙企业 (有限合伙) (以下简称 “信创引导”)	受本集团子公司重大影响
山西太行煤成气产业投资基金合伙企业 (有限合伙) (以下简称“太行 煤成气”)	受本集团子公司重大影响
珠海山证天安投资基金合伙企业 (有限合伙) (以下简称“山证天安”)	受本集团子公司重大影响
深圳烨华资源集团有限公司 (以下简称“深圳烨华”)	受本集团子公司重大影响
晋商银行股份有限公司 (以下简称“晋商银行”)	受山西金控重大影响
长治银行股份有限公司 (以下简称“长治银行”)	受山西金控重大影响
山西焦化集团有限公司 (以下简称“焦化集团”)	关联自然人任职企业
长治市行政事业单位国有资产管理中心 (以下简称“长治国资”)	公司监事任职企业
山西澳坤生物农业股份有限公司 (以下简称“澳坤生物”)	公司监事担任其董事
山西博爱医院	过去十二个月内受山西金控控制

5 关联交易及关联方款项余额情况

(a) 定价政策

本集团与关联方的交易主要参考市场价格经双方协商后确定。

(b) 代理买卖证券

(1) 代理买卖证券款余额

	2020 年 12 月 31 日	2019 年 12 月 31 日
国信文旅	23,949,751	6,981
山西国电	21,645,347	28,567
山西旅投	19,330,841	921,326
上海万方	19,109,288	570,435
太钢投资	1,392,115	20,620,224
山西金控	1,261,900	-
龙华股融	1,169,898	-
山西再担保	428,267	278,075
吕梁国投	403,873	42,448
科技基金	143,840	139,096
山西国信	63,554	63,362
金控资本	46,733	-
山西卓融	40,874	2,083
山西信托	25,466	42,209,897
北京卓融	11,428	9,408,216
山西博爱医院	1,769	1,763
长治国资	982	-
长治投资	570	583
股权交易中心	500	500
中合盛	335	334
产权交易中心	297	296
太钢集团	250	1,043
焦化集团	240	127,797
环境能源交易中心	199	198
义信利	109	268
国有投融资	84	84
太钢财务	-	5,608
合计	<u>89,028,510</u>	<u>74,429,184</u>

(2) 经纪业务手续费及佣金收入

	<u>2020 年</u>	<u>2019 年</u>
长治投资	227,921	13,365
长治国资	159,451	-
山西信托	151,373	272,884
山西卓融	28,806	21,247
太钢集团	27,672	-
山西金控	25,214	-
太钢投资	17,886	37,600
北京卓融	11,421	12,058
吕梁国投	5,708	-
山西旅投	5,539	728
上海万方	3,715	306
太钢财务	1,358	-
义信利	206	3,839
科技基金	32	15,935
山西国信	-	1,425
中合盛	-	825
	<u> </u>	<u> </u>
合计	<u><u>666,302</u></u>	<u><u>380,212</u></u>

(3) 利息支出

	<u>2020 年</u>	<u>2019 年</u>
国信文旅	61,674	21,478
山西国电	32,116	1,977
山西金控	20,797	-
山西信托	18,227	67,509
太钢财务	15,573	13,089
长治国资	15,237	-
吕梁国投	12,244	11,512
山西卓融	8,020	5,582
上海万方	5,748	1,230
山西旅投	5,180	1,825
金控资本	3,738	-
龙华股融	3,542	-
北京卓融	3,226	4,757
太钢投资	2,816	9,578
长治投资	2,219	284
科技基金	1,695	3,166
山西再担保	1,041	608
太钢集团	961	944
股权交易中心	776	1,046
焦化集团	337	172
山西国信	192	6,383
义信利	30	160
山西博爱医院	5	5
中合盛	1	336
环境能源交易中心	1	39
产权交易中心	1	1
合计	<u>215,397</u>	<u>151,681</u>

(c) 投资银行业务手续费及佣金收入

(1) 证券承销业务手续费及佣金收入

	<u>2020 年</u>	<u>2019 年</u>
山西国电	6,226,415	-
山西金控	2,830,189	-
山西省财政厅	424,528	37,736
太钢集团	159,503	-
	<u>9,640,635</u>	<u>37,736</u>

(2) 财务顾问业务收入

	<u>2020 年</u>	<u>2019 年</u>
太钢集团	1,037,736	1,063,188
产权交易中心	491,723	664,493
山西汾酒	-	10,641,509
中合盛	-	1,132,075
山西国信	-	660,377
	<u>1,529,459</u>	<u>14,161,642</u>

(3) 应收财务顾问款项

	<u>2020 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>12 月 31 日</u>
山西汾酒	8,740,000	8,740,000
产权交易中心	-	537,468
	<u>8,740,000</u>	<u>9,277,468</u>

(4) 财务顾问业务支出

	2020 年 12 月 31 日	2019 年 12 月 31 日
股权交易中心	2,018,868	-

(d) 资产管理业务手续费及佣金收入

(1) 应收管理费

	2020 年 12 月 31 日	2019 年 12 月 31 日
晋商银行	594,871	-
长治银行	24,226	-
吕梁国投	7,562	-
合计	626,659	-

(2) 管理费收入

	2020 年	2019 年
长治银行	579,124	442,370
晋商银行	152,501	-
吕梁国投	7,562	-
合计	739,187	442,370

(e) 代销汇丰晋信管理的基金及出租交易单元手续费及佣金净收入

	2020 年	2019 年
汇丰晋信	178,113	206,766

(f) 房屋租赁、物业管理及机房托管

(1) 支付的房屋租赁费、物业管理费及机房托管费

	<u>2020 年</u>	<u>2019 年</u>
山西国贸	12,632,270	13,131,595
国贸物业	<u>3,149,731</u>	<u>3,600,847</u>
	<u>15,782,001</u>	<u>16,732,442</u>

(2) 预付山西国贸机房租赁费

	<u>2020 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>12 月 31 日</u>
预付款项	<u>132,382</u>	<u>132,382</u>

(g) 支付的会议费、招待费及其他费用

	<u>2020 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>12 月 31 日</u>
国贸大饭店	1,293,829	204,878
国贸物业	<u>745,122</u>	<u>1,066,424</u>
合计	<u>2,038,951</u>	<u>1,271,302</u>

(h) 支付的年费及监管费

	<u>2020 年</u>	<u>2019 年</u>
股权交易中心	<u>339,623</u>	<u>354,906</u>

(i) 收益凭证交易

(1) 应付短期融资款

	2020 年 12 月 31 日	2019 年 12 月 31 日
股权交易中心	147,000,000	3,000,000
太钢财务	100,000,000	112,000,000
合计	<u>247,000,000</u>	<u>115,000,000</u>

(2) 应付利息

	2020 年 12 月 31 日	2019 年 12 月 31 日
太钢财务	2,569,863	1,479,534
股权交易中心	437,655	7,866
合计	<u>3,007,518</u>	<u>1,487,400</u>

(3) 利息支出

	2020 年	2019 年
太钢财务	12,205,929	6,049,315
长治国资	1,198,945	-
国信文旅	881,096	2,930,055
吕梁国投	73,974	154,604
股权交易中心	50,630	198,110
环境能源交易中心	-	6,916
山西国信	-	478,685
合计	<u>14,410,574</u>	<u>9,817,685</u>

(j) 持有澳坤生物可转债

(1) 交易性金融资产

	2020 年 12 月 31 日	2019 年 12 月 31 日
澳坤生物	4,000,000	7,000,000

(2) 公允价值变动损失

	2020 年	2019 年
澳坤生物	(3,000,000)	-

(k) 山证投资管理费相关

(1) 管理费收入

	2020 年	2019 年
绿色能源	4,248,000	3,668,312
龙华股融	2,552,500	1,000,000
信创引导	129,597	-
汾西扶贫	142,667	120,000
交通产业	102,386	79,532
合计	7,175,150	4,867,844

(2) 应收管理费

	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
龙华股融	2,552,500	-
绿色能源	996,000	498,000
汾西扶贫	232,667	90,000
交通产业	181,918	79,532
信创引导	<u>129,597</u>	<u>-</u>
合计	<u>4,092,682</u>	<u>667,532</u>

(l) 应收账款、其他应收款及信用减值损失

(1) 应收账款及其他应收款

	2020 年 <u>12 月 31 日</u>	2019 年 <u>12 月 31 日</u>
深圳烨华	73,866,323	83,939,004
山西国贸	461,580	461,580
山西地方电力	30,000	2,000
龙华股融	<u>10,000</u>	<u>10,000</u>
合计	<u>74,367,903</u>	<u>84,412,584</u>

(2) 信用减值损失

	2020 年	2019 年
深圳烨华	<u>10,072,681</u>	<u>-</u>

(m) 支付信托报酬

	2020 年	2019 年
山西信托	<u>1,542,075</u>	<u>-</u>

(n) 其他应付款

	2020 年 12 月 31 日	2019 年 12 月 31 日
国贸物业	442,840	1,042,840
焦化集团	6,850	6,850
合计	<u>449,690</u>	<u>1,049,690</u>

(o) 银行存款利息收入

	2020 年	2019 年
晋商银行	<u>1,491,918</u>	<u>-</u>

(p) 新增共同投资

- (1) 2020 年, 山西金控控制的太行投资基金作为有限合伙人参与本公司子公司山证投资发起设立的太行煤成气, 投资金额为人民币 100,000,000 元。
- (2) 2020 年, 山西金控控制的太行投资基金作为有限合伙人参与本公司子公司山证投资发起设立的信创引导, 投资金额为人民币 39,600,000 元。
- (3) 2020 年, 山西金控的子公司金控资本作为有限合伙人参与本公司子公司山证投资发起设立的信创引导, 投资金额为人民币 20,000,000 元。
- (4) 2020 年, 山西金控控制的山西黄河作为普通合伙人参与本公司子公司山证投资发起设立的信创引导, 投资金额为人民币 1,000,000 元。
- (5) 2020 年, 本公司子公司山证创新作为有限合伙人参与投资山西金控控制的信创产业, 投资金额为人民币 20,000,000 元。
- (6) 2020 年, 本公司子公司山证投资发起设立的山证天安进行分配清算, 向有限合伙人产权交易中心分配本金为人民币 5,000,000 元, 无投资收益分配。

(q) 高级管理人员薪酬

参见附注五、24。

十 与金融工具相关的风险

本集团在日常活动中面临各种金融工具的风险，主要包括：

- 信用风险
- 流动性风险
- 利率风险
- 汇率风险
- 其他价格风险

下文主要论述上述风险敞口及其形成原因以及在本年发生的变化、风险管理目标、政策和程序以及计量风险的方法及其在本年发生的变化等。

本集团从事风险管理的目标是在风险和收益之间取得适当的平衡，力求降低金融风险对本集团财务业绩的不利影响。基于该风险管理目标，本集团已制定风险管理政策以辨别和分析本集团所面临的风险，设定适当的风险可接受水平并设计相应的内部控制程序，以监控本集团的风险水平。本集团会定期审阅这些风险管理政策及有关内部控制系统，以适应市场情况或本集团经营活动的改变。

1 信用风险

信用风险，是指金融工具的一方不能履行义务，造成另一方发生财务损失的风险。本集团的信用风险敞口主要分布在经纪业务、融资业务（主要包括融资融券、约定购回式证券以及股票质押式回购业务）以及自营固定收益业务等领域。

本集团除现金以外的货币资金主要存放于国有商业银行或大型股份制商业银行，结算备付金存放在中国证券登记结算有限责任公司等机构，现金及现金等价物面临的信用风险相对较低。

本集团经纪业务所产生的信用风险包括代理客户买卖证券及进行期货交易，若本集团没有提前要求客户依法缴足交易保证金，在结算当日客户的资金不足以支付交易所需的情况下，或客户资金由于其他原因出现缺口，本集团有责任代客户进行结算而造成信用损失。为了控制经纪业务产生的信用风险，本集团代理客户进行证券交易均以全额保证金结算方式进行风险规避；代理客户进行期货交易通过严格筛选客户、逐日盯市来控制信用风险。

对于融资业务所产生的信用风险，本集团制定了融资融券、约定购回式证券以及股票质押式回购业务的授信审批、维持担保比例等一系列制度。本集团采用分级授权审批的方式，严格对融资融券、约定购回式证券以及股票质押式回购客户进行授信额度审批；同时对客户维持担保比例、履约担保比例等指标进行实时监控，必要时将采取强制平仓、违约处置等措施。

为了控制自营业务产生的信用风险，本集团在银行间市场和交易所市场进行的交易均与中央债券登记结算有限公司、上海清算所以及中国证券登记结算有限责任公司完成证券结算交收和款项清算，因此违约风险发生的可能性极小；在进行市场交易前均对交易对手进行信用评估，并选择信用等级良好的对手方进行交易，以控制相应的信用风险。本集团建立了完善的信用风险管理流程，通过对投资品种信用等级评估来控制证券发行人的信用风险，且通过分散化投资策略以分散信用风险。本集团债券投资的信用评级情况按《中国人民银行信用评级管理指导意见》设定的标准统计及汇总。

下表列示了于资产负债表日本集团债券投资的信用评级情况。其中，未评级的债券投资主要包括国债和地方政府债等。

	2020 年 12 月 31 日	2019 年 12 月 31 日
AAA	5,092,719,407	5,055,497,436
AA+	1,483,079,583	920,121,822
AA	3,229,730,337	1,194,585,355
BBB	4,191,950	32,069,910
BB	6,234,300	-
CCC	-	32,520,311
CC	27,472,290	-
C	32,799,463	81,176,930
未评级	<u>7,101,597,524</u>	<u>3,963,785,039</u>
合计	<u><u>16,977,824,854</u></u>	<u><u>11,279,756,803</u></u>

在不考虑担保物或其他信用增级措施的情况下，于资产负债表日最大信用风险敞口是指金融资产的账面价值。本集团最大信用风险敞口金额列示如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日
货币资金	17,221,704,814	15,734,010,625
结算备付金	5,212,171,280	2,620,361,716
融出资金	7,237,799,738	5,468,405,079
买入返售金融资产	2,909,890,823	2,742,426,644
应收账款	110,334,334	100,204,889
存出保证金	3,266,499,930	2,940,672,900
交易性金融资产	19,077,376,491	19,022,106,537
债权投资	50,144,943	32,520,311
其他债权投资	1,693,438,010	1,165,745,108
其他金融资产	335,436,914	425,200,157
最大信用风险敞口合计	57,114,797,277	50,251,653,966

2 流动性风险

流动性风险，是指企业在履行以交付现金或其他金融资产的方式结算的义务时发生资金短缺的风险，而流动性是指资产在不受价值损失的条件下是否具有迅速变现的能力。资金的流动性影响到本集团偿还到期债务的能力。本集团建立了以流动性覆盖率和净稳定资金率为核心的流动性风险指标监测体系。

本集团内各子公司负责其自身的现金流量预测。本公司财务部门在汇总各子公司现金流量预测的基础上，在集团层面持续监控短期和长期的资金需求，以确保维持充裕的现金储备和可供随时变现的有价证券，以满足日常营运以及偿付有关到期债务的资金需求。

本集团于资产负债表日的金融负债按未折现的合同现金流量 (包括按合同利率(如果是浮动利率则按资产负债表日的现行利率) 计算的利息)的剩余合约期限或被要求支付的最早日期分析如下:

2020 年 12 月 31 日	即期偿还	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	合计	资产负债表日 账面价值
金融负债								
短期借款	-	180,968,879	-	43,953,676	-	-	224,922,555	224,453,083
应付短期融资券	-	667,961,641	601,374,762	4,337,074,593	-	-	5,606,410,996	5,520,485,844
拆入资金	-	7,116,220,935	2,918,946,667	-	-	-	10,035,167,602	10,022,257,097
交易性金融负债	-	731,654,055	-	-	-	-	731,654,055	730,528,365
衍生金融负债	18,351,896	-	2,531,201	-	-	-	20,883,097	20,883,097
卖出回购金融资产	-	6,802,204,724	-	-	-	-	6,802,204,724	6,799,897,076
代理买卖证券款	12,817,075,071	-	-	-	-	-	12,817,075,071	12,817,075,071
应付款项	76,781,258	-	-	9,999,000	4,000,000	-	90,780,258	90,780,258
应付债券	-	302,660,000	35,687,238	2,230,760,000	5,877,716,648	-	8,446,823,886	7,654,291,213
其他金融负债	416,916,316	-	-	-	230,725,546	-	647,641,862	647,641,862
金融负债合计	13,329,124,541	15,801,670,234	3,558,539,868	6,621,787,269	6,112,442,194	-	45,423,564,106	44,528,292,966

2019 年 12 月 31 日	即期偿还	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	合计	资产负债表日 账面价值
金融负债								
短期借款	-	184,404,723	-	-	-	-	184,404,723	183,832,245
应付短期融资券	-	1,488,516,325	605,157,395	2,284,372,850	-	-	4,378,046,570	4,323,301,803
拆入资金	-	1,780,950,483	1,933,619,444	1,830,206,944	-	-	5,544,776,871	5,511,784,061
交易性金融负债	-	2,133,153,490	-	-	-	-	2,133,153,490	2,132,321,710
衍生金融负债	19,615,860	-	-	-	-	-	19,615,860	19,615,860
卖出回购金融资产	-	12,205,390,374	-	-	-	-	12,205,390,374	12,200,643,294
代理买卖证券款	10,149,086,367	-	-	-	-	-	10,149,086,367	10,149,086,367
应付款项	16,816,640	-	-	8,370,000	-	-	25,186,640	25,186,640
应付债券	-	8,869,701	1,604,628,904	156,212,576	4,602,252,565	327,000,000	6,698,963,746	6,251,917,663
其他金融负债	420,283,734	18,391	900	29,691,772	828,393,825	-	1,278,388,622	1,278,388,622
金融负债合计	10,605,802,601	17,801,303,487	4,143,406,643	4,308,854,142	5,430,646,390	327,000,000	42,617,013,263	42,076,078,265

3 利率风险

固定利率和浮动利率的带息金融工具分别使本集团面临公允价值利率风险及现金流量利率风险。本集团根据市场环境来决定固定利率与浮动利率工具的比例，并通过定期审阅与监察维持适当的固定利率和浮动利率工具组合。

(1) 利率重定价风险

本集团的利率重定价风险主要来自生息资产和付息负债结构不匹配的风险。

下表列示资产负债表日本集团金融资产与负债按预计下一个重新定价日期(或到期日, 以较早者为准)的分析:

2020 年 12 月 31 日	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	不计息	合计
金融资产							
货币资金	16,800,350,296	-	-	410,000,000	-	11,354,518	17,221,704,814
结算备付金	5,084,486,435	-	-	-	-	127,684,845	5,212,171,280
融出资金	873,113,482	2,165,216,459	4,088,968,600	7,517,723	-	102,983,474	7,237,799,738
衍生金融资产	-	-	-	-	-	25,399,386	25,399,386
买入返售金融资产	2,258,143,780	108,481,201	531,349,192	-	-	11,916,650	2,909,890,823
应收款项	23,258,792	-	-	222,205	-	86,853,337	110,334,334
存出保证金	1,399,382,527	-	-	-	-	1,867,117,403	3,266,499,930
交易性金融资产	925,531,305	1,966,834,634	3,245,456,166	9,040,940,298	2,507,062,105	4,835,400,841	22,521,225,349
债权投资	15,830,914	-	-	34,314,029	-	-	50,144,943
其他债权投资	-	23,019,548	76,052,098	341,240,468	1,230,266,806	22,859,090	1,693,438,010
其他权益工具投资	-	-	-	-	-	218,104,918	218,104,918
其他金融资产	-	-	-	-	-	335,436,914	335,436,914
金融资产合计	27,380,097,531	4,263,551,842	7,941,826,056	9,834,234,723	3,737,328,911	7,645,111,376	60,802,150,439
金融负债							
短期借款	(180,966,251)	-	(43,466,301)	-	-	(20,531)	(224,453,083)
应付短期融资券	(661,250,000)	(591,320,000)	(4,202,414,822)	-	-	(65,501,022)	(5,520,485,844)
拆入资金	(7,105,000,000)	(2,900,000,000)	-	-	-	(17,257,097)	(10,022,257,097)
交易性金融负债	(671,535,223)	-	(50,000,000)	-	-	(8,993,142)	(730,528,365)
衍生金融负债	-	-	-	-	-	(20,883,097)	(20,883,097)
卖出回购金融资产款	(6,797,137,288)	-	-	-	-	(2,759,788)	(6,799,897,076)
代理买卖证券款	(8,272,035,849)	(39,904)	-	-	-	(4,544,999,318)	(12,817,075,071)
应付款项	-	-	(9,999,000)	-	-	(80,781,258)	(90,780,258)
应付债券	(1,160,000)	(10,187,238)	(2,006,260,000)	(5,499,577,401)	-	(137,106,574)	(7,654,291,213)
其他金融负债	-	-	-	(230,665,546)	-	(416,976,316)	(647,641,862)
金融负债合计	(23,689,084,611)	(3,501,547,142)	(6,312,140,123)	(5,730,242,947)	-	(5,295,278,143)	(44,528,292,966)
利率敏感度敞口总计	3,691,012,920	762,004,700	1,629,685,933	4,103,991,776	3,737,328,911	2,349,833,233	16,273,857,473

2019 年 12 月 31 日	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	不计息	合计
金融资产							
货币资金	14,834,482,232	867,573,529	-	-	-	31,954,864	15,734,010,625
结算备付金	2,443,135,215	-	-	-	-	177,226,501	2,620,361,716
融出资金	528,671,010	1,508,282,572	3,358,529,189	-	-	72,922,308	5,468,405,079
衍生金融资产	-	-	-	-	-	18,351,897	18,351,897
买入返售金融资产	1,711,126,435	278,626,231	641,587,863	74,247,904	-	36,838,211	2,742,426,644
应收款项	-	-	-	-	-	100,204,889	100,204,889
存出保证金	1,526,590,686	-	-	-	-	1,414,082,214	2,940,672,900
交易性金融资产	883,615,888	1,224,730,937	5,294,150,124	8,040,863,754	2,614,013,538	4,190,117,430	22,247,491,671
债权投资	-	-	32,520,311	-	-	-	32,520,311
其他债权投资	19,000,000	13,330,933	50,513,970	82,308,410	919,414,865	81,176,930	1,165,745,108
其他权益工具投资	-	-	-	-	-	239,373,750	239,373,750
其他金融资产	-	-	-	-	-	425,200,157	425,200,157
金融资产合计	21,946,621,466	3,892,544,202	9,377,301,457	8,197,420,068	3,533,428,403	6,787,449,151	53,734,764,747
金融负债							
短期借款	(183,832,245)	-	-	-	-	-	(183,832,245)
应付短期融资券	(1,468,830,000)	(591,830,000)	(2,225,600,000)	-	-	(37,041,803)	(4,323,301,803)
拆入资金	(1,780,000,000)	(1,900,000,000)	(1,800,000,000)	-	-	(31,784,061)	(5,511,784,061)
交易性金融负债	(2,103,850,420)	-	-	-	-	(28,471,290)	(2,132,321,710)
衍生金融负债	-	-	-	-	-	(19,615,860)	(19,615,860)
卖出回购金融资产款	(12,195,813,993)	-	-	-	-	(4,829,301)	(12,200,643,294)
代理买卖证券款	(6,969,687,484)	-	-	-	-	(3,179,398,883)	(10,149,086,367)
应付款项	-	-	-	-	-	(25,186,640)	(25,186,640)
应付债券	(8,490,000)	(1,513,792,028)	(55,040,000)	(4,499,502,122)	-	(175,093,513)	(6,251,917,663)
其他金融负债	-	-	-	(735,207,039)	-	(543,181,583)	(1,278,388,622)
金融负债合计	(24,710,504,142)	(4,005,622,028)	(4,080,640,000)	(5,234,709,161)	-	(4,044,602,934)	(42,076,078,265)
利率敏感度敞口总计	(2,763,882,676)	(113,077,826)	5,296,661,457	2,962,710,907	3,533,428,403	2,742,846,217	11,658,686,482

(2) 利率敏感性分析

于资产负债表日，在其他变量不变的情况下，假定利率上升或下降 25 个基点，将对本集团该期间净利润和股东权益产生的影响如下：

	2020 年	2019 年
净利润变动	(减少) / 增加	(减少) / 增加
收益率曲线平行上移 25 个基点	约 (9,253) 万元	约 (6,255) 万元
收益率曲线平行下移 25 个基点	约 9,450 万元	约 6,406 万元
	2020 年	2019 年
	12 月 31 日	12 月 31 日
股东权益变动	(减少) / 增加	(减少) / 增加
收益率曲线平行上移 25 个基点	约 (13,130) 万元	约 (9,120) 万元
收益率曲线平行下移 25 个基点	约 13,559 万元	约 9,447 万元

上述敏感性分析仅反映一定利率变动对各资产负债表日持有的债券资产进行重估价所产生的对本集团净利润和股东权益的影响。上述敏感度分析基于以下假设：

- (i) 资产负债表日利率变动仅适用于本集团的债券资产；
- (ii) 资产负债表日利率变动 25 个基点是假定自资产负债表日起每一个完整年度的利率变动；
- (iii) 收益率曲线随利率变化而平行移动；
- (iv) 资产和负债组合并无其他变化；
- (v) 其他变量（包括汇率）保持不变；及
- (vi) 该分析不考虑管理层进行的风险管理措施的影响。

由于基于上述假设，利率变动导致本集团净利润和股东权益出现的实际变化可能与此敏感性分析的结果不同。

4 汇率风险

汇率风险是指本集团进行的外币业务因外汇汇率变动所产生的风险。本集团除了境外子公司持有以港币为主的资产及负债外，其他外币资产及负债主要为 B 股业务交易手续费等佣金费用，且占整体资产及负债的比重不重大。对于不是以记账本位币计价的货币资金、结算备付金、存出保证金、应收款项、代理买卖证券款、应付款项等外币资产和负债，如果出现短期的失衡情况，本集团会在必要时按市场汇率买卖外币，以确保将净风险敞口维持在可接受的水平。

于资产负债表日，本集团境外子公司的资产占集团总资产比例（以下简称“资产占比”）和负债占集团总负债比例（以下简称“负债占比”）分别如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日
资产占比	1.99%	2.12%
负债占比	1.28%	1.01%

本集团境外子公司实体记账本位币为港币，相关外币财务报表的折算方法参见附注三、8，编制合并财务报表时，折算外币财务报表所采用的资产负债表日的即期汇率和交易发生日的即期汇率的近似汇率分别为：

	资产负债表日的即期汇率		交易发生日的即期汇率的近似汇率	
	2020 年 12 月 31 日	2019 年 12 月 31 日	2020 年	2019 年
港币	0.8416	0.8958	0.8687	0.8860

由于外币业务在本集团资产和负债结构中占比较低，因此本集团面临的外汇风险不重大。2020 年度及 2019 年度，本集团未签署任何远期外汇合约或货币互换合约。

5 其他价格风险

其他价格风险是指本集团所持有的权益类金融工具的公允价值或未来现金流量因除市场利率和外汇汇率以外的市场价格因素变动而发生波动的风险。本集团主要投资于证券交易所上市的股票、基金等，所面临的最大市场价格风险由所持有的金融工具的公允价值决定。

假设权益工具的市价上升或下降 10%，其他变量不变的情况下，基于资产负债表日的上述资产对本集团净利润和股东权益的影响如下：

	2020 年	2019 年
净利润变动	增加 / (减少)	增加 / (减少)
市场价格上升 10%	约 25,829 万元	约 24,190 万元
市场价格下降 10%	约 (25,829) 万元	约 (24,190) 万元
	2020 年	2019 年
	12 月 31 日	12 月 31 日
股东权益变动	增加 / (减少)	增加 / (减少)
市场价格上升 10%	约 27,465 万元	约 25,986 万元
市场价格下降 10%	约 (27,465) 万元	约 (25,986) 万元

十一 公允价值的披露

1 以公允价值计量的金融工具

下表列示了本集团在每个资产负债表日持续和非持续以公允价值计量的资产和负债于本报告期末的公允价值信息及其公允价值计量的层次。公允价值计量结果所属层次取决于对公允价值计量整体而言具有重要意义的最低层次的输入值。三个层次输入值的定义如下：

第一层次输入值：在计量日能够取得的相同资产或负债在活跃市场上未经调整的报价；

第二层次输入值：除第一层次输入值外相关资产或负债直接或间接可观察的输入值；

第三层次输入值：相关资产或负债的不可观察输入值。

(a) 以公允价值计量的资产和负债的年末公允价值

		2020 年 12 月 31 日			
项目	附注	第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	合计
持续以公允价值计量的资产：					
- 交易性金融资产	五、 8	9,086,211,648	12,123,160,790	1,311,852,911	22,521,225,349
- 债券		7,113,114,141	8,150,644,752	4,797,037	15,268,555,930
- 票据		-	1,777,250,750	-	1,777,250,750
- 股票		1,098,942,479	485,853,059	100,991,450	1,685,786,988
- 资产管理计划		-	725,791,246	10,000,000	735,791,246
- 基金		874,155,028	54,663,750	-	928,818,778
- 资产支持证券		-	190,000,000	-	190,000,000
- 理财产品		-	737,422,806	-	737,422,806
- 股权		-	-	829,243,092	829,243,092
- 债权		-	-	268,450,150	268,450,150
- 其他		-	1,534,427	98,371,182	99,905,609
- 其他债权投资	五、 10	-	1,693,438,010	-	1,693,438,010
- 其他权益工具投资	五、 11	15,260	31,273,150	186,816,508	218,104,918
- 衍生金融资产	五、 4	-	25,399,386	-	25,399,386
持续以公允价值计量的资产总额		9,086,226,908	13,873,271,336	1,498,669,419	24,458,167,663
持续以公允价值计量的负债：					
- 交易性金融负债	五、 21	-	(680,458,502)	(50,069,863)	(730,528,365)
- 卖出的借入债券		-	(680,458,502)	-	(680,458,502)
- 挂钩衍生产品的收益凭证		-	-	(50,069,863)	(50,069,863)
- 衍生金融负债	五、 4	-	(20,883,097)	-	(20,883,097)
持续以公允价值计量的负债总额		-	(701,341,599)	(50,069,863)	(751,411,462)

对于持有的附有限售条件的股票，本集团于限售期内将相关股票公允价值所属层级列入第二层次，并于限售期满后从第二层次转入第一层次（2019 年度：同）。

2020 年度及 2019 年度，本集团上述持续以公允价值计量的资产和负债的各层次之间没有发生重大转换。本集团是在发生转换当年的报告期末确认各层次之间的转换。

		2019 年 12 月 31 日			
项目	附注	第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	合计
持续以公允价值计量的资产：					
- 交易性金融资产	五、 8	7,003,926,019	14,917,536,961	326,028,691	22,247,491,671
- 债券		4,229,597,963	5,456,094,047	15,180,000	9,700,872,010
- 票据		-	7,907,426,414	-	7,907,426,414
- 股票		1,754,009,869	517,192,818	110,529,152	2,381,731,839
- 资产管理计划		-	782,623,739	10,000,000	792,623,739
- 基金		678,627,692	41,852,949	-	720,480,641
- 资产支持证券		168,272,380	212,346,994	-	380,619,374
- 理财产品		150,000,000	-	-	150,000,000
- 股权		23,418,115	-	99,754,539	123,172,654
- 债权		-	-	90,565,000	90,565,000
- 其他债权投资	五、 10	127,620,740	1,038,124,368	-	1,165,745,108
- 其他权益工具投资	五、 11	15,640	50,734,965	188,623,145	239,373,750
- 衍生金融资产	五、 4	-	18,351,897	-	18,351,897
持续以公允价值计量的资产总额		7,131,562,399	16,024,748,191	514,651,836	23,670,962,426
持续以公允价值计量的负债：					
- 交易性金融负债	五、 21	-	(2,132,321,710)	-	(2,132,321,710)
- 卖出的借入债券		-	(2,132,321,710)	-	(2,132,321,710)
- 衍生金融负债	五、 4	-	(19,615,860)	-	(19,615,860)
持续以公允价值计量的负债总额		-	(2,151,937,570)	-	(2,151,937,570)

(b) 持续第一层次公允价值计量项目市价的确定依据

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。

(c) 持续第二层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

交易性金融资产及其他债权投资中的债券的公允价值是采用相关债券登记结算机构估值系统的报价。相关报价机构在形成报价过程中采用了反映市场状况的可观察输入值。

交易性金融资产及其他权益工具投资中的权益工具投资的限售股股票公允价值是采用同一上市公司同类流通股股票交易价格确定，并对其流动性进行折价调整。

交易性金融资产中不存在活跃市场的资产管理计划投资、信托计划投资及理财产品投资，如管理人定期对相应结构性主体的净值进行报价，则其公允价值以资产负债表日净值的方法确定。

(d) 持续和非持续第三层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

本集团制定了相关流程来确定持续的第三层次公允价值计量中合适的估值技术和输入值。本集团风险管理部门定期复核相关流程以及公允价值确定的合适性。

第三层次公允价值计量的量化信息如下：

		2020 年 12 月 31 日 的公允价值	估值技术	不可观察输入值	对公允价值的影响
			净资产法 / 上市公司比较法 / 参考最近交易价格	流动性折价	折扣越高， 公允价值越低 风险调整折现率
股权及股票投资	注	1,117,051,050			
债券及债权投资		273,247,187	现金流量折现法	风险调整折现率	越高，公允价值越低 风险调整折现率
资产管理计划		10,000,000	现金流量折现法	风险调整折现率	越高，公允价值越低
		2019 年 12 月 31 日 的公允价值	估值技术	不可观察输入值	对公允价值的影响
			净资产法 / 上市公司比较法 / 参考最近交易价格	流动性折价	折扣越高， 公允价值越低 风险调整折现率
股权及股票投资	注	398,906,836			
债券及债权投资		105,745,000	现金流量折现法	风险调整折现率	越高，公允价值越低 风险调整折现率
资产管理计划		10,000,000	现金流量折现法	风险调整折现率	越高，公允价值越低

注：主要包括未上市股权及交易不活跃的新三板股票投资。

上述持续第三层次公允价值计量的资产和负债的公允价值的估值技术并未发生变更。

(e) 持续的第三层次公允价值计量项目，年初与年末账面价值间的调节信息：

	2020 年 1 月 1 日余额	转入 第三层次	转出 第三层次	本年利得或损失总额		购买、发行、出售和结算				2020 年 12 月 31 日余额	
				计入 损益	计入其他 综合收益	购买	发行	出售	结算		
资产											
- 交易性金融资产	326,028,691	-	(4,073,285)	(50,783,384)	-	1,110,280,652	-	(32,500,006)	(37,099,757)	1,311,852,911	
- 债券	15,180,000	-	-	(10,382,963)	-	-	-	-	-	4,797,037	
- 股票	110,529,152	-	(4,073,285)	(4,948,806)	-	16,232,417	-	(16,748,028)	-	100,991,450	
- 股权	99,754,539	-	-	15,840,531	-	729,400,000	-	(15,751,978)	-	829,243,092	
- 资产管理计划投资	10,000,000	-	-	-	-	-	-	-	-	10,000,000	
- 债权	90,565,000	-	-	(29,200,188)	-	244,185,095	-	-	(37,099,757)	268,450,150	
- 其他	-	-	-	(22,091,958)	-	120,463,140	-	-	-	98,371,182	
- 其他权益工具投资	188,623,145	-	-	377,358	9,130,431	7,238,100	-	(18,552,526)	-	186,816,508	
持续以公允价值计量资产总计	514,651,836	-	(4,073,285)	(50,406,026)	9,130,431	1,117,518,752	-	(51,052,532)	(37,099,757)	1,498,669,419	
负债											
- 交易性金融负债	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)	
- 收益凭证	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)	
持续以公允价值计量负债总计	-	-	-	(69,863)	-	-	(50,000,000)	-	-	(50,069,863)	

	2019 年 1 月 1 日余额	转入 第三层次	转出 第三层次	本年利得或损失总额		购买、发行、出售和结算			
				计入 损益	计入其他 综合收益	购买	发行	出售	2019 年 12 月 31 日余额
资产									
- 交易性金融资产	618,831,118	30,164,400	-	(33,690,088)	-	57,834,508	-	(17,907,735)	326,028,691
- 债券	-	30,164,400	-	(14,984,400)	-	-	-	-	15,180,000
- 股票	155,985,029	-	-	(32,462,650)	-	4,914,508	-	(17,907,735)	110,529,152
- 理财产品	205,701,113	-	-	1,582,086	-	-	-	(207,283,199)	-
- 信托计划	322,102	-	-	179,027	-	-	-	(501,129)	-
- 股权	99,284,804	-	-	6,998,797	-	-	-	(6,529,062)	99,754,539
- 资产管理计划投资	-	-	-	-	-	10,000,000	-	-	10,000,000
- 债权	157,538,070	-	-	4,997,052	-	42,920,000	-	(114,890,122)	90,565,000
- 其他权益工具投资	199,978,825	-	-	(1,108,242)	(5,643,912)	-	-	(4,403,526)	188,623,145
持续以公允价值计量资产总计	818,809,943	30,164,400	-	(34,798,330)	(5,643,912)	57,834,508	-	(22,311,261)	514,651,836

2 不以公允价值计量的金融资产与金融负债的公允价值情况

于 2020 年 12 月 31 日及 2019 年 12 月 31 日，本集团不以公允价值计量的金融资产和金融负债主要包括货币资金、结算备付金、融出资金、买入返售金融资产、应收款项、存出保证金、债权投资、应付短期融资款、拆入资金、代理买卖证券款及应付债券等，除应付债券外，其他金融资产和金融负债的账面价值与公允价值之间无重大差异。

于 2020 年 12 月 31 日应付债券的公允价值约为人民币 76.76 亿元 (2019 年 12 月 31 日：人民币 62.33 亿元)。

十二 资本管理

本集团资本管理的主要目标是满足法律和监管要求，同时保障本集团的持续经营，能够通过制定与风险水平相当的产品和服务价格，并确保以合理融资成本获得融资的方式，持续为股东提供回报。

本集团按照监管机构的规定计算监管资本，该规定可能与其他司法管辖区的相关规定有显著差异。本公司按照证监会于 2016 年 6 月 16 日发布的《证券公司风险控制指标计算标准规定》(证监会公告 [2016] 10 号) 计算净资本。于相关报告期内，本公司的净资本金额满足证监会规定的最低净资本要求。

本公司下属子公司中德证券和格林大华亦按照证监会的相关监管要求计算监管资本，并确保净资本满足证监会规定的净资本要求。

基于战略发展计划、业务拓展需求以及风险敞口变化趋势的影响，本集团通过情景分析及压力测试对监管资本进行预测、计划及管理。

十三 或有事项—未决诉讼

于 2020 年 12 月 31 日，本公司下属子公司格林大华存在一项由于 DF20191141 号金融衍生品交易协议争议案引起的未决诉讼，案件标的金额共计人民币 16,066,929 元。该案件已于 2019 年 10 月 24 日开庭审理，暂未作出判决，预计于 2021 年 6 月进行判决，截止本财务报表批准日，尚未有裁决结果。经考虑律师专业意见后，本集团管理层认为该未决诉讼未来不是很可能导致经济利益的流出，未就此计提预计负债。

十四 承诺事项

1 资本承担

以下为本集团于资产负债表日，已签约但未在资产负债表上列示的资本性支出承诺：

	2020 年 12 月 31 日	2019 年 12 月 31 日
股权出资 (a)	2,326,600,000	2,470,000,000
软件费	11,731,440	5,293,850
其他	40,383,433	35,288,162
合计	2,378,714,873	2,510,582,012

- (a) 山西交通产业基金合伙企业 (有限合伙) 于 2018 年 8 月 22 日注册成立，注册地位山西省太原市，经营范围为投资管理与资产管理，注册资本为人民币 100 亿元，其中本公司认缴出资人民币 20 亿元。截至 2020 年 12 月 31 日，本公司实缴出资人民币 2 亿元，剩余人民币 18 亿元尚未缴付。
- (b) 本公司于 2018 年 12 月 28 日注册成立山证创新投资有限公司，注册地为中国 (上海) 自由贸易试验区罗山路 1502 弄 14 号，注册资本为人民币 15 亿元，经营范围为投资管理与资产管理。截至 2020 年 12 月 31 日，本公司已经对山证创新实缴出资 13 亿元，剩余人民币 2 亿元尚未缴付。
- (c) 山证科技于 2020 年 3 月 13 日注册成立，注册地位深圳市，经营范围为软件和信息技术服务业，注册资本为人民币 2 亿元，其中本公司认缴出资人民币 2 亿元。截至 2020 年 12 月 31 日，本公司尚未实缴出资，剩余人民币 2 亿元尚未缴付。
- (d) 山西太行煤成气产业投资基金合伙企业 (有限合伙) 于 2020 年 3 月 17 日注册成立，注册地位山西省晋城市，经营范围为投资管理与资产管理，注册资本为人民币 6.01 亿元，其中本公司认缴出资人民币 1 亿元。截至 2020 年 12 月 31 日，本公司实缴出资人民币 0.33 亿元，剩余人民币 0.67 亿元尚未缴付。
- (e) 山西信创引导私募股权投资基金合伙企业 (有限合伙) 于 2020 年 9 月 25 日注册成立，注册地位山西省太原市，经营范围为投资管理与资产管理，注册资本为人民币 5 亿元，其中本公司认缴出资人民币 1 亿元。截至 2020 年 12 月 31 日，本公司实缴出资人民币 4,040 万元，剩余人民币 5,960 万元尚未缴付。

2 经营租赁承担

根据不可撤销的有关房屋及办公设备经营租赁协议，本集团于资产负债表日以后应支付的最低租赁付款额如下：

	2020 年 12 月 31 日	2019 年 12 月 31 日
1 年以内 (含 1 年)	91,588,067	100,363,315
1 年至 2 年 (含 2 年)	62,273,984	49,697,270
2 年至 3 年 (含 3 年)	44,944,911	17,703,552
3 年以上	45,675,066	16,771,906
合计	244,482,028	184,536,043

十五 资产负债表日后事项

1 资产负债表日后发债情况说明

本公司于 2021 年 2 月 9 日向专业投资者公开发行次级债券 (第一期)，发行规模为人民币 10 亿元，期限为 3 年，债券简称为“21 山证 C1”，债券代码为“149383”，票面利率为 4.68%。

2 资产负债表日后利润分配情况说明

董事会于 2021 年 4 月 16 日提议本公司向普通股股东派发现金股利，每股人民币 0.11 元 (2019 年：每股人民币 0.10 元)，共人民币 394,874,870 元 (2019 年：人民币 282,872,515 元)。此项提议尚待股东大会批准。于资产负债表日后提议派发的现金股利未在资产负债表日确认为负债。

十六 其他重要事项说明

1 债券借贷业务

于 2020 年 12 月 31 日，本集团通过债券借贷业务借入债券的公允价值为人民币 3,883,952,330 元 (2019 年 12 月 31 日，人民币 3,224,153,000 元)。本集团为开展债券借贷业务用于抵押的债券公允价值为人民币 3,857,770,840 元 (2019 年 12 月 31 日，人民币 2,806,895,485 元)。

2 金融工具计量基础分类表

本集团金融资产项目

2020 年 12 月 31 日账面价值						
	以摊余成本计量的金融资产	以公允价值计量且其变动计入其他综合收益		以公允价值计量且其变动计入当期损益		
		分类为以公允价值计量且其变动计入其他综合收益的金融资产	指定为以公允价值计量且其变动计入其他综合收益的非交易性权益工具投资	分类为以公允价值计量且其变动计入当期损益的金融资产	按照《金融工具确认和计量》准则指定为以公允价值计量的金融资产	按照《套期会计》准则指定为以公允价值计量的金融资产
货币资金	17,221,704,814	-	-	-	-	-
结算备付金	5,212,171,280	-	-	-	-	-
融出资金	7,237,799,738	-	-	-	-	-
买入返售金融资产	2,909,890,823	-	-	-	-	-
应收账款	110,334,334	-	-	-	-	-
存出保证金	3,266,499,930	-	-	-	-	-
衍生金融资产	-	-	-	25,399,386	-	-
金融投资						
交易性金融资产	-	-	-	22,521,225,349	-	-
债权投资	50,144,943	-	-	-	-	-
其他债权投资	-	1,693,438,010	-	-	-	-
其他权益工具投资	-	-	218,104,918	-	-	-
其他金融资产	335,436,914	-	-	-	-	-
合计	36,343,982,776	1,693,438,010	218,104,918	22,546,624,735	-	-

2019 年 12 月 31 日账面价值						
	以摊余成本计量的金融资产	以公允价值计量且其变动计入其他综合收益		以公允价值计量且其变动计入当期损益		
		分类为以公允价值计量且其变动计入其他综合收益的金融资产	指定为以公允价值计量且其变动计入其他综合收益的非交易性权益工具投资	分类为以公允价值计量且其变动计入当期损益的金融资产	按照《金融工具确认和计量》准则指定为以公允价值计量的金融资产	按照《套期会计》准则指定为以公允价值计量的金融资产
货币资金	15,734,010,625	-	-	-	-	-
结算备付金	2,620,361,716	-	-	-	-	-
融出资金	5,468,405,079	-	-	-	-	-
买入返售金融资产	2,742,426,644	-	-	-	-	-
应收账款	100,204,889	-	-	-	-	-
存出保证金	2,940,672,900	-	-	-	-	-
衍生金融资产	-	-	-	18,351,897	-	-
金融投资						
交易性金融资产	-	-	-	22,247,491,671	-	-
债权投资	32,520,311	-	-	-	-	-
其他债权投资	-	1,165,745,108	-	-	-	-
其他权益工具投资	-	-	239,373,750	-	-	-
其他金融资产	425,200,157	-	-	-	-	-
合计	30,063,802,321	1,165,745,108	239,373,750	22,265,843,568	-	-

本集团金融负债项目

2020 年 12 月 31 日账面价值				
		以公允价值计量且其变动计入当期损益		
		按照《金融工具确认和 分类为以公允价值 计量且其变动计入 当期损益的金融负债	按照《金融工具确认和 计量》准则指定为以公允 价值计量且其变动计入 当期损益的金融负债	按照《套期会计》 准则指定为以公允价值 计量且其变动计入 当期损益的金融负债
	以摊余成本计量的金融负债			
短期借款	224,453,083	-	-	-
应付短期融资券	5,520,485,844	-	-	-
拆入资金	10,022,257,097	-	-	-
交易性金融负债	-	730,528,365	-	-
衍生金融负债	-	20,883,097	-	-
卖出回购金融资产款	6,799,897,076	-	-	-
代理买卖证券款	12,817,075,071	-	-	-
应付债券	7,654,291,213	-	-	-
应付款项	90,780,258	-	-	-
其他金融负债	647,641,862	-	-	-
合计	43,776,881,504	751,411,462	-	-

2019 年 12 月 31 日账面价值				
		以公允价值计量且其变动计入当期损益		
		按照《金融工具确认和 分类为以公允价值 计量且其变动计入 当期损益的金融负债	按照《金融工具确认和 计量》准则指定为以公允 价值计量且其变动计入 当期损益的金融负债	按照《套期会计》 准则指定为以公允价值 计量且其变动计入 当期损益的金融负债
	以摊余成本计量的金融负债			
短期借款	183,832,245	-	-	-
应付短期融资券	4,323,301,803	-	-	-
拆入资金	5,511,784,061	-	-	-
交易性金融负债	-	2,132,321,710	-	-
衍生金融负债	-	19,615,860	-	-
卖出回购金融资产款	12,200,643,294	-	-	-
代理买卖证券款	10,149,086,367	-	-	-
应付债券	6,251,917,663	-	-	-
应付款项	25,186,640	-	-	-
其他金融负债	1,278,388,622	-	-	-
合计	39,924,140,695	2,151,937,570	-	-

十七 公司财务报表附注

1 应收款项

	2020 年 12 月 31 日	2019 年 12 月 31 日
应收交易款项	46,985,497	47,304,567
应收手续费及佣金收入	42,950,963	35,706,303
减：减值准备	<u>(35,616,144)</u>	<u>(28,134,826)</u>
应收款项净额	<u>54,320,316</u>	<u>54,876,044</u>

2 长期股权投资

	2020 年 12 月 31 日	2019 年 12 月 31 日
子公司 (a)	5,198,519,948	4,192,380,851
减：减值准备	<u>-</u>	<u>-</u>
合计	<u>5,198,519,948</u>	<u>4,192,380,851</u>

本公司不存在长期股权投资变现的重大限制。

(a) 子公司

核算方法	投资成本	2020 年 1 月 1 日	本年 增减变动	2020 年 12 月 31 日	直接及 间接持股比例	直接及 间接表决权比例	减值准备	本年计提 减值准备	本年 现金红利
格林大华	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	-
中德证券	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
山证投资	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	60,000,000
山证国际金控	801,450,000	801,450,000	36,139,097	837,589,097	100.00%	100.00%	-	-	-
格林大华资本管理	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
山证创新	330,000,000	330,000,000	970,000,000	1,300,000,000	100.00%	100.00%	-	-	38,487,013
		4,192,380,851	1,006,139,097	5,198,519,948			-	-	
核算方法	投资成本	2019 年 1 月 1 日	本年 增减变动	2019 年 12 月 31 日	直接及 间接持股比例	直接及 间接表决权比例	减值准备	本年计提 减值准备	本年 现金红利
格林大华	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
中德证券	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
山证投资	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	-
山证国际金控	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
格林大华资本管理	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
山证创新	330,000,000	-	330,000,000	330,000,000	100.00%	100.00%	-	-	-
		3,862,380,851	330,000,000	4,192,380,851			-	-	

3 其他资产

	2020 年 12 月 31 日	2019 年 12 月 31 日
其他应收款 (1)	1,129,096,882	692,492,324
应收股利	98,487,013	60,000,000
长期待摊费用	44,356,604	43,154,072
预付款项	6,727,082	12,563,665
其他	<u>17,982,896</u>	<u>44,346,928</u>
合计	<u>1,296,650,477</u>	<u>852,556,989</u>

- (1) 其他应收款主要为应收子公司山证投资的内部往来款人民币 14,000 万元和子公司格林大华的内部往来款人民币 94,500 万元。

4 手续费及佣金净收入

	<u>2020 年</u>	<u>2019 年</u>
证券经纪业务净收入		
- 证券经纪业务收入	679,261,876	472,594,713
- 代理买卖证券业务	625,146,218	446,230,399
- 交易单元席位租赁	7,533,244	11,951,853
- 代销金融产品业务	46,582,414	14,412,461
- 证券经纪业务支出	(159,619,904)	(131,540,353)
- 代理买卖证券业务	(159,619,904)	(131,540,353)
投资银行业务净收入		
- 投资银行业务收入	292,353,728	232,114,726
- 证券承销业务	160,385,068	100,202,135
- 财务顾问业务	131,968,660	131,912,591
- 投资银行业务支出	(8,237,321)	-
- 财务顾问业务	(8,237,321)	-
资产管理业务净收入		
- 资产管理业务收入	128,765,655	105,523,592
- 资产管理业务支出	(42,817,196)	-
基金管理业务		
- 基金管理业务收入	66,780,649	65,479,841
- 基金管理业务支出	(3,353,947)	(2,561,024)
投资咨询业务		
- 投资咨询业务收入	19,990,561	10,509,726
- 投资咨询业务支出	(2,018,868)	-
合计	<u>971,105,233</u>	<u>752,121,221</u>

5 投资收益

	<u>2020 年</u>	<u>2019 年</u>
成本法核算的长期股权投资收益 (a)	98,487,013	50,000,000
金融工具投资收益		
其中：持有期间取得的收益	834,147,865	845,595,095
其中：交易性金融工具	836,117,256	845,417,853
其他权益工具投资	77,878	177,242
衍生金融工具	(2,047,269)	-
处置金融工具取得的收益	604,144,112	155,083,710
其中：交易性金融工具	667,529,401	220,430,240
衍生金融工具	(158,982,799)	(147,134,173)
其他债权投资	95,597,510	81,787,643
合计	<u>1,536,778,990</u>	<u>1,050,678,805</u>

- (a) 2020 年度，本公司成本法核算的长期股权投资收益为子公司山证投资的分红金额人民币 6,000 万元及子公司山证创新的分红金额人民币 3,849 万元 (2019 年度：本公司成本法核算的长期股权投资收益为子公司格林大华的分红，金额为人民币 5,000 万元)。
- (b) 2020 年度，本公司无联营企业和合营企业的投资收益 (2019 年度：同)。

6 业务及管理费

	<u>2020 年</u>	<u>2019 年</u>
职工薪酬	776,090,743	592,007,688
租赁费及物业费用	96,203,959	92,122,425
无形资产及长期待摊费用摊销	54,312,209	45,816,791
办公及后勤事务费用	44,560,836	48,068,759
固定资产折旧	41,224,336	35,426,398
营销及管理费用	33,875,258	39,083,025
系统运转及维护费	49,301,081	32,893,738
证券投资者保护基金	10,950,086	9,514,876
其他	33,101,685	31,191,337
合计	<u>1,139,620,193</u>	<u>926,125,037</u>

7 现金流量表补充资料

(1) 将净利润调节为经营活动现金流量

	<u>2020 年</u>	<u>2019 年</u>
净利润	941,402,836	585,237,185
加：信用减值损失	(30,160,856)	30,406,625
固定资产折旧	41,224,336	35,426,398
无形资产摊销	37,494,565	32,905,587
长期待摊费用摊销	16,817,644	12,911,204
资产处置损失 / (收益)	224,952	(3,876,061)
公允价值变动损失 / (收益)	22,163,273	(87,601,429)
融资活动利息支出	447,509,913	477,749,286
汇兑损益	1,668,419	(441,455)
投资收益	(98,564,891)	(50,177,242)
递延所得税费用	(6,705,275)	3,244,463
经营性应收项目 (增加) / 减少	(2,079,576,253)	5,681,890,081
经营性应付项目的减少	(689,307,240)	(1,765,548,916)
经营活动 (使用) / 产生的现金流量净额	<u>(1,395,808,577)</u>	<u>4,952,125,726</u>

(2) 现金及现金等价物净变动情况

	<u>2020 年</u>	<u>2019 年</u>
现金及现金等价物的年末余额	16,978,600,852	13,936,063,999
减：现金及现金等价物的年初余额	<u>(13,936,063,999)</u>	<u>(9,844,711,219)</u>
现金及现金等价物净增加额	<u><u>3,042,536,853</u></u>	<u><u>4,091,352,780</u></u>

(3) 现金及现金等价物的构成

	<u>2020 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>12 月 31 日</u>
银行存款	11,821,294,115	11,413,358,584
结算备付金	<u>5,202,054,905</u>	<u>2,579,273,485</u>
小计	17,023,349,020	13,992,632,069
减：使用受限的货币资金	(31,168,766)	(23,464,469)
减：应计利息	<u>(13,579,402)</u>	<u>(33,103,601)</u>
现金及现金等价物余额	<u><u>16,978,600,852</u></u>	<u><u>13,936,063,999</u></u>

十八 非经常性损益明细表

	<u>2020 年</u>	<u>2019 年</u>
非流动资产处置 (损失) / 收益	(224,952)	3,876,061
计入当期损益的政府补助及税收返还	36,469,997	32,708,871
除上述各项之外的其他营业外收支净额	<u>(7,627,797)</u>	<u>(4,186,963)</u>
小计	28,617,248	32,397,969
所得税影响额	(7,176,491)	(9,081,104)
少数股东权益影响额 (税后)	<u>(788,254)</u>	<u>(635,408)</u>
合计	<u><u>20,652,503</u></u>	<u><u>22,681,457</u></u>

非经常性损益明细表编制基础：

根据证监会《公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益（2008）》的规定，非经常性损益是指与公司正常经营业务无直接关系，以及虽与正常经营业务相关，但由于其性质特殊和偶发性，影响报表使用人对公司经营业绩和盈利能力作出正确判断的各项交易和事项产生的损益。

十九 净资产收益率及每股收益

本集团按照证监会颁布的《公开发行证券的公司信息披露编报规则第 9 号——净资产收益率和每股收益的计算及披露》(2010 年修订) 以及会计准则相关规定计算的净资产收益率和每股收益如下：

	加权平均		每股收益			
	净资产收益率%		基本每股收益		稀释每股收益	
	2020 年	2019 年	2020 年	2019 年	2020 年	2019 年
归属于母公司普通股股东	5.09%	4.08%	0.23	0.18	0.23	0.18
扣除非经常性损益后归属于						
母公司普通股股东	<u>4.95%</u>	<u>3.90%</u>	<u>0.23</u>	<u>0.17</u>	<u>0.23</u>	<u>0.17</u>

基本每股收益以归属于母公司普通股股东的合并净利润除以本公司发行在外普通股的加权平均数计算。

稀释每股收益以根据稀释性潜在普通股调整后的归属于母公司普通股股东的合并净利润除以调整后的本公司发行在外普通股的加权平均数计算。2020 年度，本公司不存在具有稀释性的潜在普通股，因此，稀释每股收益等于基本每股收益（2019 年度：同）。

山西证券股份有限公司
2020 年度
财务报表补充资料

- 重要财务报表科目重大变动情况分析

一、重要财务报表科目重大变动情况分析

1 资产负债表科目

于 2020 年 12 月 31 日合并资产负债表中, 占资产总额 5%以上且较上期间比较数据变动幅度大于 30%的科目变动情况及变动原因分析列示如下:

	2020 年 12 月 31 日	2019 年 12 月 31 日	增减比例	注释
结算备付金	5,212,171,280	2,620,361,716	98.91%	(1)
融出资金	7,237,799,738	5,468,405,079	32.36%	(2)
拆入资金	10,022,257,097	5,511,784,061	81.83%	(3)
卖出回购金融资产款	6,799,897,076	12,200,643,294	(44.27%)	(4)

- (1) 2020 年末结算备付金较 2019 年末上升的主要原因为本集团部分业务交易规模增长, 导致结算备付金规模上升。
- (2) 2020 年末融出资金较 2019 年末上升的主要原因为证券市场交易活跃, 经纪客户的资金需求增加。
- (3) 2020 年末拆入资金较 2019 年末上升的主要原因为本集团通过银行间市场借入资金增加。
- (4) 2020 年末卖出回购金融资产款较 2019 年末减少的主要原因为本集团减少票据类卖出回购金融资产款规模。

2 利润表科目

2020 年度合并利润表中, 占利润总额 10%以上且较 2019 年度财务报表比较数据变动幅度大于 30%的科目变动情况及变动原因分析列示如下:

	2020 年	2019 年	增减比例	注释
投资收益	1,695,573,140	1,063,569,409	59.42%	(1)
公允价值变动损益	(226,606,949)	256,937,470	(188.20%)	(2)
其他业务收入	371,936,759	2,725,971,207	(86.36%)	(3)
信用减值损失	(104,890,631)	(176,544,789)	(40.59%)	(4)
其他业务成本	(381,977,626)	(2,685,981,550)	(85.78%)	(5)
所得税费用	(243,231,262)	(145,855,829)	66.76%	(6)

- (1) 2020 年度投资收益较 2019 年度上升的主要原因是本年处置交易性金融资产产生的投资收益增加。
- (2) 2020 年度公允价值变动损益较 2019 年度下降的主要原因是本年末持有的交易性金融资产及衍生金融工具公允价值下降。
- (3) 2020 年度其他业务收入较 2019 年度下降的主要原因是仓单业务交易规模下降, 导致收入降低。
- (4) 2020 年度信用减值损失较 2019 年度下降的主要原因是其他债权投资减值准备转回。
- (5) 2020 年度其他业务成本较 2019 年度下降的主要原因是仓单业务交易规模下降, 导致成本降低。
- (6) 2020 年度所得税费用较 2019 年度增长的主要原因是本年利润总额及应纳税所得上升。

Shanxi Securities Company Limited

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS
ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

毕马威华振审字第 2002390 号

The Shareholders of Shanxi Securities Company Limited:

Opinion

We have audited the accompanying financial statements of Shanxi Securities Company Limited ("Shanxi Securities"), which comprise the consolidated and company balance sheet as at 31 December 2019, the consolidated and company income statement, the consolidated and company cash flow statement, the consolidated and company statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Shanxi Securities as at 31 December 2019, and the consolidated and company financial performance and cash flows of Shanxi Securities for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Shanxi Securities in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Assessment of fair value of financial instruments	
<i>Refer to the accounting policies described in Note III.9 and III.18, and Note V.4, V.9, V.10, V.12, V.13, V.14, V.24 and V.25 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2019, the carrying amount of Shanxi Securities' financial assets and liabilities measured at fair value totalled RMB23,671 million and RMB2,152 million, respectively. The valuation of Shanxi Securities' financial instruments measured at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for active markets. Especially for Level 1 and Level 2 financial instruments measured at fair value, the inputs of valuation models are market quotation and observable data, respectively. Where such observable data is not readily available, as in the case of Level 3 financial instruments measured at fair value, estimates need to be developed which involve significant management judgement. We have identified assessment of the fair value of financial instruments as a key audit matter because of the complexity involved in valuing certain financial instruments and the significant judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of financial instruments included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the valuation, independent price verification, front office/back office reconciliations and valuation model approval for financial instruments; • assessing the fair values of Level 1 financial instruments in active markets on a sample basis by comparing the fair values applied by Shanxi Securities with public available market data; • reading investment agreements entered into during 2019, on a sample basis, to understand the relevant investment terms and identify conditions that were relevant to the valuation of financial instruments; • evaluating the valuation models used by Shanxi Securities to value certain financial instruments and to perform, on a sample basis, independent valuations of the financial instruments, compare these valuations with Shanxi Securities' s valuations (including using the work of our internal valuation specialists), and test the input data of fair value calculation; • assessing whether the disclosures in the financial statements appropriately reflect the exposure to financial instrument valuation risk with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Consolidation of structured entities	
<i>Refer to the accounting policies described in Note III.6 and Note VII.2 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities. Shanxi Securities may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management plan or a trust plan, etc. In determining whether a structured entity is required to be consolidated by Shanxi Securities, management is required to consider the power Shanxi Securities is able to exercise over the activities of the entity and its exposure to and ability to influence its variable returns from the entity. In certain circumstances Shanxi Securities may be required to consolidate a structured entity even though it has no equity interest therein. The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively. We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by Shanxi Securities or not and because the impact of consolidating structured entities on the financial statements could be significant.	Our audit procedures to assess the consolidation of structured entities included the following: • understanding and assessing the design and implementation of key internal controls of financial reporting over consolidation of structured entities; • selecting structured entities, on a sample basis, for each key product type and performing the following procedures for each item selected: - inspecting the related contracts, internal documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement Shanxi Securities has with the structured entity and to assess management's judgement over whether Shanxi Securities has the ability to exercise power over the structured entity; - evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from Shanxi Securities' involvement in such an entity;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Consolidation of structured entities	
<i>Refer to the accounting policies described in Note III.6, and Note VII.2 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
	- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with Shanxi Securities' economic interests in the structured entity to assess management's judgement over Shanxi Securities' ability to influence its variable returns from the structured entity; - evaluating management's judgement over whether the structured entity should be consolidated or not. • assessing the disclosures in the financial statements in relation to structured entities with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Assessing impairment of goodwill	
<i>Refer to the accounting policies described in Note III.14 and III.17, and Note V.17 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
As of 31 December 2019, the carrying amount of Shanxi Securities' goodwill was RMB477 million. The above goodwill comprises: (1) the goodwill of RMB49 million formed through the acquisition of the securities trading branches as well as the merger and reorganisation of securities assets in previous years; (2) the goodwill of RMB428 million formed from the acquisition of 100% equity of Gelin Futures Company Limited in the previous years. There is a risk that the carrying value of goodwill may not be fully recovered through the future cash flows to be generated from the relevant cash-generating asset group (the smallest identifiable group of assets that generates cash inflows independently) or set of asset groups to which the goodwill have been allocated. In order to assess the recoverable amount of goodwill, management engaged external valuation experts to assess the fair values of asset group or set of asset groups, or calculate the value-in-use of the relevant asset group or set of asset groups using the discounted cash flow model with a cash flow forecast.	Our audit procedures to assess impairment of goodwill included the following: • enquiring the management to understand the process and control for assessing impairment of goodwill; • based on our understanding on businesses of Shanxi Securities and requirements under relevant accounting standards, assessing the management's identification on relevant asset group and set of asset groups, and evaluating the methods and basis for allocating goodwill to relevant asset group and set of asset groups; • assessing the competency, professionalism and objectivity of external valuation experts engaged by Shanxi Securities; • obtaining and reading the evaluation reports issued by external valuation experts, reviewing the evaluation basis, assumptions and parameters disclosed in the evaluation reports, and assessing the rationality of valuation results with the assistance of valuation experts of the firm; • based on our understanding on the securities industry and businesses of Shanxi Securities, assessing the assumptions and key judgements that the management used to estimate future cash flows by comparing key parameters (including estimated income and costs, long-term average growth rates) with the approved financial budgets and industry statistics;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Assessing impairment of goodwill	
<i>Refer to the accounting policies described in Note III.14 and III.17, and Note V.17 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
We identified assessing potential impairment of goodwill in financial statements as a key audit matter because of its significance to the financial statements, and also because determining whether any impairment is required involves a significant degree of management judgement and estimation, including key assumptions involved in the evaluation of fair value or present value of future cash flows, all of which could be inherently uncertain and could be subject to management bias.	• based on our understanding on Shanxi Securities and market data for comparable companies in the same industry, assessing the discount rate used by the management to calculate the present value of expected future cash flows; • performing the sensitivity analysis on the discount rate and other key assumptions used by the management to assess the effects of changes in key assumptions on the results of impairment assessments, and consider whether there are indications of management bias in the selection of key assumptions; • assessing the relevant disclosures on goodwill and impairment assessment in the financial statements with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.13 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
Impairment of financial assets is determined based on the expected credit loss ("ECL") model since the adoption of the revised Accounting Standard for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement by Shanxi Securities on 1 January 2019. Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments based on the ECL model involves a significant degree of accounting estimates and management judgement, including stage classification of credit impairment and estimation on probability of default, loss given default, exposure at default, discount rate and other parameters, as well as consideration of forward-looking adjustment and other adjustment factors, so a considerable level of management judgement is required in the selection and assumption of these parameters. External macro-environment and Shanxi Securities' internal credit risk management strategy greatly affect the determination of the ECL model. In assessing the above key parameters and assumptions, Shanxi Securities considers historical defaults, historical loss experience, internal credit rating, external credit rating and other adjustment factors.	Our audit procedures to assess the determination of impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments included the following: • understanding and assessing the design and effectiveness of key internal controls of financial reporting over approval, recording, monitoring, classification and impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments; • assessing the reliability of the ECL model and parameters used in impairment provision by management, including stage classification, probability of default, loss given default, exposure at default, discount rate, forward-looking adjustment and management's adjustment, and assessing the reasonableness of key management judgement involved, with the help of our financial risk management experts.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.13 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
When applying judgement in determining probability of default, management considers multiple factors, including recoverable amounts, borrowers' financial position, recoverable amounts of collaterals, order of payment to claim for compensation, existence of other creditors and their degree of cooperation. Where stocks of the listed company are taken as collaterals, guaranteed securities sector, liquidity, trade restriction, concentration, volatility, performance guarantee and issuer's operating results are also taken into account. We identified determining the impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments as a key audit matter because of its inherent uncertainty and the involvement of management judgement, and also because of its significance to Shanxi Securities' state of operation and capital position.	• assessing the completeness and accuracy of key data used as parameters in the ECL model. For key internal data relevant to original files, we compare business ledgers used for assessing impairment provision by management and general ledger to assess the data integrity of the list; we compare the information of a single financial asset with relevant agreements and other relevant documents on a sampling basis to assess the accuracy of business ledgers; we verify key external data with public sources to examine its accuracy; • assessing carefully input parameters in relation to subjective judgements by seeking external supporting evidence and comparing with internal historical records, etc. As part of the above procedures, we also enquire management whether there are any adjustments of key assumptions and input parameters compared with that of prior periods and accounting standards transition periods, and corresponding reasons (if any) and consider their consistency with management judgement. Also, we compare economic factors and market information applied in the model to assess their compliance with the market and economic development;

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Key Audit Matters (continued)

Determining impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments	
<i>Refer to the accounting policies described in Note III.9 and Note V.3, V.5 and V.13 to the financial statements.</i>	
The Key Audit Matter	How the matter was addressed in our audit
	• assessing the reasonableness of stage classification of management's credit impairment by sampling on the risk-oriented basis. Based on the selected samples, we check overdue loans information and learn about the borrowers' credit risk profile, guaranteed securities sector, liquidity, volatility, performance guarantee and issuer's operating status; • assessing the appropriateness of loss given default of credit-impaired financial assets, including assessing expected cash flows of collaterals and other credit enhancement and evaluating the reliability of recovery plan of financial assets, based on the selected samples; • reviewing the accuracy of the calculation of impairment provision for receivable from margin clients, financial assets held under resale agreements and other debt investments on the selected samples with the ECL model based on the procedures performed; • assessing the relevant disclosures in the financial statements with reference to the requirements of the relevant accounting standards.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Other Information

Management is responsible for the other information. The other information comprises all the information included in 2019 Annual Report of Shanxi Securities, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Shanxi Securities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Shanxi Securities or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Shanxi Securities' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shanxi Securities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shanxi Securities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shanxi Securities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S REPORT (continued)

毕马威华振审字第 2002390 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of China

Shi Jian (Engagement Partner)

Beijing, China

Tang Yinghui

24 April 2020

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2019
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		<i>31 December 2019</i>	<i>31 December 2018</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Assets					
Cash and bank balances	V.1	15,734,010,625	12,681,464,251	11,413,358,584	7,638,611,356
-Cash held for brokerage clients		8,460,155,123	6,984,996,649	5,722,482,254	4,281,455,256
Clearing settlement funds	V.2	2,620,361,716	2,323,843,791	2,579,273,485	2,222,704,328
-Cash held for brokerage clients		1,281,863,152	996,866,389	1,105,580,728	820,583,965
Receivable from margin clients	V.3	5,468,405,079	4,435,571,620	5,185,923,202	4,218,213,951
Derivative financial assets	V.4	18,351,897	50,153,341	-	-
Financial assets held under resale agreements ("Reverse REPOs")	V.5	2,742,426,644	3,976,462,481	2,191,408,463	3,466,878,231
Accounts receivable	V.6, XVII.1	100,204,889	213,912,303	54,876,044	70,308,232
Interest receivable	V.7	-	403,710,586	-	356,542,938
Refundable deposits	V.8	2,940,672,900	2,556,538,862	1,266,202,443	1,184,333,696
Financial investments:		23,685,130,840	28,400,031,688	21,662,843,157	27,005,119,174
Financial assets at fair value through profit or loss	V.9	-	22,240,168,027	-	20,887,481,986
Financial assets held for trading	V.10	22,247,491,671	-	20,325,501,850	-
Debt investments	V.11	32,520,311	-	-	-
Available-for-sale financial assets	V.12	-	6,159,863,661	-	6,117,637,188
Other debt investments	V.13	1,165,745,108	-	1,152,414,175	-
Other equity instrument investments	V.14	239,373,750	-	184,927,132	-
Long-term equity investments	VII.3, XVII.2	421,754,695	61,616,403	4,192,380,851	3,862,380,851
Fixed assets	V.15	384,302,724	383,164,837	336,689,202	328,738,439
Intangible assets	V.16	117,553,798	114,708,680	107,883,971	103,657,795
Goodwill	V.17	476,939,901	476,939,901	49,096,844	49,096,844
Deferred tax assets	V.19	174,961,762	90,589,967	96,304,212	47,985,436
Other assets	V.18, XVII.3	810,699,711	1,075,905,312	852,556,989	820,272,654
Total assets		<u>55,695,777,181</u>	<u>57,244,614,023</u>	<u>49,988,797,447</u>	<u>51,374,843,925</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		<i>31 December</i> <i>2019</i>	<i>31 December</i> <i>2018</i>	<i>31 December</i> <i>2019</i>	<i>31 December</i> <i>2018</i>
Liabilities and equity					
Liabilities					
Short-term loans	V.21	183,832,245	-	-	-
Short-term debt securities issued	V.22	4,323,301,803	6,112,580,000	4,323,301,803	6,112,580,000
Placements from financial institutions	V.23	5,511,784,061	6,650,000,000	5,511,784,061	6,650,000,000
Financial liabilities at fair value through profit or loss	V.24	-	1,712,809,520	-	1,712,809,520
Financial liabilities held for trading	V.25	2,132,321,710	-	2,132,321,710	-
Derivative financial liabilities	V.4	19,615,860	84,039,710	1,263,963	-
Financial assets sold under repurchase agreements ("REPOs")	V.26	12,200,643,294	15,007,619,444	12,087,837,182	14,878,425,579
Customer brokerage deposits	V.27	10,149,086,367	8,376,478,762	6,729,037,782	5,030,404,512
Employee benefits payable	V.28	150,267,996	133,968,410	44,615,292	12,202,750
Taxes payable	V.29	93,071,311	110,104,124	63,553,870	47,402,033
Accounts payable	V.30	25,186,640	451,201,456	12,619,705	13,800,736
Interest payable	V.31	-	409,466,345	-	387,894,002
Long-term debt securities issued	V.32	6,251,917,663	4,075,084,151	6,246,181,664	4,069,388,187
Deferred tax liabilities	V.19	33,049,056	4,723,337	-	-
Other liabilities	V.33	1,405,958,569	1,119,678,364	292,462,758	187,245,423
Total liabilities		<u>42,480,036,575</u>	<u>44,247,753,623</u>	<u>37,444,979,790</u>	<u>39,102,152,742</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department	(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Balance Sheet
as at 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		<i>31 December</i> <i>2019</i>	<i>31 December</i> <i>2018</i>	<i>31 December</i> <i>2019</i>	<i>31 December</i> <i>2018</i>
Liabilities and equity (continued)					
Equity					
Share capital	V.34	2,828,725,153	2,828,725,153	2,828,725,153	2,828,725,153
Capital reserve	V.35	6,713,296,178	6,713,296,178	6,692,880,816	6,692,880,816
Other comprehensive income	V.36	(54,799,201)	1,225,975	(102,823,892)	(20,313,379)
Surplus reserve	V.37	556,740,074	507,232,749	556,740,074	507,232,749
General risk reserve	V.38	628,719,120	564,673,545	565,756,468	507,232,749
Trading risk reserve	V.38	599,220,321	538,877,528	565,756,468	507,232,749
Retained earnings	V.39	1,382,574,910	1,289,250,284	1,436,782,570	1,249,700,346
Total equity attributable to shareholders of the Company		12,654,476,555	12,443,281,412	12,543,817,657	12,272,691,183
Non-controlling interests	V.40	561,264,051	553,578,988	N/A	N/A
Total equity		<u>13,215,740,606</u>	<u>12,996,860,400</u>	<u>12,543,817,657</u>	<u>12,272,691,183</u>
Total liabilities and equity		<u>55,695,777,181</u>	<u>57,244,614,023</u>	<u>49,988,797,447</u>	<u>51,374,843,925</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department	(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2019
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2019	2018	2019	2018
Operating income					
Net fee and commission income	V.41, XVII.4	1,173,916,736	827,727,320	752,121,221	481,565,210
From: Securities brokerage business		347,651,347	287,483,024	341,054,360	277,635,644
Investment banking business		572,460,829	308,062,389	232,114,726	63,490,251
Asset management business		91,085,810	84,458,791	105,523,592	86,430,694
Futures brokerage business		83,841,343	93,701,916	-	-
Fund management business		62,918,817	49,951,302	62,918,817	49,951,302
Investment consulting business		15,958,590	4,069,898	10,509,726	4,057,319
Net interest expense	V.42	(142,572,076)	(193,100,548)	(190,893,890)	(344,425,752)
Including: Interest income		1,082,769,356	1,066,324,045	940,866,157	870,247,142
Interest expense		(1,225,341,432)	(1,259,424,593)	(1,131,760,047)	(1,214,672,894)
Investment income	V.43, XVII.5	1,063,569,409	1,498,620,595	1,050,678,805	1,062,085,205
Net gains / (losses) from changes in fair value	V.44	256,937,470	(137,075,568)	43,384,476	(37,151,929)
Foreign exchange (losses) / gains		(9,866,941)	462,966	441,455	1,168,755
Other operating income	V.45	2,725,971,207	4,840,937,568	9,565,988	12,291,165
Other income	V.46	30,348,871	13,906,867	20,071,743	8,333,850
Gains / (Losses) from disposal of assets	V.47	3,876,061	(342,574)	3,876,061	(342,574)
Total operating income		<u>5,102,180,737</u>	<u>6,851,136,626</u>	<u>1,689,245,859</u>	<u>1,183,523,930</u>
Operating expenses					
Taxes and surcharges	V.48	(22,604,650)	(18,307,820)	(18,919,988)	(14,617,685)
Operating and administrative expenses	V.49, XVII.6	(1,567,386,381)	(1,406,946,117)	(926,125,037)	(801,307,398)
Asset impairment losses	V.50	-	(95,613,203)	-	(48,925,955)
Credit impairment losses	V.51	(176,544,789)	-	(30,406,625)	-
Reversal of other impairment losses	V.52	17,941,901	-	-	-
Other operating expenses	V.53	(2,685,981,550)	(5,044,402,096)	-	-
Total operating expenses		<u>(4,434,575,469)</u>	<u>(6,565,269,236)</u>	<u>(975,451,650)</u>	<u>(864,851,038)</u>
Operating profit		667,605,268	285,867,390	713,794,209	318,672,892

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
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(Company
stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

		<i>The Group</i>		<i>The Company</i>	
	<i>Note</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Operating profit (continued)		667,605,268	285,867,390	713,794,209	318,672,892
Add: Non-operating income	V.54	3,110,431	4,274,891	83,000	136,352
Less: Non-operating expenses	V.55	(4,937,394)	(3,484,284)	(2,078,899)	(2,686,526)
Profit before income tax		665,778,305	286,657,997	711,798,310	316,122,718
Less: Income tax expense	V.56	(145,855,829)	(67,422,394)	(126,561,125)	(31,814,618)
Net profit for the year		519,922,476	219,235,603	585,237,185	284,308,100
(1) Net profit classified by continuity of operations:					
1. Net profit from continuing operations		519,922,476	219,235,603	585,237,185	284,308,100
2. Net profit from discontinued operations		N/A	N/A	N/A	N/A
(2) Net profit classified by ownership:					
1. Attributable to shareholders of the Company		510,183,708	221,763,054	585,237,185	284,308,100
2. Attributable to non-controlling interests		9,738,768	(2,527,451)	N/A	N/A
Other comprehensive income, net of tax					
Other comprehensive income (net of tax) attributable to shareholders of the Company					
I Items that not be reclassified to profit or loss:					
1. Changes in fair value of other equity instrument investments		(117,559,431)	-	(112,370,492)	-

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
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Tang Jianxiong
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Head of the
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stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Income Statement
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2019	2018	2019	2018
II Items that may be reclassified to profit or loss:					
1. Changes in fair value of other debt investments		(37,471,770)	-	(38,003,001)	-
2. Credit losses of other debt investments		29,736,510	-	29,736,677	-
3. Translation differences arising from translation of foreign currency financial statements		17,112,181	36,207,049	-	-
4. Gains or losses arising from changes in fair value of available-for-sale financial assets		-	(62,089,985)	-	(11,000,378)
5. Other comprehensive income recognised under equity method		-	109,193	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		(498,933)	(48,072,544)	N/A	N/A
Other comprehensive income, net of tax	V.36	<u>(108,681,443)</u>	<u>(73,846,287)</u>	<u>(120,636,816)</u>	<u>(11,000,378)</u>
Total comprehensive income for the year		<u>411,241,033</u>	<u>145,389,316</u>	<u>464,600,369</u>	<u>273,307,722</u>
Attributable to:					
Shareholders of the Company		402,001,198	195,989,311	464,600,369	273,307,722
Non-controlling interests		9,239,835	(50,599,995)	N/A	N/A
Earnings per share:					
(1) Basic earnings per share	V.57	<u>0.18</u>	<u>0.08</u>		
(2) Diluted earnings per share	V.57	<u>0.18</u>	<u>0.08</u>		

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
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Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2019
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>		<u>The Company</u>	
		2019	2018	2019	2018
Cash flows from operating activities					
Net cash received from REPOs business		-	6,267,576,459	-	6,640,696,098
Net increase in customer brokerage deposits		1,771,945,639	-	1,697,971,305	-
Interest, fees and commission income received		3,408,326,886	3,312,579,362	2,864,626,269	2,402,846,162
Net decrease in receivable from margin clients		-	959,276,042	-	1,100,773,676
Net decrease in financial assets held for trading		2,779,099,536	-	2,636,303,634	-
Net increase in financial liabilities held for trading		393,808,730	-	393,808,730	-
Net cash received from trading of financial liabilities at fair value through profit or loss		-	120,714,529	-	120,714,529
Net cash received from trading of derivative financial instruments		-	372,946,172	-	5,822,005
Net increase in placements from financial institutions		-	2,850,000,000	-	2,850,000,000
Proceeds from other operating activities	V.58(1)	6,120,471,759	6,665,351,982	3,464,801,946	20,761,367
Sub-total of cash inflows		<u>14,473,652,550</u>	<u>20,548,444,546</u>	<u>11,057,511,884</u>	<u>13,141,613,837</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
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Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

		<i>The Group</i>		<i>The Company</i>	
	<i>Note</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Cash flows from operating activities (continued)					
Net increase in receivable from margin clients		(998,660,617)	-	(912,467,809)	-
Net cash paid for REPOs business		(1,577,842,862)	-	(1,516,906,582)	-
Net cash paid for trading of financial assets at fair value through profit or loss		-	(7,340,457,992)	-	(7,189,561,677)
Net cash paid for trading of available-for-sale financial assets		-	(4,923,461,803)	-	(5,219,956,728)
Net cash paid for trading of derivative financial instruments		(254,321,432)	-	(191,351,126)	-
Net decrease in placements from financial institutions		(1,170,000,000)	-	(1,170,000,000)	-
Net decrease in customer brokerage deposits		-	(3,937,782,666)	-	(1,529,579,589)
Cash paid for interest, fee and commission		(889,406,700)	(1,198,052,571)	(875,911,646)	(800,293,605)
Payment to and for employees		(1,006,348,680)	(969,637,145)	(560,337,446)	(499,300,946)
Payment of various taxes		(287,892,250)	(201,768,372)	(238,660,275)	(144,625,230)
Payment for other operating activities	V.58(2)	(4,330,933,743)	(5,762,685,052)	(639,751,274)	(612,030,766)
Sub-total of cash outflows		<u>(10,515,406,284)</u>	<u>(24,333,845,601)</u>	<u>(6,105,386,158)</u>	<u>(15,995,348,541)</u>
Net cash inflows/(outflows) from operating activities	V.59(1)(a), XVII.7(1)	<u>3,958,246,266</u>	<u>(3,785,401,055)</u>	<u>4,952,125,726</u>	<u>(2,853,734,704)</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

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The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<u>The Group</u>	<u>2019</u>	<u>2018</u>	<u>The Company</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities							
Proceeds from disposal of other equity instrument investments		35,809,256	-		35,809,256	-	
Cash received from investment income		8,641,520	10,597,177		177,242	131,700,000	
Net proceeds from disposal of subsidiaries and other business units		-	179,871,150		-	-	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		14,392,638	2,978,539		14,029,828	1,288,249	
Proceeds from other investing activities		100,000,000	200,000,000		-	-	
Sub-total of cash inflows		<u>158,843,414</u>	<u>393,446,866</u>		<u>50,016,326</u>	<u>132,988,249</u>	
Cash outflows from investing activities							
Net payment for acquisition of subsidiaries and other business units		(424,908,915)	(52,000,000)		(330,000,000)	-	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(92,298,841)	(77,588,333)		(79,780,198)	(76,371,473)	
Payment for other investing activities		-	(100,000,000)		-	-	
Sub-total of cash outflows		<u>(517,207,756)</u>	<u>(229,588,333)</u>		<u>(409,780,198)</u>	<u>(76,371,473)</u>	
Net cash (outflows)/inflows from investing activities		<u>(358,364,342)</u>	<u>163,858,533</u>		<u>(359,763,872)</u>	<u>56,616,776</u>	

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated and Company Cash Flow Statement
for the year ended 31 December 2019 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Note	<i>The Group</i>		<i>The Company</i>	
		2019	2018	2019	2018
Cash flows from financing activities:					
Proceeds from issuance of debt securities		2,000,000,000	5,000,000,000	1,995,760,000	4,996,000,000
Proceeds from issuance of beneficiary certificates		23,125,450,000	17,931,250,000	23,125,450,000	17,931,250,000
Proceeds relating to other financing activities:		183,634,900	-	-	-
Sub-total of cash inflows		<u>25,309,084,900</u>	<u>22,931,250,000</u>	<u>25,121,210,000</u>	<u>22,927,250,000</u>
Repayments of debt securities issued		(24,950,030,000)	(20,374,487,957)	(24,950,030,000)	(20,539,642,853)
Payment for dividends or interest		(678,943,990)	(523,856,718)	(673,067,181)	(384,196,203)
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		-	(3,846,010)	-	-
Payment for other financing activities		(1,118,644)	(15,060,000)	-	-
Sub-total of cash outflows		<u>(25,630,092,634)</u>	<u>(20,913,404,675)</u>	<u>(25,623,097,181)</u>	<u>(20,923,839,056)</u>
Net cash (outflows)/inflows from financing activities		<u>(321,007,734)</u>	<u>2,017,845,325</u>	<u>(501,887,181)</u>	<u>2,003,410,944</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>3,324,665</u>	<u>35,445,504</u>	<u>878,107</u>	<u>1,371,894</u>
Net increase/(decrease) in cash and cash equivalents	V.59(1)(b), XVII.7(2)	3,282,198,855	(1,568,251,693)	4,091,352,780	(792,335,090)
Add: Cash and cash equivalents at the beginning of the year		14,853,884,395	16,422,136,088	9,844,711,219	10,637,046,309
Cash and cash equivalents at the end of the year	V.59(2), XVII.7(3)	<u>18,136,083,250</u>	<u>14,853,884,395</u>	<u>13,936,063,999</u>	<u>9,844,711,219</u>

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei
Legal
Representative

Tang Jianxiong
Chief Financial
Officer

Zhang Lide
Head of the
Accounting
Department

(Company
stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2019
(Expressed in Renminbi Yuan, unless otherwise stated)

Note	Share capital	Capital reserve	comprehensive income	Equity attributable to shareholders of the Company					Non-controlling interests	Total
				Other income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings		
Balance at 31 December 2018	2,828,725,153	6,713,296,178	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	12,443,281,412	553,578,988	12,996,860,400
Add: Changes in accounting policies	-	-	34,172,597	(7,217,920)	-	-	(76,324,474)	(49,369,797)	(436,128)	(49,805,925)
Balance at 1 January 2019	2,828,725,153	6,713,296,178	35,398,572	500,014,829	564,673,545	538,877,528	1,212,925,810	12,393,911,615	553,142,860	12,947,054,475
Changes in equity during the year										
1. Total comprehensive income	-	-	(108,182,510)	-	-	-	510,183,708	402,001,198	9,239,835	411,241,033
2. Decrease of capital	-	-	-	-	-	-	-	-	(1,118,644)	(1,118,644)
- Refund of contribution by shareholders	-	-	-	-	-	-	-	-	-	-
3. Appropriation of profits	-	-	-	58,523,719	-	-	(58,523,719)	-	-	-
- Appropriation to general reserve	-	-	-	-	-	-	-	-	-	-
V.37	-	-	-	-	-	-	-	-	-	-
- Appropriation to trading risk reserve	-	-	-	-	64,045,575	-	(64,045,575)	-	-	-
V.38	-	-	-	-	-	-	-	-	-	-
- Appropriation to trading risk reserve	-	-	-	-	-	60,342,793	(60,342,793)	-	-	-
V.39	-	-	-	-	-	-	(141,436,258)	(141,436,258)	-	(141,436,258)
- Distributions to shareholders	-	-	-	-	-	-	-	-	-	-
4. Transfers within equity	-	-	-	-	-	-	-	-	-	-
- Transfer of other comprehensive income to retained earnings	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-	-	-
Sub-total of 1 to 4	-	-	(90,197,773)	56,725,245	64,045,575	60,342,793	189,649,100	260,564,940	8,121,191	268,686,131
Balance at 31 December 2019	2,828,725,153	6,713,296,178	(54,799,201)	556,740,074	628,719,120	599,220,321	1,382,574,910	12,654,476,555	561,264,051	13,215,740,606

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

Note	Share capital	Capital reserve	Equity attributable to shareholders of the Company						Non-controlling interests	Total
			comprehensive income	Other income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings		
Balance at 1 January 2018	2,828,725,153	6,713,296,178	26,999,718	26,999,718	478,801,939	527,183,053	510,380,547	1,416,490,777	12,501,877,365	13,263,602,710
Changes in equity during the year										
1. Total comprehensive income	-	-	-	(25,773,743)	-	-	-	221,763,054	195,989,311	145,389,316
2. Decrease of capital	-	-	-	-	-	-	-	-	-	(15,060,000)
3. Appropriation of profits	-	-	-	-	-	-	-	-	-	-
- Appropriation to surplus reserve	-	-	-	-	28,430,810	-	-	(28,430,810)	-	-
- Appropriation to general risk reserve	-	-	-	-	-	37,490,492	-	(37,490,492)	-	-
- Appropriation to trading risk reserve	-	-	-	-	-	-	28,496,981	(28,496,981)	-	-
- Distributions to shareholders	-	-	-	-	-	-	-	(254,585,264)	(254,585,264)	(35,481,010)
4. Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(107,005,352)
Sub-total of 1 to 4	-	-	-	(25,773,743)	28,430,810	37,490,492	28,496,981	(127,240,493)	(58,595,953)	(266,742,310)
Balance at 31 December 2018	2,828,725,153	6,713,296,178	1,225,975	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	12,443,281,412	12,996,860,400

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Statement of Changes in Equity
for the year ended 31 December 2019
(Expressed in Renminbi Yuan, unless otherwise stated)

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings	Total
Balance at 31 December 2018	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183
Add: Changes in accounting policies	-	-	20,141,566	(7,217,920)	-	-	(64,961,283)	(52,037,637)
Balance at 1 January 2019	2,828,725,153	6,692,880,816	(171,813)	500,014,829	507,232,749	507,232,749	1,184,739,063	12,220,653,546
Changes in equity during the year								
1. Total comprehensive income	-	-	(120,636,816)	-	-	-	585,237,185	464,600,369
2. Appropriation of profits	-	-	-	58,523,719	-	-	(58,523,719)	-
- Appropriation to surplus reserve	-	-	-	58,523,719	-	-	(58,523,719)	-
- Appropriation to general risk reserve	-	-	-	-	58,523,719	-	(58,523,719)	-
- Appropriation to trading risk reserve	-	-	-	-	-	58,523,719	(58,523,719)	-
- Distributions to shareholders	-	-	-	-	-	-	(58,523,719)	-
3. Transfers within equity	-	-	-	-	-	-	(141,436,258)	(141,436,258)
- Transfer of other comprehensive income to retained earnings	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-
Sub-total of 1 to 3	-	-	(102,652,079)	56,725,245	58,523,719	58,523,719	252,043,507	323,164,111
Balance at 31 December 2019	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department	(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Statement of Changes in Equity
for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan, unless otherwise stated)

	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Trading risk reserve	Retained earnings	Total
Balance at 1 January 2018	2,828,725,153	6,692,880,816	(9,313,001)	478,801,939	478,801,939	478,801,939	1,305,269,940	12,253,968,725
Changes in equity during the year								
1. Total comprehensive income	-	-	(11,000,378)	-	-	-	284,308,100	273,307,722
2. Appropriation of profits								
- Appropriation to surplus reserves	-	-	-	28,430,810	-	-	(28,430,810)	-
- Appropriation to general risk reserve	-	-	-	-	28,430,810	-	(28,430,810)	-
- Appropriation to trading risk reserve	-	-	-	-	-	28,430,810	(28,430,810)	-
- Distributions to shareholders	-	-	-	-	-	-	(254,585,264)	(254,585,264)
Sub-total of 1 to 2	-	-	(11,000,378)	28,430,810	28,430,810	28,430,810	(55,569,594)	18,722,458
Balance at 31 December 2018	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183

These financial statements were approved by the Board of Directors on 24 April 2020.

Hou Wei Legal Representative	Tang Jianxiong Chief Financial Officer	Zhang Lide Head of the Accounting Department
		(Company stamp)

The notes on pages 15 to 149 form part of these financial statements.

Shanxi Securities Company Limited
Notes to the Financial Statements
(Expressed in Renminbi Yuan, unless otherwise stated)

I GENERAL INFORMATION

Shanxi Province Securities Company was incorporated on 28 July 1988. On the date of establishment, Shanxi Province Securities Company obtained the Corporate Legal Person Business Licence (the registration number: 140000100003883) issued by Shanxi Administration for Industry and Commerce, and obtained the licence for operating securities business (No. Z20614000) granted by China Securities Regulatory Commission (hereinafter referred to as “CSRC”).

After the approval of CSRC on 31 December 1998, Shanxi Province Securities Company changed its name into Shanxi Securities Limited Liability Company after the reorganisation, and the registered capital is RMB200,000,000.

Approved by the *Official Reply on Matters Concerning the Merger and Reorganisation of Securities Business Organisations in Shanxi* issued by CSRC (Zheng Jian Ji Gou Zi [2000] No.81) on 28 April 2000, Shanxi Securities Limited Liability Company merged and reorganised with securities assets of 5 trust companies in Shanxi in December 2001. The newly established company after the merger and reorganisation continued to use the name of Shanxi Securities Limited Liability Company, and the registered capital was changed to RMB1,025,000,000.

Approved by the *Official Reply on the Equity Change and Capital Expansion of Shanxi Securities Limited Liability Company* issued by CSRC (Zheng Jian Ji Gou Zi [2006] No.138) on 10 July 2006, the registered capital of Shanxi Securities Limited Liability Company increased by RMB278,800,000 to RMB1,303,800,000 according to the resolution of 2004 annual general meeting of shareholders held by Shanxi Securities Limited Liability Company on 29 June 2005 and provisions under the revised Articles of Association. The increased registered capital should be paid up by Shanxi Guoxin Investment Group Co., Ltd. (formerly named Shanxi Guoxin Investment (Group) Company, hereinafter referred to as “Shanxi Guoxin”) before 18 July 2006.

Approved by the *Official Reply on the Conversion into A Company Limited by shares of Shanxi Securities Limited Liability Company* issued by CSRC (Zheng Jian Xu Ke Zi [2008] No.100) on 18 January 2008, Shanxi Securities Limited Liability Company was changed into a company limited by shares according to the resolution of the 2007 second general meeting of shareholders held by Shanxi Securities Limited Liability Company on 24 December 2007 and provisions under the revised Articles of Association. Shanxi Securities Limited Liability Company converted the net assets determined on the base date (30 September 2007) into share capital of RMB2,000,000,000 with the equity discount ratio of 99.9246667%, and the unconverted part of RMB1,507,802 was included in the capital reserve. Shanxi Securities Limited Liability Company changed its name into Shanxi Securities Company Limited (hereinafter referred to as “the Company”) after the conversion, the registered capital was changed to RMB2,000,000,000, and the total share capital was 2,000,000,000 shares with a par value of RMB1 per share.

Approved by the *Official Reply on Approving the Initial Public Offering of Shares of Shanxi Securities Company Limited* issued by CSRC (Zheng Jian Xu Ke Zi [2010] No.1435) on 19 October 2010, the Company completed the issuance of 399,800,000 RMB ordinary shares to domestic investors on 4 November 2010, and was listed on the Shenzhen Stock Exchange on 15 November 2010. On 24 November 2010, the registered capital of the Company was changed to RMB2,399,800,000, and the total share capital increased to 2,399,800,000 shares.

Approved by the *Official Reply on Approving the Purchase of Assets with Cash and Issuance of Shares by Shanxi Securities, the Merger with Dahua Futures Co., Ltd. by Gelin Futures Co., Ltd.* issued by CSRC (Zheng Jian Xu Ke [2013] No.964) on 23 July 2013, the Company purchased 100% equity of Gelin Futures by issuing 118,925,153 shares to the original shareholders of Gelin Future Co., Ltd. (hereinafter referred to as “Gelin Futures”) through private placement, and paying cash consideration of RMB168,161,700 on 13 November 2013. The total share capital of the Company increased from 2,399,800,000 shares to 2,518,725,153 shares after the completion of this transaction.

Approved by the *Official Reply on Approving the private placement of Shares by Shanxi Securities Company Limited* issued by CSRC (Zheng Jian Xu Ke [2015] No.2873) on 11 December 2015, the Company completed the private placement of 310,000,000 RMB ordinary shares to domestic investors on 25 December 2015, and these shares were listed on the Shenzhen Stock Exchange on 20 January 2016. On 24 February 2016, the registered capital of the Company was changed to RMB2,828,725,153, and the total share capital increased from 2,518,725,153 shares to 2,828,725,153 shares.

According to the *Official Reply on the Gratuitous Transfer of the Equity of Shanxi Securities Company Limited held by Shanxi Guoxin Investment Group Company Limited to Shanxi Financial Investment Holdings Limited* (Jin Cai Jin [2016] No.8) on 1 February 2016, Shanxi Guoxin gratuitously transferred all equity interests of the Company to Shanxi Financial Investment Holdings Limited (hereinafter referred to as “Shanxi Financial Holdings”).

According to the *Official Reply on Approving the Changes in over 5% Equity Shareholders of Shanxi Securities Company Limited and the Exemption on the Obligation of Acquiring Shanxi Securities Company Limited through the Tender Offer by Shanxi Financial Investment Holdings Limited* issued by CSRC (Zheng Jian Xu Ke [2016] No.1765) on 19 August 2016, CSRC approved the shareholder qualification that Shanxi Financial Holdings held over 5% equity interests of Shanxi Securities, and exempted the tender offer obligation of Shanxi Financial Holdings arising from the increase in shares of the Company (approximately 30.84% of the Company's total number of shares) by the gratuitous transfer of state-owned assets. The Company completed the transfer procedures on 2 September 2016. The controlling shareholders of the Company changed to Shanxi Financial Holdings, and the ultimate controlling party was still the Finance Department of Shanxi Province.

As at 31 December 2019, the Company has established 128 securities branches in Shanxi, Beijing, Shanghai, Shenzhen, Xi'an, Ningbo, Chongqing, Jinan and other cities (31 December 2018: 119 securities branches). For related information of subsidiaries of the Company, please refer to Note VII.

The Company and its subsidiaries (hereinafter referred to as “the Group”) mainly engaged in securities brokerage business, margin financing and securities lending, securities proprietary trading, securities underwriting business, securities investment consulting business, financial advisory related to securities trading and securities investment activities, proxy sale of securities investment funds, intermediary introduction business for futures companies, proxy sale of financial products, asset management business, public fund management, brokerage of commodity futures, brokerage of financial futures, futures investment consulting, management of investments and assets, purchase and resale of bulk commodity, future arbitrage and hedging services of futures, etc.

II BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the Ministry of Finance (“MOF”) of People’s Republic of China. These financial statements truly and completely present the consolidated and company financial position as at 31 December 2019, and the consolidated and company financial performance and cash flows for the year then ended.

These financial statements also comply with the disclosure requirements of *Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports* revised by CSRC in 2014 and *Special Provisions on the Preparation of Notes to the Financial Statements of Securities Companies (2018)* issued by CSRC in 2018.

2 Accounting period

The accounting period is from 1 January to 31 December.

3 Operating cycle

The Company is a financial institution of which the operating cycle is not clearly identifiable.

4 Functional currency

The Company’s functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company’s subsidiaries have functional currencies that are different from the Company’s functional currency. Their financial statements have been translated based on the accounting policies set out in Note III.8.

5 Accounting treatments for business combinations involving entities under common control and not under common control

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.14). If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity method in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.10(2)(b)); any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

6 Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries and structured entities. Control exists when the investor has all of following: power over the investee, exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries and structured entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of subsidiaries are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entities, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. The general objectives of structured entities are clearly defined and narrow in scope.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity investment is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition and construction of qualifying assets. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

Assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings and translation differences with respect to a foreign operation in other comprehensive income", are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9 Financial instruments

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset (unless it is a trade receivable without a significant financing component) and financial liability are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note III.20.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost by the Group.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its present contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- financial investments at fair value through other comprehensive income.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instruments.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

For accounts receivable and other receivables, loss allowance always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for accounts receivable, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If credit risk on financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

(b) Long-term equity investments acquired other than through a business combination

- A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale (see Note III.25(1)). Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.17.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.6.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.10(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.10(3)).

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale (see Note III.25(1)).

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in joint ventures and associates, refer to Note III.17.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

11 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in the supply of services, for rental to others or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.12.

When the Company was merged and reorganised in 2001, the fixed assets invested by shareholders of state-owned shares was accounted for according to the valuation confirmed by the state-owned assets management department.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment is classified as held for sale (see Note III.25(1)).

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<i>Class</i>	<i>Estimated useful life</i>	<i>Residual value rate</i>	<i>Depreciation rate</i>
Plant and buildings	20 to 35 years	3% to 4%	2.74% to 4.85%
Electronic computer	3 to 5 years	3% to 4%	19.20% to 32.33%
Motor vehicles	4 to 7 years	3% to 4%	13.71% to 24.25%
Electrical and communication equipment	3 to 10 years	3% to 4%	9.60% to 32.33%
Office equipment	3 to 5 years	3% to 4%	19.20% to 32.33%

Estimated useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.17.

(4) For the recognition and measurement of fixed assets acquired under finance leases, refer to Note III.24(3).

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is holding for disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

12 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17).

13 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.17). For an intangible asset with finite useful life, its cost estimated less residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale (see Note III.25(1)).

When the Company was merged and reorganised in 2001, the intangible assets invested by shareholders of state-owned shares was accounted for according to the valuation confirmed by the state-owned assets management department.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.17). Other development expenditure is recognised as an expense in the period in which it is incurred.

14 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.17). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

15 Inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase and other expenditure incurred in bringing the inventories to their present location and condition. Cost of inventories recognised is calculated using the specific identification method.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for impairment, and is recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes.

16 Long-term deferred expenses

The long-term deferred expenses to be apportioned include the improvement of fixed assets leased for operation and other expenses that have already occurred but should be borne by the current and future periods and whose apportionment period is more than one year, and shall be apportioned equally in stages according to the expected benefit period.

17 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long-term equity investments
- goodwill, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.18) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

18 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

19 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

20 Revenue

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(1) Securities brokerage income

Recognition of income from securities brokerage business on the trading day of securities.

(2) Futures brokerage income

- (i) Net income after deduction of handling fees payable to futures exchanges from transaction fees, pledge fees and delivery fees collected from customers shall be calculated according to the stipulations of futures brokerage contracts and applicable rates, and shall be confirmed upon completion of the transaction.
- (ii) Procedure fee income returned or remitted by futures exchanges shall be recognised at the time of receipt of the procedure fee returned or remitted by futures exchanges.

(3) Securities underwriting business income and sponsorship business income

The income of securities underwriting business and sponsorship business is recognised when the project of underwriting or sponsored issuance is completed, that is, when the economic benefits are likely to flow into the Group and the related income can be measured reliably.

(4) Revenue from financial advisory services and investment advisory services

Income from financial advisory services and investment advisory services is recognised upon completion of services.

(5) Revenue from asset management business

Revenue from asset management business shall be recognised upon the completion of the fiduciary investment management obligations stipulated in the asset management contract.

(6) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

21 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance and unemployment insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Other long-term employee benefits

Other long-term employee benefits of the Group are annual performance salaries or deferred bonuses that need not to be paid within 12 months of the end of the reporting period. Based on the amount of benefits expected during the future reporting period, the Group recognises the present value of discounted benefits as liabilities with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

22 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income, or offset against related expenses in the periods in which the expenses or losses are recognised; or included in other income or non-operating income, or offset against the related expenses directly.

23 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the period, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

24 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties, are depreciated in accordance with the Group's depreciation policies described in Note III.11(2). Impairment losses are recognised in accordance with the accounting policy described in Note III.17. Other assets leased out under operating leases are disclose accounting policy based on the above requirements. Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amounts of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Note III.11(2) and III.17, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs.

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognised finance charges, are presented in balance sheet.

25 Assets held for sale and discontinued operations

(1) Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition;
- The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.18) less costs to sell (except financial assets (see Note III.9) and deferred tax assets (see Note III.23)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.18) less costs to sell is recognised as an impairment loss in profit or loss.

(2) Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

26 Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

27 General risk reserve

In accordance with the *Financial Rules for Financial Enterprises* (Order of MOF No.42) and the application guidance (Caijin [2007] No.23) issued by the MOF, and the *Guideline of Supervision of Annual Report of Securities Companies* issued by the CSRC, the Company and its subsidiary, Zhong De Securities Co., Ltd. (hereinafter referred to as "Zhong De Securities"), are required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve. Appropriation to general risk reserve may not be made if prior year's accumulated loss was not covered by net profit of current year.

In accordance with the *Financial Rules for Financial Enterprises* (Order of MOF No.42) and the application guidance (Caijin [2007] No.23) issued by the MOF, the Company's subsidiary, Gelin Dahua Futures Co., Ltd. (hereinafter referred to as "Gelin Dahua"), is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve. Appropriation to general risk reserve may not be made if prior year's accumulated loss was not covered by net profit of current year.

28 Trading risk reserve

Pursuant to the requirements of *Securities Law of the People's Republic of China* and the *Guideline of Supervision of Annual Report of Securities Companies* issued by the CSRC, the Company and its subsidiary, Zhong De Securities, appropriated 10% of its net profit after tax to the trading risk reserve to cover securities trading loss. Appropriation to trading risk reserve may not be made if prior year's accumulated loss was not covered by the net profit of current year.

29 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

30 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segments taking into account of materiality principle.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

31 Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(1) Significant accounting estimates

Expect for accounting estimates related to depreciation and amortisation of assets such as fixed assets and intangible assets (see Note III.11 and 13) and provision for impairment of various types of assets (see Note V.3, 5, 6, 11, 12, 13, and 18, and Note XVII.1 and 3). Other significant accounting estimates are as follows:

- (i) Note V.19 – Recognition of deferred tax asset;
- (ii) Note XI. – Fair value measurements of financial instruments;

(2) Significant accounting judgements

Significant judgements made by the Group in the application of accounting policies are as follows:

- (i) Note VII. – Significant judgements and assumptions in determining control, joint control or significant influence over other entity.

32 Changes in significant accounting policies and accounting estimates

(1) Description and reasons of changes in accounting policies

In 2019, the Group has adopted the following revised accounting standards issued by the MOF recently:

- *Accounting Standard for Business Enterprises No.22 — Financial Instruments: Recognition and Measurement (Revised)*, *Accounting Standard for Business Enterprises No.23 — Transfer of Financial Assets (Revised)*, *Accounting Standard for Business Enterprises No.24 — Hedge Accounting (Revised)* and *Accounting Standard for Business Enterprises No.37 — Presentation and Disclosures of Financial Instruments (Revised)* (collectively referred to as “new financial instruments standards”)
- *Accounting Standard for Business Enterprises No.7 — Exchange of Non-monetary Assets (Revised)*
- *Accounting Standard for Business Enterprises No.12 — Debt Restructuring (Revised)*
- *Notice on Revision of the 2018 Illustrative Financial Statements* (Caikuai [2018] No.36)
- *Notice on Revision of the 2019 Illustrative Financial Statements* (Cai Kuai [2019] No.6)
- *Notice on Revision of Illustrative Consolidated Financial Statements (2019 version)* (Cai Kuai [2019] No.16)

(2) Significant impact of changes in accounting policies

(a) New financial instruments standards

The new financial instrument standards revise the *Accounting Standard for Business Enterprises No.22 — Recognition and Measurement of Financial Instruments*, *Accounting Standard for Business Enterprises No.23 — Transfer of Financial Instruments*, *Accounting Standard for Business Enterprises No.24 — Hedging* and *Accounting Standard for Business Enterprises No.37 — Presentation and Disclosures of Financial Instruments* issued by the MOF in 2006 (collecting “previous financial instruments standards”).

The new financial instrument standards classify financial assets into three basic categories: (1) financial assets measured at amortised cost; (2) financial assets measured at FVOCI; (3) financial assets at FVTPL. The classification of financial assets under new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

For accounting policies regarding new financial instrument standards, see Note III. Significant accounting policies and accounting estimates; for accounting policies regarding previous financial instruments standards, see accounting policies regarding the Group's financial statements for the year ended 31 December 2018. New financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available-for-sale financial assets under previous financial instruments standards. Under new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

New financial instruments standards replace the "incurred loss" model in previous financial instruments standards with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in previous financial instruments standards.

Retrospective adjustments were made to classification and measurement (including impairment) of financial instruments not derecognised on the date of effectiveness of the standards (i.e. 1 January 2019) according to transition requirements of the new financial instrument standards. The Group has not yet adjusted the financial statement and recognises the difference between the original carrying amount of financial instruments and the new carrying amount on the date of effectiveness of the standards as retained earnings or other comprehensive income at the beginning 2019.

As at 1 January 2019, the impact of new financial instrument standards is as follows:

The Group

<i>Items under financial instruments standards before revision</i>	<i>Measurement classification under previous financial instrument standards</i>	<i>Measurement classification under new financial instrument standards (items)</i>	<i>Previous financial instrument standards as at 31 December 2018</i>	<i>Reclassification</i>	<i>Remeasurement</i>	<i>New financial instrument standards as at 1 January 2019</i>
Receivable from margin clients	Amortised cost	Amortised cost	4,435,571,620	-	(13,818,719)	4,421,752,901
Financial assets held under resale agreements	Amortised cost	Amortised cost	3,976,462,481	-	(55,150,709)	3,921,311,772
Accounts receivable	Amortised cost	Amortised cost	213,912,303	-	(1,267,954)	212,644,349
Financial investments:						
- Financial assets at FVTPL	FVTPL	FVTPL (Financial assets held for trading)	22,240,168,027	(22,240,168,027)	-	-
		FVOCI (Other debt investments)	-	22,033,488,219	-	22,033,488,219
		FVOCI (Other equity instrument investments)	-	91,346,940	-	91,346,940
- Available-for-sale financial assets	FVOCI		6,159,863,661	115,332,868	-	115,332,868
		FVTPL (Financial assets held for trading)	-	(6,159,863,661)	-	-
		Amortised cost (debt investments)	-	1,457,581,395	-	1,457,581,395
		FVOCI (Other debt investments)	-	28,351,272	4,280,339	32,631,611
		FVOCI (Other equity instrument investments)	-	4,355,611,669	-	4,355,611,669
Other receivables	Amortised cost	Amortised cost	206,335,284	318,319,325	-	318,319,325
Financial liabilities at fair value through profit or loss	FVTPL		1,712,809,520	(1,712,809,520)	(1,766,482)	204,568,802
		FVTPL (Financial liabilities held for trading)	-	1,712,809,520	-	-
Deferred tax assets			90,589,967	-	17,917,600	1,712,809,520
Other comprehensive income			1,225,975	(20,576,640)	54,749,237	108,507,567
Surplus reserve			507,232,749	2,865,200	(10,083,120)	35,398,572
Retained earnings			1,289,250,284	17,711,440	(94,035,914)	500,014,829
Non-controlling interests			553,578,988	-	(436,128)	1,212,925,810
						553,142,860

The Company

Items under financial instruments standards before revision	Measurement classification under previous financial instrument standards	Measurement classification under new financial instrument standards (items)	Previous financial instrument standards as at 31 December 2018	Reclassification	Remeasurement	New financial instrument standards as at 1 January 2019
Receivable from margin clients	Amortised cost	Amortised cost	4,218,213,951	-	(13,818,719)	4,204,395,232
Financial assets held under resale agreements	Amortised cost	Amortised cost	3,466,878,231	-	(55,150,709)	3,411,727,522
Accounts receivable	Amortised cost	Amortised cost	70,308,232	-	(331,228)	69,977,004
Financial investments:						
- Financial assets at FVTPL	FVTPL	FVTPL (Financial assets held for trading) FVOCI (Other debt investments) FVOCI (Other equity instrument investments)	20,887,481,986	(20,887,481,986)	-	-
			-	20,680,802,178	-	20,680,802,178
			-	91,346,940	-	91,346,940
- Available-for-sale financial assets	FVOCI					
			6,117,637,188	115,332,868	-	115,332,868
			-	(6,117,637,188)	-	-
			-	1,527,373,986	-	1,527,373,986
			-	4,333,608,734	-	4,333,608,734
Other receivables						
Financial liabilities at fair value through profit or loss	Amortised cost	investments)	-	256,654,468	-	256,654,468
			726,571,805	-	(82,860)	726,488,945
	FVTPL		1,712,809,520	(1,712,809,520)	-	-
Deferred tax assets		FVTPL ((Financial liabilities held for trading)	-			
Other comprehensive income			47,985,436	1,712,809,520	-	1,712,809,520
Surplus reserve			(20,313,379)	-	17,345,879	65,331,315
Retained earnings			507,232,749	(28,652,001)	48,793,567	(171,813)
			1,249,700,346	2,865,200	(10,083,120)	500,014,829
				25,786,801	(90,748,084)	1,184,739,063

Adjustment of the closing amount of the original financial instrument provision for impairments to the new provision for impairments classified and measured in accordance with the new financial instrument standards is as follows:

The Group

	<i>Provision for impairment losses under previous financial instruments standards 31 December 2018</i>	<i>Reclassification</i>	<i>Remeasurement</i>	<i>Provision for impairment losses under new financial instruments standards 1 January 2019</i>
Receivable from margin clients	64,286,454	-	13,818,719	78,105,173
Financial assets held under resale agreements	7,906,436	-	55,150,709	63,057,145
Accounts receivable	31,818,213	-	1,267,954	33,086,167
Debt investments	-	-	1,644,492	1,644,492
Other debt investments	-	-	65,088,927	65,088,927
Available-for-sale financial assets	46,328,195	(46,328,195)	-	-
Other receivables	8,564,034	-	1,766,482	10,330,516

The Company

	<i>Provision for impairment losses under previous financial instruments standards 31 December 2018</i>	<i>Reclassification</i>	<i>Remeasurement</i>	<i>Provision for impairment losses under new financial instruments standards 1 January 2019</i>
Receivable from margin clients	8,453,335	-	13,818,719	22,272,054
Financial assets held under resale agreements	7,906,436	-	55,150,709	63,057,145
Accounts receivable	20,818,213	-	331,228	21,149,441
Other debt investments	-	-	65,058,090	65,058,090
Available-for-sale financial assets	68,748	(68,748)	-	-
Other receivables	7,589,997	-	82,860	7,672,857

(b) *Accounting Standard for Business Enterprises No.7 — Exchange of Non-Monetary Assets (Revised)* (“CAS 7 (2019)”))

CAS 7 (2019) further clarifies the scope of the standard, specifies the timing for recognition of assets received and derecognition of assets given up, and the accounting treatment for cases in which the timing of recognition and derecognition are inconsistent. The standard modifies the principle of measurement for multiple assets received or given up simultaneously in exchanges of non-monetary assets measured at fair value. It also requires the disclosure of whether exchanges of non-monetary assets have commercial substance and the reasons why they do or do not have commercial substance.

The effective date of CAS 7 (2019) is 10 June 2019. Exchanges of non-monetary assets that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 7 (2019). Retrospective adjustment is not required for exchanges of non-monetary assets prior to 1 January 2019. The adoption of CAS 7 (2019) has no material effect on the financial position and financial performance of the Group.

(c) *Accounting Standard for Business Enterprises No.12 — Debt Restructurings (Revised)*
("CAS 12 (2019)")

CAS 12 (2019) modifies the definition of debt restructuring to specify the scope of this standard, as well as the application of relevant financial instruments standards with respect to the recognition, measurement and presentation of financial instruments involved in debt restructuring. For debt restructuring in which a debt is settled by the transfer of assets, CAS 12 (2019) modifies the principle of measurement for initial recognition of non-financial assets received by the creditor, and gains or losses of the debtor from debt restructuring are recognised without distinguishing whether they are gains or losses from asset transfer or debt restructuring. For debt restructuring in which a debt is settled by the issuance of equity instruments to the creditor, CAS 12 (2019) revises the principle of measurement for initial recognition of its share of equity by the creditor, and provides more guidance on the principle of measurement for initial recognition of equity instruments by the debtor.

The effective date of CAS 12 (2019) is 17 June 2019. Debt restructuring that occurred between 1 January 2019 and the effective date shall be adjusted according to CAS 12 (2019). Retrospective adjustment is not required for debt restructuring prior to 1 January 2019. The adoption of CAS 12 (2019) has no material effect on the financial position and financial performance of the Group.

(d) Caikuai [2018] No.36, Caikuai [2019] No.6 and Caikuai [2019] No.16

In accordance with the financial statement format specified in Caikuai [2018] No.36, Caikuai [2019] No.6 and Caikuai [2019] No.16, the Group adjusted the related financial statement items according to the principle of materiality and the actual situation of the Group. These adjustments have no material effect on the financial position and financial performance of the Group.

- (3) The effects on each of the line items in the consolidated balance sheet and company balance sheet as at 1 January 2019 are summarised as follows:

<i>The Group</i>	<i>31 December 2018</i>	<i>1 January 2019</i>	<i>Adjustments</i>
Assets			
Cash and bank balances	12,681,464,251	12,709,385,843	27,921,592
Clearing settlement funds	2,323,843,791	2,324,963,723	1,119,932
Receivable from margin clients	4,435,571,620	4,492,049,590	56,477,970
Derivative financial assets	50,153,341	50,153,341	-
Refundable deposits	2,556,538,862	2,556,993,738	454,876
Accounts receivable	213,912,303	212,644,349	(1,267,954)
Interest receivable	403,710,586	-	(403,710,586)
Financial assets held under resale agreements	3,976,462,481	3,938,889,455	(37,573,026)
Financial investments			
Financial assets at fair value through profit or loss	22,240,168,027	-	(22,240,168,027)
Financial assets held for trading	-	23,731,470,141	23,731,470,141
Debt investments	-	33,230,428	33,230,428
Available-for-sale financial assets	6,159,863,661	-	(6,159,863,661)
Other debt investments	-	4,492,299,079	4,492,299,079
Other equity instrument investments	-	433,652,193	433,652,193
Long-term equity investments	61,616,403	61,616,403	-
Fixed assets	383,164,837	383,164,837	-
Intangible assets	114,708,680	114,708,680	-
Goodwill	476,939,901	476,939,901	-
Deferred tax assets	90,589,967	108,507,567	17,917,600
Other assets	1,075,905,312	1,074,138,830	(1,766,482)
Total assets	57,244,614,023	57,194,808,098	(49,805,925)

<i>The Group</i>	<i>31 December 2018</i>	<i>1 January 2019</i>	<i>Adjustments</i>
Liabilities			
Short-term debt securities issued	6,112,580,000	6,296,542,850	183,962,850
Placements from financial institutions	6,650,000,000	6,693,994,917	43,994,917
Financial liabilities at fair value through profit or loss	1,712,809,520	-	(1,712,809,520)
Financial liabilities held for trading	-	1,760,824,960	1,760,824,960
Derivative financial liabilities	84,039,710	84,039,710	-
Financial assets sold under repurchase agreements	15,007,619,444	15,031,260,763	23,641,319
Customer brokerage deposits	8,376,478,762	8,376,919,342	440,580
Employee benefits payable	133,968,410	133,968,410	-
Taxes payable	110,104,124	110,104,124	-
Accounts payable	451,201,456	451,201,456	-
Interest payable	409,466,345	-	(409,466,345)
Long-term debt securities issued	4,075,084,151	4,162,088,978	87,004,827
Deferred tax liabilities	4,723,337	4,723,337	-
Other liabilities	1,119,678,364	1,142,084,776	22,406,412
Total liabilities	<u>44,247,753,623</u>	<u>44,247,753,623</u>	<u>-</u>
Equity			
Share capital	2,828,725,153	2,828,725,153	-
Capital reserve	6,713,296,178	6,713,296,178	-
Other comprehensive income	1,225,975	35,398,572	34,172,597
Surplus reserve	507,232,749	500,014,829	(7,217,920)
General risk reserve	564,673,545	564,673,545	-
Trading risk reserve	538,877,528	538,877,528	-
Retained earnings	1,289,250,284	1,212,925,810	(76,324,474)
Non-controlling interests	553,578,988	553,142,860	(436,128)
Total equity	<u>12,996,860,400</u>	<u>12,947,054,475</u>	<u>(49,805,925)</u>
Total liabilities and equity	<u>57,244,614,023</u>	<u>57,194,808,098</u>	<u>(49,805,925)</u>

<i>The Company</i>	<i>31 December 2018</i>	<i>1 January 2019</i>	<i>Adjustments</i>
Assets			
Cash and bank balance	7,638,611,356	7,645,593,183	6,981,827
Clearing settlement funds	2,222,704,328	2,223,823,147	1,118,819
Receivable from margin clients	4,218,213,951	4,269,115,871	50,901,920
Refundable deposits	1,184,333,696	1,184,785,721	452,025
Accounts receivable	70,308,232	69,977,004	(331,228)
Interest receivable	356,542,938	-	(356,542,938)
Financial assets held under resale agreements	3,466,878,231	3,428,280,577	(38,597,654)
Financial investments			
Financial assets at fair value through profit or loss	20,887,481,986	-	(20,887,481,986)
Financial assets held for trading	-	22,421,128,274	22,421,128,274
Available-for-sale financial assets	6,117,637,188	-	(6,117,637,188)
Other debt investments	-	4,469,744,879	4,469,744,879
Other equity instrument investments	-	371,987,336	371,987,336
Long-term equity investments	3,862,380,851	3,862,380,851	-
Fixed assets	328,738,439	328,738,439	-
Intangible assets	103,657,795	103,657,795	-
Goodwill	49,096,844	49,096,844	-
Deferred tax assets	47,985,436	65,331,315	17,345,879
Other assets	820,272,654	829,165,052	8,892,398
Total assets	51,374,843,925	51,322,806,288	(52,037,637)

<i>The Company</i>	<i>31 December 2018</i>	<i>1 January 2019</i>	<i>Adjustments</i>
Liabilities			
Short-term debt securities issued	6,112,580,000	6,296,542,850	183,962,850
Placements from financial institutions	6,650,000,000	6,693,994,917	43,994,917
Financial liabilities at fair value through profit or loss	1,712,809,520	-	(1,712,809,520)
Financial liabilities held for trading	-	1,760,824,960	1,760,824,960
Financial assets sold under repurchase agreements	14,878,425,579	14,901,933,461	23,507,882
Customer brokerage deposits	5,030,404,512	5,030,845,092	440,580
Employee benefits payable	12,202,750	12,202,750	-
Taxes payable	47,402,033	47,402,033	-
Accounts payable	13,800,736	13,800,736	-
Interest payable	387,894,002	-	(387,894,002)
Long-term debt securities issued	4,069,388,187	4,156,393,014	87,004,827
Other liabilities	187,245,423	188,212,929	967,506
Total liabilities	39,102,152,742	39,102,152,742	-
Equity			
Share capital	2,828,725,153	2,828,725,153	-
Capital reserve	6,692,880,816	6,692,880,816	-
Other comprehensive income	(20,313,379)	(171,813)	20,141,566
Surplus reserve	507,232,749	500,014,829	(7,217,920)
General risk reserve	507,232,749	507,232,749	-
Trading risk reserve	507,232,749	507,232,749	-
Retained earnings	1,249,700,346	1,184,739,063	(64,961,283)
Total equity	12,272,691,183	12,220,653,546	(52,037,637)
Total liabilities and equity	51,374,843,925	51,322,806,288	(52,037,637)

IV TAXATION

Main types of taxes and corresponding tax rates for the Group:

<i>Tax type</i>	<i>Tax basis</i>	<i>Tax rate and levying rate</i>
Corporate income tax (1)	Based on taxable profits	16.5% ~ 25%
Value-added tax (VAT)	Output VAT is calculated on taxable revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	1.5% ~ 16%
Urban maintenance and construction tax	the VAT paid	5% or 7%
Education surcharge	the VAT paid	3%
Local education surcharge	the VAT paid	2%

(1) Corporate income tax

The corporate income tax rate of the Company and its domestic subsidiaries is 25% (2018: 25%). The corporate income tax (profits tax) rate of its subsidiaries in Hong Kong (see Note VII.1) is 16.5% (2018: 16.5%).

The calculation and payment of the income tax of the headquarters and branches of the Company shall be carried out in accordance with the *Notice of the State Administration of Taxation on the Issuance of Measures for the Administration of Income Tax Collection of Tax Enterprises for Cross-regional Business Summary* issued by the State Administration of Taxation [2012] No.57, *Announcement of the State Administration of Taxation on Strengthening Follow-up Management after Cancellation of Three Types of Enterprises Income Tax Approval* issued by the State Administration of Taxation [2015] No.6, and *Announcement of the State Administration of Taxation on Revising Some Tax Normative Documents* issued by the State Administration of Taxation [2018] No.31.

V NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Cash and bank balances

(1) Listed by category

<i>Item</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Cash at bank	15,673,251,016	12,648,962,031
Including: Cash held for brokerage clients	8,460,155,123	6,984,996,649
Self-owned deposits	7,211,542,333	5,662,465,186
Cash at bank of structured entities	1,553,560	1,500,196
Others	60,759,609	32,502,220
Total	<u>15,734,010,625</u>	<u>12,681,464,251</u>

As at 31 December 2019, the total amount of cash and bank balances in Hong Kong is RMB553,044,817 (31 December 2018: RMB613,998,090).

As at 31 December 2019, the restricted cash and bank balances of the Group mainly include the risk reserve deposits held for public fund management business amounted to RMB23,464,469 (31 December 2018: RMB16,604,465) and the payable to customer of dividend from convertible bonds amounted to RMB35,861,449 (31 December 2018: RMB34,610,693).

(2) Listed by currencies

	31 December 2019			31 December 2018		
	In original currency	Exchange rate	Amount in RMB	In original currency	Exchange rate	Amount in RMB
Customers' deposits for brokerage trading						
RMB			7,764,952,058			6,292,400,097
USD	16,338,983	6.9762	111,632,721	12,572,647	6.8632	86,292,612
HKD	110,359,802	0.8958	98,858,104	343,370,559	0.8762	300,861,283
Others (Note 1)			916,566			1,995,653
Sub-total			7,976,359,449			6,681,549,645
Customers' deposits for margin trading						
RMB			483,795,674			303,447,004
Sub-total			483,795,674			303,447,004
Total cash held for brokerage clients			8,460,155,123			6,984,996,649
Self-owned deposits						
RMB			6,804,442,937			4,690,590,712
USD	16,263,232	6.9762	113,455,562	88,164,748	6.8632	605,143,409
HKD	139,318,181	0.8958	124,798,440	218,402,064	0.8762	191,363,889
Others (Note 1)			89,362			31,873
Sub-total			7,042,786,301			5,487,129,883
Self-owned deposits for margin business						
RMB			168,756,032			175,335,303
Sub-total			168,756,032			175,335,303
Total self-owned deposits			7,211,542,333			5,662,465,186
Cash at bank of structured entities						
RMB			1,553,560			1,500,196
Total cash at bank			15,673,251,016			12,648,962,031
Others						
RMB			60,759,609			32,502,220
Total			15,734,010,625			12,681,464,251

Note 1: As at 31 December 2019, other foreign currencies for the Group refer to the Euro, British pound, Japanese yen and Singaporean dollar.etc (31 December 2018: Identical).

Margin financing and securities lending:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Self-owned deposits for margin trading Including: RMB	168,756,032	175,335,303
Customers' deposits for margin trading Including: RMB	483,795,674	303,447,004
Total	<u>652,551,706</u>	<u>478,782,307</u>

2 Clearing settlement funds

(1) Listed by category

	<i>31 December 2019</i>	<i>31 December 2018</i>
Cash held for brokerage clients	1,281,863,152	996,866,389
Self-owned deposits	1,337,530,081	1,324,728,799
Clearing settlement funds of structured entities	968,483	2,248,603
Total	<u>2,620,361,716</u>	<u>2,323,843,791</u>

As at 31 December 2019, the balance of the Group's restricted clearing settlement funds which include the cash held for brokerage clients of its subsidiary amounted RMB208,489 (31 December 2018: RMB208,489).

(2) Listed by currencies

	31 December 2019			31 December 2018		
	In original currency	Exchange rate	Amount in RMB	In original currency	Exchange rate	Amount in RMB
Cash held for brokerage clients for brokerage trading						
RMB			1,014,750,381			728,258,646
USD	4,020,798	6.9762	28,049,891	4,464,349	6.8632	30,639,720
HKD	5,988,201	0.8958	5,364,111	5,369,916	0.8762	4,705,120
Sub-total			<u>1,048,164,383</u>			<u>763,603,486</u>
Customers' deposits for margin business						
RMB			233,698,769			233,262,903
Sub-total			<u>233,698,769</u>			<u>233,262,903</u>
Total cash held for brokerage clients			<u>1,281,863,152</u>			<u>996,866,389</u>
Self-owned deposits						
RMB			1,337,324,231			1,324,327,806
HKD	229,800	0.8958	205,850	457,650	0.8762	400,993
Sub-total			<u>1,337,530,081</u>			<u>1,324,728,799</u>
Total self-owned deposits			<u>1,337,530,081</u>			<u>1,324,728,799</u>
Clearing settlement funds of structured entities						
RMB			968,483			2,248,603
Total			<u>2,620,361,716</u>			<u>2,323,843,791</u>

3 Receivable from margin clients

	31 December 2019	31 December 2018
Receivable from margin financing and securities lending	5,212,872,405	4,226,667,286
Margin financing	<u>358,568,593</u>	<u>273,190,788</u>
Sub-total	5,571,440,998	4,499,858,074
Less: Provision for impairment	<u>(103,035,919)</u>	<u>(64,286,454)</u>
Net value of receivable from margin clients	<u>5,468,405,079</u>	<u>4,435,571,620</u>

(1) Analysed by types of the counterparties

	31 December 2019	31 December 2018
Domestic		
Including: Individuals	4,776,430,669	3,900,096,898
Institutions	436,441,736	326,570,388
Less: Provision for impairment	(26,949,203)	(8,453,335)
Sub-total	<u>5,185,923,202</u>	<u>4,218,213,951</u>
Overseas		
Including: Individuals	96,668,780	49,779,535
Institutions	261,899,813	223,411,253
Less: Provision for impairment	(76,086,716)	(55,833,119)
Sub-total	<u>282,481,877</u>	<u>217,357,669</u>
Total carrying amount	<u>5,468,405,079</u>	<u>4,435,571,620</u>

(2) Analysed by the fair value of collaterals

	<u>Fair value of collaterals</u>	
	31 December 2019	31 December 2018
<i>Category of collaterals</i>		
Stocks	14,768,781,756	11,039,281,598
Cash	411,057,475	543,447,004
Bonds	337,801,760	176,961,477
Total	<u>15,517,640,991</u>	<u>11,759,690,079</u>

As at 31 December 2019, the Company makes provision of RMB76,967,234 (31 December 2018: RMB55,833,119) for impairment losses of defaulted receivable from margin clients.

(3) Receivable from margin clients pledged as collaterals

As at 31 December 2019, the Group has not pledged any receivable from margin clients (31 December 2018: RMB165,450,929) for the purpose of REPOs business.

4 Derivative financial instruments

	31 December 2019			31 December 2018		
	Non-hedging instrument			Non-hedging instrument		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate derivatives						
Interest rate swaps	16,300,000,000	-	-	9,750,000,000	-	-
Treasury futures	1,951,692,800	-	-	1,412,585,350	-	-
Currency derivatives	213,604,610	-	-	-	-	-
Equity derivatives						
Stock index futures	883,311,864	-	-	519,898,041	-	-
Stock options	275,000,000	-	(1,165,213)	-	-	-
Other derivative instruments						
Commodity futures	2,459,888,491	-	(98,750)	2,022,824,441	-	-
Over-the-counter options	120,010,890	18,351,897	(18,351,897)	510,150,145	47,438,954	(47,090,523)
Income swaps	-	-	-	1,094,824,882	252,457	(14,876,303)
Forward contracts	-	-	-	591,739,200	-	(21,804,639)
Exchange-traded options	-	-	-	219,845	-	(165,585)
Others	360,206,627	-	-	316,145,318	2,461,930	(102,660)
Total		18,351,897	(19,615,860)		50,153,341	(84,039,710)

Under the daily mark-to-market and settlement arrangement, the profit or loss on the position of the interest rate swap contracts and future contracts of the Group was settled on a daily basis, and reflected in the Group's clearing settlement funds and income statement, rather than in the above items of derivative financial instruments.

5 Financial assets held under resale agreements ("reverse REPOs")

(1) Listed by category of financial assets

	31 December 2019	31 December 2018
Bonds	1,696,944,024	2,213,324,250
Stocks	990,211,471	1,583,548,000
Bills	96,350,000	187,496,667
Sub-total	2,783,505,495	3,984,368,917
Less: Provision for impairment	(41,078,851)	(7,906,436)
Total	2,742,426,644	3,976,462,481

(2) Listed by type of business

	31 December 2019	31 December 2018
Bonds-based outright reverse REPOs	893,315,676	-
Bonds-based pledged reverse REPOs	803,628,348	2,213,324,250
Stock-based pledged reverse REPOs	911,126,096	1,577,896,000
Agreed REPO-style securities trading	79,085,375	5,652,000
Bills-based outright reverse REPOs	96,350,000	187,496,667
Sub-total	2,783,505,495	3,984,368,917
Less: Provision for impairment	(41,078,851)	(7,906,436)
Total	2,742,426,644	3,976,462,481

(3) Stock-based lending analysed by residual maturity

	31 December 2019	31 December 2018
Within 1 month (inclusive)	112,060,274	240,000,000
1 to 3 months (inclusive)	136,091,207	163,500,000
3 months to 1 year (inclusive)	587,765,026	940,052,000
More than 1 year	75,209,589	234,344,000
Sub-total	911,126,096	1,577,896,000
Less: Provision for impairment	(40,287,997)	(7,889,480)
Total	870,838,099	1,570,006,520

(4) Agreed REPO-style securities trading analysed by residual maturity

	<i>31 December 2019</i>	<i>31 December 2018</i>
Within 1 month (inclusive)	-	3,001,000
1 to 3 months (inclusive)	2,068,800	851,000
3 months to 1 year (inclusive)	77,016,575	1,800,000
Sub-total	79,085,375	5,652,000
Less: Provision for impairment	(790,854)	(16,956)
Total	<u>78,294,521</u>	<u>5,635,044</u>

(5) Information of the collaterals of reverse REPOs

	<i>Fair value of collaterals</i>	
<i>Category of collaterals</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Collaterals	5,534,085,393	6,651,895,986
Including: Available-for-sale or repledged collaterals	1,068,328,133	200,000,000
Including: Sold or repledged collaterals	473,467,380	-

6 Accounts receivable

	31 December 2019	31 December 2018
Fee and commission income receivable	70,720,460	110,983,747
Warehouse receipts sales receivable	27,446,813	86,565,725
Trading receivable	47,304,567	48,119,570
Others	5,958,253	61,474
Sub-total	151,430,093	245,730,516
Less: Provision for impairment	(51,225,204)	(31,818,213)
Total carrying amount	<u>100,204,889</u>	<u>213,912,303</u>

Note: There are no receivables from shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above receivables. Accounts due from related parties among accounts receivables above are shown in Note IX.5.

7 Interest receivable

	31 December 2018
Interest receivable of:	
- Bonds	255,939,548
- Margin trading	64,720,639
- Bill investments	30,400,266
- Deposits with financial institutions	29,496,400
- Reserves REPOs	23,153,733
Including: Stock-based pledged REPOs	14,863,303
Total	<u>403,710,586</u>

8 Refundable deposits

	31 December 2019			31 December 2018		
	Amount in original currency	Exchange rate	Amount in RMB equivalent	Amount in original currency	Exchange rate	Amount in RMB equivalent
Trading margin						
Including: RMB			1,488,573,763			1,170,798,187
USD	22,030,482	6.9762	153,689,046	7,717,000	6.8632	52,963,311
HKD	25,842,372	0.8958	23,149,080	10,448,876	0.8762	9,155,305
Others			624,707			815,950
Margin business						
Including: RMB			277,853,969			344,190,451
Performance security						
Including: RMB			996,782,335			978,615,658
Total			<u>2,940,672,900</u>			<u>2,556,538,862</u>

9 Financial assets measured at fair value through profit or loss

	31 December 2018
Financial assets held for trading	
Bonds	10,665,692,309
Including: Costs	10,687,685,589
Fair value changes	(21,993,280)
Bills	9,631,932,859
Including: Costs	9,631,932,859
Stocks	775,579,468
Including: Costs	877,608,732
Fair value changes	(102,029,264)
Funds	305,186,633
Including: Costs	305,486,391
Fair value changes	(299,758)
Wealth-management products	254,183,407
Including: Costs	253,900,000
Fair value changes	283,407
Sub-total	<u>21,632,574,676</u>

31 December
2018

Financial assets designated at fair value through profit or loss	
Stocks	241,769,913
Including: Costs	240,000,000
Fair value changes	1,769,913
Asset management plans	154,827,744
Including: Costs	150,000,000
Fair value changes	4,827,744
Trust plans	112,373,014
Including: Costs	110,000,000
Fair value changes	2,373,014
Debt investments	86,942,680
Including: Costs	98,175,200
Fair value changes	(11,232,520)
Equity investments	11,680,000
Including: Costs	11,680,000
Sub-total	<u>607,593,351</u>
Total	<u><u>22,240,168,027</u></u>

As at 31 December 2018, the Group has no securities lent among financial assets at fair value through profit or loss.

As at 31 December 2018, the Group has pledged bonds that accounted in financial assets at fair value through profit or loss with a total book value of RMB3,741,303,269 and RMB259,825,650 for the purpose of REPOs business and bond lending business respectively. Besides, the Group has pledged bills with a total book value of RMB8,211,170,561 for the purpose of REPOs business.

Among the financial assets at fair value through profit or loss held by the Group, there are no financial assets that were issued by the shareholders who hold 5% or more of the voting rights of the Company and no material limitation on investment realisation.

10 Financial assets held for trading

	31 December 2019					
	Fair value			Initial cost		
	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total fair value	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL	Total initial cost
Bonds	9,700,872,010	-	9,700,872,010	9,474,295,832	-	9,474,295,832
Bills	7,907,426,414	-	7,907,426,414	7,899,811,462	-	7,899,811,462
Stocks	2,381,731,839	-	2,381,731,839	1,995,853,721	-	1,995,853,721
Funds	720,480,641	-	720,480,641	710,010,891	-	710,010,891
Asset management plans	792,623,739	-	792,623,739	774,223,165	-	774,223,165
Asset-backed securities	380,619,374	-	380,619,374	360,925,422	-	360,925,422
Wealth-management products	150,000,000	-	150,000,000	150,000,000	-	150,000,000
Equity	123,172,654	-	123,172,654	152,444,508	-	152,444,508
Debt	90,565,000	-	90,565,000	101,970,000	-	101,970,000
Total	22,247,491,671	-	22,247,491,671	21,619,535,001	-	21,619,535,001

As at 31 December 2019, the Group has securities lent of RMB51,908,847 among financial assets held for trading.

As at 31 December 2019, the Group has financial assets held for trading with a total book value of RMB4,377,359,431 and RMB1,174,569,820 for the purpose of REPOs business and bond lending business respectively. Besides, the Group has pledged bills with a total book value of RMB7,441,387,313 for the purpose of REPOs business and restricted stocks of RMB518,848,544.

Among the financial assets held for trading, there are no financial assets that were issued by the shareholders who hold 5% or more of the voting rights of the Company.

11 Debt investments

Item	31 December 2019			
	Initial cost	Interest	Provision for impairment	Carrying amount
Enterprise bonds	34,827,783	642,213	(2,949,685)	32,520,311
Total	34,827,783	642,213	(2,949,685)	32,520,311

12 Available-for-sale financial assets

(1) Listed by type of investment

31 December
2018

Measured at fair value

- Bonds	4,883,962,939
Including: Costs	4,809,508,323
Interest adjustment	16,434,020
Fair value changes	58,020,596
- Stocks	796,733,207
Including: Costs	916,871,442
Fair value changes	(108,960,138)
Provision for impairment	(11,178,097)
- Asset management plans	207,423,478
Including: Costs	205,418,392
Fair value changes	2,005,086
- Funds	13,172,092
Including: Costs	9,162,104
Fair value changes	4,016,135
Provision for impairment	(6,147)
- Trust plans	322,102
Including: Costs	322,102
- Equity investments	143,527,107
Including: Costs	175,787,008
Fair value changes	2,884,049
Provision for impairment	(35,143,950)
- Others	70,612,636

Sub-total	6,115,753,561

Measured at costs

- Equity investments	44,110,100

Total	6,159,863,661

(2) Securities lent

The fair values of the securities lent among available-for-sale financial assets are as follows:

	31 December 2018
Fund investments	
Including: Costs	2,092,655
Fair value changes	981,291
Less: Provision for impairment	(6,147)
Total	<u>3,067,799</u>

(3) Available-for-sale financial assets with restricted trade condition and pledged as collaterals

	31 December 2018
Stocks with restricted trade condition	
Including: Costs	183,633,287
Fair value changes	(2,050,819)
Sub-total	<u>181,582,468</u>
Bonds that pledged for REPOs	
Including: Costs	2,045,000,000
Interest adjustment	11,153,076
Fair value changes	28,129,866
Sub-total	<u>2,084,282,942</u>
Bonds that pledged for bond lending business	
Including: Costs	2,087,000,000
Interest adjustment	10,365,610
Fair value changes	29,777,225
Sub-total	<u>2,127,142,835</u>
Total	<u>4,393,008,245</u>

As at 31 December 2018, all the remaining locking periods of stocks with restricted trade period are within one year. The remaining locking periods of bonds pledged as collaterals are within one month.

(4) Available-for-sale financial assets at cost at 31 December 2018

Investees	Gross book value			Provision for impairment			Percentage of shareholding in investees (%)	Cash dividend for the year
	Balance at the beginning of the year	Increase during the year	Decrease during the year	Balance at the end of the year	Increase during the year	Decrease during the year		
E-Capital Transfer Co., Ltd.	25,000,000	-	-	25,000,000	-	-	0.99%	-
Shanxi Equity Exchange Centre Co., Ltd.	10,000,000	-	-	10,000,000	-	-	10.00%	-
Zhongrong Joint Investment Management Co., Ltd.	5,000,000	-	-	5,000,000	-	-	6.25%	-
Futures Membership Investments	2,217,955	20,145	-	2,238,100	-	-	Note	-
China Guangfa Bank Co., Ltd.	1,872,000	-	-	1,872,000	-	-	0.01%	-
Total	44,089,955	20,145	-	44,110,100	-	-	-	-

Note: Futures membership investment refers to the investment in futures exchange by paying membership fees for obtaining membership in the exchange.

13 Other debt investments

	31 December 2019			
	Initial cost	Interest	Fair value changes	Accumulated provision for impairment
Local government bonds	885,000,000	2,954,921	31,459,944	(126,090)
Enterprise bonds	307,951,597	(11,757,548)	(101,886,876)	(100,039,618)
Medium-term bills	36,158,108	-	15,864,962	(4,559,783)
Total	1,229,109,705	(8,802,627)	(54,561,970)	(104,725,491)
				1,165,745,108

As at 31 December 2019, among the Group's other debt investments, the carrying amount of bonds that pledged for bond lending business is RMB919,414,865.

14 Other equity instrument investments

	<u>31 December 2019</u>		
	<i>Initial cost</i>	<i>Fair value at the end of the year</i>	<i>Dividend income recognised for the year</i>
Equity instruments not held for trading	435,592,257	239,373,750	377,242
Total	<u>435,592,257</u>	<u>239,373,750</u>	<u>377,242</u>

(1) Other equity instrument investments disposed of during the year

<i>Item</i>	<i>Fair value upon derecognition during the year</i>	<i>Dividend income for the year</i>	<i>Accumulated loss of amount transferred from other comprehensive income to retained earnings upon derecognition</i>
Kangde Xin stocks	31,073,397	-	14,768,588
Other stocks	4,735,859	-	3,216,149
Total	<u>35,809,256</u>	<u>-</u>	<u>17,984,737</u>

As at 31 December 2019, the Group disposes of some other equity instrument investments, which transfers disposal loss of RMB17,984,737 from other comprehensive income to retained earnings.

15 Fixed assets

(1) Changes of fixed assets

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
Cost						
As at 1 January 2018	434,701,509	258,310,061	3,356,288	38,080,168	31,784,717	766,232,743
Additions during the year	-	23,587,494	18,465	1,326,279	2,845,484	27,777,722
Disposals/written-offs during the year	-	(7,318,479)	(6,760)	(2,830,169)	(892,698)	(11,048,106)
Effect of changes in exchange rates	-	351,046	-	-	8,681	359,727
As at 31 December 2018	434,701,509	274,930,122	3,367,993	36,576,278	33,746,184	783,322,086
Additions during the year	24,580,254	23,804,020	-	2,022,227	3,218,175	53,624,676
Disposals/written-offs during the year	(7,181,720)	(18,770,597)	(18,465)	(4,175,313)	(2,390,064)	(32,536,159)
Effect of changes in exchange rates	-	172,995	-	-	4,058	177,053
As at 31 December 2019	<u>452,100,043</u>	<u>280,136,540</u>	<u>3,349,528</u>	<u>34,423,192</u>	<u>34,578,353</u>	<u>804,587,656</u>
Accumulated depreciation						
As at 1 January 2018	137,893,718	167,738,270	3,256,535	32,799,033	24,564,284	366,251,840
Charge for the year	14,803,653	24,646,979	1,427	1,737,163	2,016,095	43,205,317
Disposals/written-offs during the year	-	(6,032,426)	(757)	(2,644,574)	(750,177)	(9,427,934)
Effect of changes in exchange rates	-	122,825	-	-	5,201	128,026
As at 31 December 2018	152,697,371	186,475,648	3,257,205	31,891,622	25,835,403	400,157,249
Charge for the year	14,511,617	25,677,864	-	1,474,234	2,340,074	44,003,789
Disposals/written-offs during the year	(831,129)	(17,075,615)	(1,103)	(3,885,628)	(2,193,145)	(23,986,620)
Effect of changes in exchange rates	-	107,719	-	-	2,795	110,514
As at 31 December 2019	<u>166,377,859</u>	<u>195,185,616</u>	<u>3,256,102</u>	<u>29,480,228</u>	<u>25,985,127</u>	<u>420,284,932</u>
Carrying amounts						
As at 31 December 2019	<u>285,722,184</u>	<u>84,950,924</u>	<u>93,426</u>	<u>4,942,964</u>	<u>8,593,226</u>	<u>384,302,724</u>
As at 31 December 2018	<u>282,004,138</u>	<u>88,454,474</u>	<u>110,788</u>	<u>4,684,656</u>	<u>7,910,781</u>	<u>383,164,837</u>

(2) As at 31 December 2019, the fixed assets including:

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
The carrying amount of fixed assets leased out under operating leases	76,665,209	-	-	-	-	76,665,209
The carrying amount of fixed assets with incomplete title deeds	89,045,927	-	-	-	-	89,045,927
The carrying amount of fixed assets fully depreciated and continue to be used	<u>-</u>	<u>4,511,310</u>	<u>55,993</u>	<u>467,659</u>	<u>619,317</u>	<u>5,654,279</u>

As at 31 December 2018, the fixed assets including:

	<i>Plant & buildings</i>	<i>Electronic computer</i>	<i>Motor vehicles</i>	<i>Electric & communication equipment</i>	<i>Office equipment</i>	<i>Total</i>
The carrying amount of fixed assets leased out under operating leases	59,863,804	-	-	-	-	59,863,804
The carrying amount of fixed assets with incomplete title deeds	71,247,033	-	-	-	-	71,247,033
The carrying amount of fixed assets fully depreciated and continue to be used	-	4,604,076	55,993	543,364	646,378	5,849,811

16 Intangible assets

<i>Item</i>	<i>Software fees</i>	<i>Securities trading seat rights</i>	<i>Land use rights</i>	<i>Total</i>
Cost				
As at 1 January 2018	230,450,772	28,693,980	1,290,795	260,435,547
Additions during the year	41,635,863	-	-	41,635,863
Disposals during the year	(4,444,579)	-	-	(4,444,579)
Effect of changes in exchange rates	-	20,145	-	20,145
As at 31 December 2018	267,642,056	28,714,125	1,290,795	297,646,976
Additions during the year	38,900,916	-	-	38,900,916
Disposals during the year	(1,288,500)	-	-	(1,288,500)
Effect of changes in exchange rates	-	19,581	-	19,581
As at 31 December 2019	305,254,472	28,733,706	1,290,795	335,278,973
Accumulated amortisation				
As at 1 January 2018	137,814,058	17,153,686	342,456	155,310,200
Charge for the year	32,034,408	-	34,158	32,068,566
Disposals during the year	(4,440,470)	-	-	(4,440,470)
As at 31 December 2018	165,407,996	17,153,686	376,614	182,938,296
Charge for the year	36,040,837	-	34,542	36,075,379
Disposals during the year	(1,288,500)	-	-	(1,288,500)
As at 31 December 2019	200,160,333	17,153,686	411,156	217,725,175
Carrying amounts				
As at 31 December 2019	105,094,139	11,580,020	879,639	117,553,798
As at 31 December 2018	102,234,060	11,560,439	914,181	114,708,680

17 Goodwill

(1) Changes in goodwill

<i>Events from which goodwill arose</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Disposals during the year</i>	<i>Balance at the end of the year</i>
Gross book value				
Restructuring goodwill (a)	49,096,844	-	-	49,096,844
Gelin Futures goodwill (b)	427,843,057	-	-	427,843,057
Sub-total	476,939,901	-	-	476,939,901
Provision for impairment	-	-	-	-
Carrying amount of goodwill	476,939,901	-	-	476,939,901

- (a) The restructuring goodwill was formed in the Company's restructuring "Separation of Bank and Securities, Separation of Trust and Securities" in 1998, the Company acquired the securities trading branches of Beijing Agricultural trust and investment corporation in 1999, and the Company merged and reorganised the securities asset of 5 trust companies in Shanxi in 2001. The goodwill formed above stopped amortisation since 31 December 2006, and shall be tested for impairment at the end of each year.
- (b) In 2013, the Group acquired 100% equity of Gelin Futures by paying cash and issuing shares. At the same time, Gelin Futures absorbed and merged the Dahua Futures Company Limited (hereinafter referred to as "Dahua Futures") and changed its name to Gelin Dahua.

The fair value of identifiable net assets of Gelin Futures on the purchase date was determined based on the Zhong Lian Ping Bao Zi [2013] No.984 evaluation report issued by China United Assets Appraisal Group Limited, the difference between the merger consideration and the fair value of identifiable net assets of Gelin Futures on the purchase date was regarded as the goodwill.

(2) Provision for impairment of goodwill

The Group allocates goodwill to the following asset group and set of asset groups which are determined by operating segments:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Securities brokerage	49,096,844	49,096,844
Futures brokerage	427,843,057	427,843,057
Total	476,939,901	476,939,901

The recoverable amount of securities brokerage asset group or set of asset groups is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a pre-tax discount rate of 13%. The cash flows beyond the five-year budget period were assumed to keep a stable growth. Based on the estimated recoverable amount, no impairment loss was recognised. However, as key assumptions on which management has made in respect of future cash projections are subject to change, an adverse change in the assumptions could cause the carrying amount to exceed its recoverable amount.

The recoverable amount of futures brokerage asset group or set of asset group is calculated based on the fair value assessed via market approach. The key assumptions include the recent transaction price of the fair trade in the futures companies, the correlation analysis of the transaction price and economic indicators, disposal costs and other parameters.

18 Other assets

	31 December 2019	31 December 2018
Other receivables (1)	425,200,157	206,335,284
Inventories (2)	207,857,416	482,333,432
Long-term deferred expenses (3)	46,928,688	46,871,131
Prepayments (4)	17,007,417	232,436,753
Others	113,706,033	107,928,712
Total	<u>810,699,711</u>	<u>1,075,905,312</u>

(1) Other receivables

	31 December 2019	31 December 2018
Balance of other receivables	546,845,812	214,899,318
Less: Provision for impairment	<u>(121,645,655)</u>	<u>(8,564,034)</u>
Net other receivables	<u>425,200,157</u>	<u>206,335,284</u>

Note: Accounts due from related parties among accounts receivables above are shown in Note IX.5.

Gelin Dahua Capital Management Co., Ltd. ("Gelin Dahua Capital Management"), a subsidiary of the Company, has amounts due from clients of RMB367.04 million and makes provision for impairment of RMB110.11 million based on the excess of the carrying amount over the expected recoverable amount.

(2) Inventories

(a) Items

	<u>31 December 2019</u>		
		<i>Provision for impairment of inventories</i>	<i>Carrying amount</i>
<i>Gross book value</i>			
Goods in stock	<u>209,836,575</u>	<u>(1,979,159)</u>	<u>207,857,416</u>

	<u>31 December 2018</u>		
		<i>Provision for impairment of inventories</i>	<i>Carrying amount</i>
<i>Gross book value</i>			
Goods in stock	<u>502,254,492</u>	<u>(19,921,060)</u>	<u>482,333,432</u>

(b) Provision for impairment of inventories

	<i>Balance at 1 January 2019</i>	<i>Additions during the year</i>	<i>Written back during the year</i>	<i>Balance at 31 December 2019</i>
Provision for impairment of goods in stock	<u>19,921,060</u>	<u>1,979,159</u>	<u>(19,921,060)</u>	<u>1,979,159</u>

	<i>Balance at 1 January 2018</i>	<i>Additions during the year</i>	<i>Written back during the year</i>	<i>Balance at 31 December 2018</i>
Provision for impairment of goods in stock	<u>33,166,299</u>	<u>19,921,062</u>	<u>(33,166,301)</u>	<u>19,921,060</u>

(3) Long-term deferred expenses

	<i>Renovation and Engineering expenses</i>	<i>Operating rental rent</i>	<i>Others</i>	<i>Total</i>
As at 1 January 2019	34,637,558	7,678,241	4,555,332	46,871,131
Additions during the year	15,341,001	-	1,468,292	16,809,293
Amortisation for the year	(12,042,491)	(1,749,380)	(992,827)	(14,784,698)
Disposal during the year	<u>(1,237,259)</u>	<u>-</u>	<u>(729,779)</u>	<u>(1,967,038)</u>
As at 31 December 2019	<u>36,698,809</u>	<u>5,928,861</u>	<u>4,301,018</u>	<u>46,928,688</u>

(4) Prepayments

	31 December 2019		31 December 2018	
	Amount	Percentage	Amount	Percentage
Prepayments for purchase of software	8,068,888	47.44%	721,552	0.31%
Prepayments for house purchase and engineering	2,020,742	11.88%	26,404,122	11.36%
Prepayments for rent	2,201,996	12.95%	2,743,321	1.18%
Prepayments for information fee	1,664,723	9.79%	220,422	0.09%
Prepayments for investments	-	-	150,000,000	64.53%
Prepayments for purchase of warehouse receipts	-	-	50,339,947	21.66%
Others	3,051,068	17.94%	2,007,389	0.86%
Total	17,007,417	100.00%	232,436,753	100.00%

There are no prepayments to shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above prepayments. Prepayments to related parties among prepayments above are shown in Note IX.5.

19 Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before set-off

	31 December 2019		31 December 2018	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Fair value changes	83,235,032	332,940,128	50,142,328	200,569,312
- Financial assets held for trading	12,964,235	51,856,940	-	-
- Financial assets at FVTPL	-	-	31,372,443	125,489,772
- Derivative financial instruments	7,320,137	29,280,548	7,982,284	31,929,136
- Other debt investments	13,588,372	54,353,488	-	-
- Other equity instrument investments	46,863,006	187,452,024	-	-
- Available-for-sale financial assets	-	-	7,596,361	30,385,444
- Financial liabilities held for trading	2,499,282	9,997,128	-	-
- Financial liabilities at FVTPL	-	-	3,191,240	12,764,960
Deductible tax losses	29,042,513	116,170,052	-	-
Provision for impairment of assets	-	-	27,756,986	111,027,944
Provision for impairment of credit assets	56,999,461	227,997,844	-	-
Provision for impairment of other assets	494,790	1,979,159	-	-
Charged but unpaid wages and bonuses	11,044,569	44,178,276	14,757,829	59,031,316
Unrealised return on investment	6,632,857	26,531,428	4,317,145	17,268,580
Others	2,970,628	11,882,513	3,804,972	15,219,888
Total	190,419,850	761,679,400	100,779,260	403,117,040

(2) Deferred tax liabilities before set-off:

	31 December 2019		31 December 2018	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Fair value changes	40,244,483	160,977,932	6,784,296	27,137,184
- Financial assets held for trading	40,244,483	160,977,932	-	-
- Financial assets at FVTPL	-	-	1,989,374	7,957,496
- Derivative financial instruments	-	-	4,558,407	18,233,628
- Available-for-sale financial assets	-	-	236,515	946,060
Unrealised return on investment	3,393,384	13,573,536	3,112,428	12,449,712
Revaluation	4,042,507	16,170,028	4,441,107	17,764,428
Others	826,770	3,307,080	574,799	2,299,196
Total	48,507,144	194,028,576	14,912,630	59,650,520

(3) The amount of set-off between deferred tax assets and deferred tax liabilities

	31 December 2019	31 December 2018
Deferred tax assets	15,458,088	10,189,293
Deferred tax liabilities	15,458,088	10,189,293

The net deferred tax assets and deferred tax liabilities after set-off are as follows:

	31 December 2019		31 December 2018	
	Net deferred tax assets or liabilities	Deductible or taxable temporary differences after set-off	Net deferred tax assets or liabilities	Deductible or taxable temporary differences after set-off
Deferred tax assets	174,961,762	699,847,048	90,589,967	362,359,868
Deferred tax liabilities	33,049,056	132,196,224	4,723,337	18,893,348

(4) Details of unrecognised deferred tax assets

As at 31 December 2019, in accordance with the accounting policies set out in Note III.(23), the Group has not recognised unused tax losses of RMB140,637,997 (31 December 2018: RMB114,587,562) as deferred tax assets, as it is not probable that future taxable profits against which the losses can be utilised will be available for some of the subsidiaries included in the consolidated scope.

			<u>Decrease during the year</u>			
	<i>1 January 2018</i>	<i>Additions during the year</i>	<i>Reversal during the year</i>	<i>Write- offs/transfers out during the year</i>	<i>Effect of changes in exchange rates</i>	<i>31 December 2018</i>
Provision for impairment of						
- receivable from margin clients	53,381,806	10,792,821	(2,201,547)	-	2,313,374	64,286,454
- accounts receivable	3,615,531	29,552,682	-	(1,350,000)	-	31,818,213
- financial assets held under resale agreements	15,137,015	-	(7,230,579)	-	-	7,906,436
- available-for-sale financial assets	22,691,856	78,347,012	(414,849)	(54,295,824)	-	46,328,195
- other assets	41,717,431	19,933,964	(33,166,301)	-	-	28,485,094
Total	<u>136,543,639</u>	<u>138,626,479</u>	<u>(43,013,276)</u>	<u>(55,645,824)</u>	<u>2,313,374</u>	<u>178,824,392</u>

(2) Provisions for impairment of ECL by stage:

	<u>31 December 2019</u>			
	<i>12-month ECL</i>	<i>Lifetime ECL (not credit- impaired)</i>	<i>Lifetime ECL (credit-impaired)</i>	<i>Total</i>
Provision for impairment of				
- receivable from margin clients	26,068,685	-	76,967,234	103,035,919
- financial assets held under resale agreements	6,919,868	6,488,290	27,670,693	41,078,851
- accounts receivable	910,293	-	50,314,911	51,225,204
- debt investments	-	2,949,685	-	2,949,685
- other debt investments	603,707	-	104,121,784	104,725,491
- other assets	1,169,119	-	120,476,536	121,645,655
Total	<u>35,671,672</u>	<u>9,437,975</u>	<u>379,551,158</u>	<u>424,660,805</u>

21 Short-term loans

	<u>31 December 2019</u>	<u>31 December 2018</u>
Unsecured loans	183,832,245	-
Total	<u>183,832,245</u>	<u>-</u>

22 Short-term debt securities issued

	31 December 2019	31 December 2018
Beneficiary certificates (a)	4,323,301,803	3,112,580,000
Short-term debentures issued (b)	-	3,000,000,000
Total	<u>4,323,301,803</u>	<u>6,112,580,000</u>

(a) Beneficiary certificates

	Fixed annual interest rate	Principal outstanding at 1 January 2019	Issuance for the year	Redemption for the year	Principal outstanding at 31 December 2019	Interest accrued at 31 December 2019
Beneficiary certificates	2.8% - 7%	3,112,580,000	23,084,630,000	(21,910,950,000)	4,286,260,000	37,041,803

The Company issued a number of beneficiary certificates for periods within one year in 2019, with annual interest rate ranging from 3% to 6% for undue products.

(b) Short-term debentures issued

Name of bond	Issuance date	Maturity date	Nominal interest rate	Principal outstanding at 1 January 2019	Issuance during the year	Redemption for the year	Principal outstanding at 31 December 2019
Shanzheng 1801	06/02/2018	06/02/2019	6.00%	2,000,000,000		- (2,000,000,000)	-
Shanzheng 1802	10/05/2018	10/05/2019	5.50%	1,000,000,000		- (1,000,000,000)	-

23 Placements from financial institutions

	31 December 2019	31 December 2018
Margin refinancing (a)	3,731,229,861	2,700,000,000
Placements from bank and other financial institutions (b)	<u>1,780,554,200</u>	<u>3,950,000,000</u>
Total	<u>5,511,784,061</u>	<u>6,650,000,000</u>

(a) Margin refinancing

<i>Residual maturity</i>	<u>31 December 2019</u>		<u>31 December 2018</u>	
	<i>Balance</i>	<i>Interest rate range</i>	<i>Balance</i>	<i>Interest rate range</i>
Over 1 month but less than 3 months (inclusive)	1,923,508,333	3.5%	2,200,000,000	5.10%
Over 3 months but less than 12 months (inclusive)	1,807,721,528	3.25-3.50%	500,000,000	4.30%
Total	<u>3,731,229,861</u>		<u>2,700,000,000</u>	

(b) Placements from bank and other financial institutions

<i>Residual maturity</i>	<u>31 December 2019</u>		<u>31 December 2018</u>	
	<i>Balance</i>	<i>Interest rate range</i>	<i>Balance</i>	<i>Interest rate range</i>
Within 1 month	1,780,554,200	3.00% - 3.60%	3,950,000,000	2.86% - 10.00%
Total	<u>1,780,554,200</u>		<u>3,950,000,000</u>	

24 Financial liabilities at fair value through profit or loss

<i>Item</i>	<u>31 December 2018</u>
Financial liabilities held for trading	
Borrowed bonds that sold out	1,712,809,520
Including: Costs	1,700,044,560
Fair value changes	<u>12,764,960</u>
Total	<u>1,712,809,520</u>

25 Financial liabilities held for trading

	<u>31 December 2019</u>					
	<u>Fair value</u>			<u>Initial cost</u>		
	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total fair value</i>	<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL</i>	<i>Total initial cost</i>
Borrowed bonds that sold out	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290
Total	<u>2,132,321,710</u>	<u>-</u>	<u>2,132,321,710</u>	<u>2,093,853,290</u>	<u>-</u>	<u>2,093,853,290</u>

26 Financial assets sold under repurchase agreements ("REPOs")

(1) Listed by underlying financial assets:

	<i>31 December 2019</i>	<i>31 December 2018</i>
Bonds	4,613,363,707	6,659,382,815
Bank acceptance bills	7,587,279,587	8,198,236,629
Beneficiary rights in margin financing	-	150,000,000
Total	<u>12,200,643,294</u>	<u>15,007,619,444</u>

(2) Listed by type of business

	<i>31 December 2019</i>	<i>31 December 2018</i>
Bills-based pledged REPOs	6,205,549,739	8,198,236,629
Bonds-based pledged REPOs	4,582,511,601	6,461,223,864
Bills-based outright REPOs	1,381,729,848	-
Bonds-based outright REPOs	30,852,106	198,158,951
REPOs of beneficiary rights in margin financing	-	150,000,000
Total	<u>12,200,643,294</u>	<u>15,007,619,444</u>

(3) Information of the collaterals of REPOs

	<i>Fair value of collaterals</i>	
<i>Category of collaterals</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Bonds	4,853,397,709	6,889,807,801
Bank acceptance bills	7,441,387,313	8,211,170,561
Beneficiary rights in margin financing	-	165,450,929
Total	<u>12,294,785,022</u>	<u>15,266,429,291</u>

27 Customer brokerage deposits

	31 December 2019	31 December 2018
<u>Customer brokerage deposits for brokerage trading</u>		
Individual investors	7,718,586,226	6,058,074,018
Institutional investors	1,377,357,693	1,438,328,104
<u>Customer brokerage deposits for margin trading</u>		
Individual investors	1,006,436,991	820,457,946
Institutional investors	46,705,457	59,618,694
Total	<u>10,149,086,367</u>	<u>8,376,478,762</u>

28 Employee benefits payable

(1) Employee benefits payable:

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Short-term employee benefits	134,568,862	940,589,000	(924,108,170)	151,049,692
Post-employment benefits – defined contribution plans	(600,452)	78,829,571	(79,010,815)	(781,696)
Termination benefits	-	42,935	(42,935)	-
Total	<u>133,968,410</u>	<u>1,019,461,506</u>	<u>(1,003,161,920)</u>	<u>150,267,996</u>

	<i>Balance at 1 January 2018</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2018</i>
Short-term employee benefits	208,607,619	802,232,524	(876,271,281)	134,568,862
Post-employment benefits – defined contribution plans	(1,801,787)	91,778,454	(90,577,119)	(600,452)
Termination benefits	-	2,788,745	(2,788,745)	-
Total	<u>206,805,832</u>	<u>896,799,723</u>	<u>(969,637,145)</u>	<u>133,968,410</u>

As at 31 December 2019, the Group had 2,517 employees (31 December 2018: 2,337 employees), including 5 senior managers of the Company (31 December 2018: 6 senior managers).

In financial year 2019, the total compensation paid to the Group's senior managers is RMB19.99 million (2018: RMB20.67 million).

(2) Short-term employee benefits

	<i>1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>31 December 2019</i>
Salaries, bonuses, allowances	130,564,246	835,345,230	(816,394,960)	149,514,516
Staff welfare	5,201	6,141,421	(6,158,241)	(11,619)
Social insurance	(1,471,119)	44,821,345	(43,165,764)	184,462
Including: Medical insurance	(1,378,636)	41,426,739	(39,847,537)	200,566
Work-related injury insurance	(32,079)	924,147	(916,049)	(23,981)
Maternity insurance	(60,404)	2,470,459	(2,402,178)	7,877
Labour union fee, staff and workers' education fee	5,374,888	9,855,701	(13,720,524)	1,510,065
Housing fund	95,646	44,416,066	(44,659,444)	(147,732)
Other social insurance	-	9,237	(9,237)	-
Total	134,568,862	940,589,000	(924,108,170)	151,049,692

	<i>1 January 2018</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>31 December 2018</i>
Salaries, bonuses, allowances	210,446,522	703,015,461	(782,897,737)	130,564,246
Staff welfare	5,201	4,789,693	(4,789,693)	5,201
Social insurance	(1,782,504)	41,510,742	(41,199,357)	(1,471,119)
Including: Medical insurance	(1,613,220)	37,925,513	(37,690,929)	(1,378,636)
Work-related injury insurance	(90,006)	987,692	(929,765)	(32,079)
Maternity insurance	(79,278)	2,597,537	(2,578,663)	(60,404)
Labour union fee, staff and workers' education fee	161,262	11,318,611	(6,104,985)	5,374,888
Housing fund	(216,567)	41,580,468	(41,268,255)	95,646
Other social insurance	(6,295)	17,549	(11,254)	-
Total	208,607,619	802,232,524	(876,271,281)	134,568,862

(3) Post-employment benefits - defined contribution plans

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Basic pension insurance	(609,905)	75,625,353	(75,801,563)	(786,115)
Unemployment insurance	9,453	2,483,380	(2,488,414)	4,419
Mandatory provident fund schemes	-	720,838	(720,838)	-
Total	(600,452)	78,829,571	(79,010,815)	(781,696)

	<i>Balance at 1 January 2018</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2018</i>
Basic pension insurance	(1,805,716)	88,227,916	(87,032,105)	(609,905)
Unemployment insurance	3,929	3,067,287	(3,061,763)	9,453
Mandatory provident fund schemes	-	483,251	(483,251)	-
Total	<u>(1,801,787)</u>	<u>91,778,454</u>	<u>(90,577,119)</u>	<u>(600,452)</u>

(4) Termination benefits

	<i>Balance at 1 January 2019</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2019</i>
Severance payment	<u>-</u>	<u>42,935</u>	<u>(42,935)</u>	<u>-</u>
	<i>Balance at 1 January 2018</i>	<i>Accrued during the year</i>	<i>Decreased during the year</i>	<i>Balance at 31 December 2018</i>
Severance payment	<u>-</u>	<u>2,788,745</u>	<u>(2,788,745)</u>	<u>-</u>

29 Taxes payable

	<i>31 December 2019</i>	<i>31 December 2018</i>
Corporate income tax payable	64,681,141	83,058,933
Individual income tax withheld and to be paid on agency	14,021,386	16,799,881
VAT payable	10,826,909	7,312,178
Urban maintenance and construction tax payable	317,379	429,593
Education and local education surcharges payable	225,222	209,245
Others	<u>2,999,274</u>	<u>2,294,294</u>
Total	<u>93,071,311</u>	<u>110,104,124</u>

30 Accounts payable

	31 December 2019	31 December 2018
Broker's risk reserve payable	8,531,677	9,688,605
Accounts payable to clients	8,000,000	15,219,886
Accounts payable for warehouse receipts purchase	4,269,696	616,015
Fee and commission expenses payable	4,088,028	4,122,218
Letter of credit payable	-	420,182,900
Others	297,239	1,371,832
Total	25,186,640	451,201,456

31 Interest payable

	31 December 2018
Interest payable for	
- short-term debt securities issued	183,962,850
- long-term debt securities issued	87,004,827
- financial liabilities held for trading	48,015,440
- placements from financial institutions	46,066,833
Including: margin refinancing	41,016,667
- REPOs business	23,641,319
- other beneficiary of structured entities	19,366,989
- bond lending	967,507
- customers' deposits	440,580
Total	409,466,345

32 Long-term debt securities issued

	31 December 2019	31 December 2018
Corporate bonds issued (1)	3,115,713,443	1,999,764,151
Subordinated debentures issued (1)	3,054,591,998	2,000,000,000
Beneficiary certificates issued with maturity period over 1 year (2)	81,612,222	75,320,000
Total	6,251,917,663	4,075,084,151

(1) Movements of long-term debt securities issued:

Debenture	Face value	Issuance date	Maturity period	Coupon rate	Issuance amount	Principal payable at 1 January 2019	Issuance during the year	Amortisation of discounts or premium	Repayment during the year	Principal payable at 31 December 2019	Interest accrued at 31 December 2019
17 Shanzheng 01 (a)	100	2017-03-15	3 years	4.76%	1,500,000,000	1,499,909,513	-	-	-	1,499,909,513	56,963,934
17 Shanzheng 02 (b)	100	2017-03-15	5 years	5.10%	500,000,000	499,854,638	-	-	-	499,854,638	20,344,262
18 Shanzheng C1 (c)	100	2018-12-04	3 years	4.85%	2,000,000,000	2,000,000,000	-	-	-	2,000,000,000	7,420,765
19 Shanzheng C1 (d)	100	2019-01-11	3 years	4.85%	1,000,000,000	-	1,000,000,000	-	-	1,000,000,000	47,171,233
19 Shanzheng 01 (e)	100	2019-01-22	3 years	4.10%	1,000,000,000	-	1,000,000,000	-	-	1,000,000,000	38,641,096
Total					6,000,000,000	3,999,764,151	2,000,000,000	-	-	5,999,764,151	170,541,290

(a) The Company issued the corporate bond "17 Shanzheng 01" on 15 March 2017 with the approval of CSRC [2017] No.251. The total issuance amount is RMB1,500,000,000, with a maturity of 3 years, a coupon rate of 4.76% and annual payment of interest.

(b) The Company issued the corporate bond "17 Shanzheng 02" on 15 March 2017 with the approval of CSRC [2017] No.251. The total issuance amount is RMB500,000,000, with a maturity of 5 years, a coupon rate of 5.10% and annual payment of interest.

(c) The Company issued the subordinated debenture "18 Shanzheng C1" on 4 December 2018 with the approval of the Shenzhen Stock Exchange (SZSE) [2018] No.598. The total issuance amount is RMB2,000,000,000, with a maturity of 3 years, a coupon rate of 4.85% and annual payment of interest.

(d) The Company issued the subordinated debenture "19 Shanzheng C1" on 11 January 2019 with the approval of the Shenzhen Stock Exchange (SZSE) [2018] No.598. The total issuance amount is RMB1,000,000,000, with a maturity of 3 years, a coupon rate of 4.85% and annual payment of interest.

(e) The Company issued the corporate bond "19 Shanzheng 01" on 22 January 2019 with the approval of CSRC [2017] No.251. The total issuance amount is RMB1,000,000,000, with a maturity of 3 years, a coupon rate of 4.10% and annual payment of interest.

33 Other liabilities

	31 December 2019	31 December 2018
Other payables (1)	476,823,489	425,233,980
Payables to other beneficiary of structured entities (2)	513,697,700	430,161,521
Payables to other beneficiary of limited partnership enterprises in consolidated financial statements	287,116,675	83,500,000
Risk reserve for future business (3)	80,290,997	76,149,521
Advance from customers	2,500,000	65,994,020
Dividends payable	750,758	31,635,000
Others	44,778,950	7,004,322
Total	<u>1,405,958,569</u>	<u>1,119,678,364</u>

(1) Other payables

(a) Listed by nature

	31 December 2019	31 December 2018
Payables to fund companies from client's subscription	122,940,888	96,531,753
Deposits for swap and gains payable	45,328,750	82,930,725
Option premium payable	38,744,940	72,977,462
Warehouse receipts pledged fee payable	28,789,600	45,819,600
Payable to Deutsche Bank Hong Kong Branch	27,820,241	27,933,437
Software development fee payable	18,878,200	14,377,747
House rental fee payable	14,001,042	7,432,880
Payable to securities investors protection fund	4,100,989	7,609,977
Payables for cooperative hedging	-	48,899,750
Others	176,218,839	20,720,649
Total	<u>476,823,489</u>	<u>425,233,980</u>

- (b) There are no payables to shareholders who hold more than 5% (including 5%) of the voting rights of the Company among the above payables.
- (c) Accounts payable to related parties among other accounts payable above are shown in Note IX.5.

(2) Payables to other beneficiary of structured entities

The payables to other beneficiary of structured entities are the interest of structured entities in the consolidated scope that belongs to other investors. The information of structured entities in the consolidated scope is showed in Note VII.2.

(3) Risk reserve for future business

In accordance with the *Provisional Regulations on Financial Management of Commodity Futures Trading* issued by the MOF, the subsidiary of the Company, Gelin Dahua, charged the risk reserve for future business at 5% of the commission fee of futures brokerage, which is accounted in the profit and loss of current period. When the risk reserve for future business is used to offset the losses caused by its own or write-off the advance risk loss which is difficult to recover according to relevant regulations, the balance of the risk reserve is reduced.

34 Share capital

	1 January 2019	Increased during the year	Decreased during the year	31 December 2019
Unlimited shares: the ordinary shares of RMB	<u>2,828,725,153</u>	<u>-</u>	<u>-</u>	<u>2,828,725,153</u>

35 Capital reserve

	1 January 2019	Increased during the year	Decreased during the year	31 December 2019
Share premium	<u>6,713,296,178</u>	<u>-</u>	<u>-</u>	<u>6,713,296,178</u>

36

Other comprehensive income

Item	Balance at 31 December 2018 attributable to shareholders of the Company	Adjustments to changes in accounting policies	Balance at 1 January 2019 attributable to shareholders of the Company	Movements during the year				Balance at 31 December 2019 attributable to shareholders of the Company
				Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Items that will not be reclassified to profit or loss								
Including: Gains or losses arising from changes in fair value of other equity instrument investments	-	(43,366,217)	(43,366,217)	(157,191,486)	-	39,133,122	(498,933)	(142,940,911)
Sub-total	-	(43,366,217)	(43,366,217)	(157,191,486)	-	39,133,122	(498,933)	(142,940,911)
Items that may be reclassified to profit or loss								
Including: Other comprehensive income recognised under equity method	109,193	-	109,193	-	-	-	-	109,193
Gains or losses arising from changes in fair value of other debt investments	-	(3,344,729)	(3,344,729)	14,068,018	(64,207,455)	12,667,667	-	(40,816,499)
Credit losses of other debt investments	-	48,824,405	48,824,405	40,317,338	(668,603)	(9,912,225)	-	78,560,915
Translation differences arising from translation of foreign currency financial statements	33,175,920	-	33,175,920	17,112,181	-	-	-	50,288,101
Gains or losses arising from changes in fair value of available-for-sale financial assets	(32,059,138)	32,059,138	-	-	-	-	-	-
Sub-total	1,225,975	77,538,814	78,764,789	71,497,537	(64,876,058)	2,755,442	-	88,141,710
Total	1,225,975	34,172,597	35,398,572	(85,693,949)	(64,876,058)	41,888,564	(498,933)	(54,799,201)

37 Surplus reserve

	31 December 2019	31 December 2018
Surplus reserve at the end of last year	507,232,749	478,801,939
Add: Adjustments to changes in accounting policies	(7,217,920)	-
Appropriation to surplus reserve	58,523,719	28,430,810
Transfer of other comprehensive income to retained earnings	(1,798,474)	-
	<u>556,740,074</u>	<u>507,232,749</u>
Surplus reserve at the end of the year	<u>556,740,074</u>	<u>507,232,749</u>

38 General risk reserve and trading risk reserve

	1 January 2019	Increased during the year	Decreased during the year	31 December 2019
General risk reserve	564,673,545	64,045,575	-	628,719,120
Trading risk reserve	538,877,528	60,342,793	-	599,220,321
Total	<u>1,103,551,073</u>	<u>124,388,368</u>	<u>-</u>	<u>1,227,939,441</u>

39 Retained earnings

	31 December 2019	31 December 2018
Retained earnings at the end of last year	1,289,250,284	1,416,490,777
Add: Adjustments to changes in accounting policies	(76,324,474)	-
Add: Net profits for the year attributable to shareholders of the Company	510,183,708	221,763,054
Less: Appropriation to surplus reserve	(58,523,719)	(28,430,810)
Appropriation to general risk reserve	(64,045,575)	(37,490,492)
Appropriation to trading risk reserve	(60,342,793)	(28,496,981)
Distribution to shareholders (1)	(141,436,258)	(254,585,264)
Add: Transfer of other comprehensive income to retained earnings	(16,186,263)	-
Retained earnings at the end of the year (2)	<u>1,382,574,910</u>	<u>1,289,250,284</u>

(1) Distributions to shareholders

Pursuant to the shareholders' approval in 2017 annual general meeting of shareholders held on 28 April 2018, a cash dividend of RMB0.09 per share, totalling RMB254,585,264 based on 2,828,725,153 shares issued at the end of 2017, was declared and paid to the Company's ordinary shareholders.

Pursuant to the shareholders' approval in 2018 annual general meeting of shareholders held on 17 May 2019, a cash dividend of RMB0.05 per share, totalling RMB141,436,258 based on 2,828,725,153 shares issued at the end of 2018, was declared and paid to the Company's ordinary shareholders.

(2) Retained earnings at the end of the year

As at 31 December 2019, the consolidated retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB91,713,932 (31 December 2018: RMB77,404,231).

40 Non-controlling interests

Non-controlling interests attributable to minority shareholders of each subsidiary

	<i>31 December 2019</i>	<i>31 December 2018</i>
Zhong De Securities	374,649,994	367,307,274
Shan Zheng Investment	186,614,057	186,271,714
Total	<u>561,264,051</u>	<u>553,578,988</u>

41 Net fee and commission income

	2019	2018
Net income from securities brokerage		
- Income from securities brokerage	481,543,391	397,309,538
- Securities brokerage trading	455,179,077	353,460,842
- Leasing out trading seats	11,951,853	16,918,248
- Proxy sale of financial products	14,412,461	26,930,448
- Expenses on securities brokerage	(133,892,044)	(109,826,514)
- Securities brokerage trading	(133,892,044)	(109,826,514)
Net income from futures brokerage		
- Income from futures brokerage	85,853,019	93,701,916
- Expenses on futures brokerage	(2,011,676)	-
Net income from investment banking business		
- Income from investment banking business	587,960,257	313,055,570
- Securities underwriting	377,718,857	130,913,865
- Securities sponsorship	15,543,396	20,358,491
- Financial advisory services (1)	194,698,004	161,783,214
- Expenses on investment banking business	(15,499,428)	(4,993,181)
- Securities underwriting	(15,202,598)	(4,749,975)
- Financial advisory services (1)	(296,830)	(243,206)
Net income from asset management business		
- Income from asset management business	91,085,810	84,458,791
Fund management business		
- Income from fund management business	65,479,841	52,063,963
- Expenses on fund management business	(2,561,024)	(2,112,661)
Investment advisory business		
- Income from investment advisory business	15,958,590	4,069,898
Net fee and commission income	<u>1,173,916,736</u>	<u>827,727,320</u>
Including: Total fee and commission income	1,327,880,908	944,659,676
Total fee and commission expenses	(153,964,172)	(116,932,356)

(1) The analysis by nature of net income from financial advisory services are as follows:

	2019	2018
Net income from merge and acquisition financial advisory services		
- From domestic listed companies	39,783,019	63,947,170
- From others	3,413,208	400,000
Net income from other financial advisory services	151,204,947	97,192,838
Net income from financial advisory business	194,401,174	161,540,008

42 Net interest expense

	2019	2018
Interest income		
Including: Interest income from cash at bank and clearing settlement funds	372,058,577	422,532,612
Interest income from receivable from margin clients	372,761,527	363,128,526
Interest income from reverse REPOs	178,440,578	261,254,415
Including: Interest income from agreed REPO-style securities trading	2,027,777	2,113,521
Interest income from equity-based pledged REPOs	97,869,250	163,896,173
Interest income from debt investments	2,992,056	-
Interest income from other debt investments	139,524,287	-
Interest income from other financial assets calculated using the effective interest method	16,992,331	19,408,492
Sub-total	<u>1,082,769,356</u>	<u>1,066,324,045</u>
Interest expense		
Including: Interest expense on short-term loans	(6,074,152)	-
Interest expense on short-term debt securities issued	(189,695,829)	(368,374,487)
Interest expense on placements from financial institutions	(249,346,738)	(280,090,080)
Including: Interest expense on margin refinancing	(141,825,833)	(178,320,222)
Interest expense on REPOs	(353,112,086)	(419,920,717)
Interest expense on customer brokerage deposits	(21,612,914)	(19,905,082)
Interest expense on long-term debt securities issued	(283,853,492)	(107,192,327)
Interest expense on priority beneficiaries of structured entities	(83,027,479)	(31,878,199)
Others	(38,618,742)	(32,063,701)
Sub-total	<u>(1,225,341,432)</u>	<u>(1,259,424,593)</u>
Net interest expense	<u>(142,572,076)</u>	<u>(193,100,548)</u>

43 Investment income

	2019	2018
Investment gains or losses from long-term equity investments accounted for using the equity method	138,292	(529,188)
Investment income arising from financial instruments	1,063,431,117	1,396,380,269
Including: Investment income received in holding period	934,643,174	964,110,137
Including: Financial instruments held for trading	931,865,932	-
Financial instruments at fair value through profit or loss	-	877,034,322
Other equity instrument investments	377,242	-
Available-for-sale financial assets	-	87,075,815
Derivative financial instruments	2,400,000	-
Revenue from disposal of financial assets	128,787,943	432,270,132
Including: Financial instruments held for trading	275,173,247	-
Financial instruments at fair value through profit or loss	-	48,240,722
Available-for-sale financial assets	-	23,245,206
Other debt investments	84,313,942	-
Derivative financial instruments	(230,699,246)	360,784,204
Investment income from disposal of subsidiaries	-	102,769,514
Total	<u>1,063,569,409</u>	<u>1,498,620,595</u>

44 Gains or losses from changes in fair value

	2019	2018
Financial assets held for trading	247,569,421	-
Financial liabilities held for trading	2,767,830	-
Derivative financial instruments	6,600,219	(16,969,286)
Financial assets at fair value through profit or loss	-	(112,501,201)
Financial liabilities at fair value through profit or loss	-	(7,605,081)
Total	<u>256,937,470</u>	<u>(137,075,568)</u>

45 Other operating income

	2019	2018
Income from warehouse receipts trading	2,700,826,481	4,805,479,249
Income from fixed assets leasing	9,565,988	12,039,090
Others	15,578,738	23,419,229
Total	2,725,971,207	4,840,937,568

46 Other income

Government grants related to income

	2019	2018
Bonus from government	23,120,644	11,905,881
Refunds of tax fees	4,362,723	1,623,277
Subsidies of post stabilisation	1,193,420	377,709
Others	1,672,084	-
Total	30,348,871	13,906,867

Including: Amount recognised in extraordinary gain and loss	30,348,871	13,906,867

47 Gains/(Losses) from disposal of assets

	2019	2018
Gains/(Losses) from disposal of assets	3,876,061	(342,574)
Including: Amount recognised in extraordinary gain and loss	3,876,061	(342,574)

48 Taxes and surcharges

	2019	2018
Urban maintenance and construction tax	8,907,880	6,325,708
Education and local education surcharges	6,235,601	4,505,639
Others	7,461,169	7,476,473
Total	22,604,650	18,307,820

49 Operating and administrative expenses

	2019	2018
Staff costs (Note V.28)	1,019,461,506	896,799,723
Rental and property management expenses	157,949,404	149,512,439
Marketing and management expenses	127,074,437	112,954,579
Amortisation of intangible assets and long-term deferred expenses	50,860,077	47,548,747
Depreciation of fixed assets	44,003,789	43,205,317
System operation and maintenance expenses	45,361,239	28,392,445
Information and professional services expenses	56,208,441	37,729,978
Securities investors protection fund	16,373,802	14,069,821
Others	50,093,686	76,733,068
Total	1,567,386,381	1,406,946,117

50 Asset impairment losses

	2018
Provision for impairment losses of available-for-sale financial assets	77,932,163
Provision for impairment losses of receivable from margin clients	8,591,274
Reversal of impairment losses of reverse REPOs	(7,230,579)
Provision for impairment losses of accounts receivable	29,552,682
Reversal of impairment provision for other assets	(13,232,337)
Total	95,613,203

51 Credit impairment losses

2019

Provision for impairment losses of receivable from margin clients	23,683,072
Reversal of impairment losses of reverse REPOs	(21,978,294)
Provision for impairment losses of accounts receivable	21,396,673
Provision for impairment losses of debt investments	1,254,582
Provision for impairment losses of other debt investments	39,648,735
Provision for impairment losses of other receivables	112,540,021
Total	176,544,789

52 Reversal of impairment losses of other assets

2019

Reversal of impairment provision for inventories	17,941,901
Total	17,941,901

53 Other operating expense

2019

2018

Expense on warehouse receipts trading	2,685,981,550	5,044,402,096
Total	2,685,981,550	5,044,402,096

54 Non-operating income

2019

2018

Government grants	2,360,000	4,000,000
Others	750,431	274,891
Total	3,110,431	4,274,891

55 Non-operating expenses

	2019	2018
Donations expense	2,618,571	3,090,475
Overdue fine and liquidated damage	1,838,352	64,657
Penalty cost	1,345	-
Others	479,126	329,152
	<u>4,937,394</u>	<u>3,484,284</u>
Total	<u>4,937,394</u>	<u>3,484,284</u>

56 Income tax expense

(1) Income tax expense for the year

	2019	2018
Current income tax expense	148,090,653	112,404,277
Deferred tax expense	(2,234,824)	(44,981,883)
	<u>145,855,829</u>	<u>67,422,394</u>
Total	<u>145,855,829</u>	<u>67,422,394</u>

(2) Reconciliation between income tax expense and accounting profit

The adjustment from the income tax based on the total profits of consolidated income statement with applicable tax rate to the income tax expense:

	2019	2018
Profit before taxation	<u>665,778,305</u>	<u>286,657,997</u>
Expected income tax expense at tax rate of 25%	166,444,576	71,664,499
Effect of non-taxable income	(37,164,213)	(16,507,747)
Effect of non-deductible costs, expense and losses	5,146,747	6,375,395
Others	11,428,719	5,890,247
	<u>145,855,829</u>	<u>67,422,394</u>
Income tax expense	<u>145,855,829</u>	<u>67,422,394</u>

57 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding:

	2019	2018
Consolidated net profit attributable to ordinary shareholders of the Company	<u>510,183,708</u>	<u>221,763,054</u>
Weighted average number of ordinary shares outstanding	<u>2,828,725,153</u>	<u>2,828,725,153</u>
Basic earnings per share (RMB/share)	<u>0.18</u>	<u>0.08</u>

(2) Diluted earnings per share

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Parent Company (diluted) by the weighted average number of ordinary shares outstanding (diluted). In 2019, the Company does not have any potential shares with diluted effects (2018: Identical). Therefore, there was no difference between the basic and diluted earnings per share.

58 Cash flow statement

(1) Proceeds relating to other operating activities:

	2019	2018
Net cash received from trading of other debt investments	3,308,483,584	-
Cash received from the sales of warehouse receipts	2,661,305,890	4,795,159,308
Net cash increased from merging structured entities	37,388,739	-
Net decrease in refundable deposits	-	1,542,462,133
Net decrease in investments of accounts receivable	-	185,000,000
Others	<u>113,293,546</u>	<u>142,730,541</u>
Total	<u>6,120,471,759</u>	<u>6,665,351,982</u>

(2) Payments relating to other operating activities

	2019	2018
Cash paid for the purchase of warehouse receipts	3,022,260,461	4,824,244,419
Net increase in refundable deposits	384,134,038	-
Cash paid for trading of financial assets not held for trading	288,398,436	-
Rental and property expenses	150,972,976	149,512,439
Net decrease in warehouse receipts pledge fee	17,030,000	230,415,400
Net decrease in payables to fund companies from client's subscription	-	93,843,986
Others	468,137,832	464,668,808
Total	<u>4,330,933,743</u>	<u>5,762,685,052</u>

59 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities

	2019	2018
Net profit	519,922,476	219,235,603
Add: Asset impairment losses	-	95,613,203
Credit impairment losses	176,544,789	-
Reversal of other impairment loss	(17,941,901)	-
Depreciation of fixed assets	44,003,789	43,205,317
Amortisation of intangible assets	36,075,379	32,068,566
Amortisation of long-term deferred expenses	14,784,698	15,480,181
Gains or losses from disposal of fixed assets, intangible assets and other long-term assets	(3,876,061)	342,574
(Gains)/Losses from changes in fair value	(282,959,657)	149,237,536
Interest income from investment activities	(5,750,945)	-
Interest expense in financing activities	479,623,473	475,566,814
Foreign exchange losses/(gains)	9,866,941	(462,966)
Investment income	(515,534)	(108,787,548)
Deferred tax expense	(2,234,824)	(44,981,883)
Decrease/(Increase) in operating receivables	5,267,813,472	(7,651,625,930)
(Decrease)/Increase in operating payables	<u>(2,277,109,829)</u>	<u>2,989,707,478</u>
Net cash inflows/(outflows) from operating activities	<u>3,958,246,266</u>	<u>(3,785,401,055)</u>

(b) Net changes in cash and cash equivalents

	2019	2018
Cash and cash equivalents at the end of the year	18,136,083,250	14,853,884,395
Less: Cash and cash equivalents at the beginning of the year	<u>(14,853,884,395)</u>	<u>(16,422,136,088)</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,282,198,855</u>	<u>(1,568,251,693)</u>

(2) Details of cash and cash equivalents

	31 December 2019	31 December 2018
Cash and bank balances	15,734,010,625	12,681,464,251
Including: Cash at bank	15,673,251,016	12,648,962,031
Other cash and bank balances	60,759,609	32,502,220
Clearing settlement funds	<u>2,620,361,716</u>	<u>2,323,843,791</u>
Sub-total	18,354,372,341	15,005,308,042
Less: Fixed deposit with maturity period over three months	-	(100,000,000)
Less: Restricted cash, bank balance and clearing settlement funds	(59,534,406)	(51,423,647)
Less: Accrued interest	<u>(158,754,685)</u>	<u>-</u>
Balance of cash and cash equivalents	<u>18,136,083,250</u>	<u>14,853,884,395</u>

VI CHANGE OF CONSOLIDATION SCOPE

1 Business combinations involving entities not under common control

(1) Business combinations involving entities not under common control occurred during the year

	Acquisition date of equity investment	Cost of equity investment	Shareholding acquired (%)	Acquisition method	Acquisition date	Acquiree from acquisition date to 31 December 2019		
						Income	Net profit	et cash inflow
Beijing Shanzheng M&A Capital Investment Partnership (Limited Partnership)	1 July 2019	227,532,000	47.62%	Consideration paid in cash	1 July 2019	100,797,047	42,485,352	42,485,352

Beijing Shanzheng M&A Capital Investment Partnership (Limited Partnership) (hereinafter referred to as "Shanzheng M&A") is a company established in Beijing on 12 August 2014 and mainly engages in investment management.

(2) Acquisition cost and goodwill

Acquisition cost

	77
	22
	()
	()
Cash	()
	77
	22
	()
	()
Total acquisition cost	()
	77
	22
	()
Less: Share of the fair value of the identifiable net assets acquired	()
Goodwill	N/A

(3) Identifiable assets and liabilities of the acquiree at the acquisition date

	<i>Shanzheng M&A</i>
	<i>Fair value Carrying amount</i>

Assets		
Cash and bank balances	12,623,085	12,623,085
Financial assets held for trading	469,415,551	469,415,551
Liabilities:		
Other liabilities	4,270,000	4,270,000
Net assets	477,768,636	477,768,636
Less: Non-controlling interests	(250,236,636)	(250,236,636)
Net assets acquired	227,532,000	227,532,000

If there is an active market for the above identifiable assets, the quoted prices in the active market are used to establish their fair value; if there is no active market, their fair values are estimated based on the market prices of the same or similar types of assets which have an active market.

VII INTERESTS IN OTHER ENTITIES

1 Interests in subsidiaries

(1) Composition of the Group

(a) Subsidiaries acquired through establishment or investment, etc.

Name of the subsidiary	Registration place and principal place of business	Registered capital/subscribed capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Zhong De Securities	Beijing	RMB1,000 million	Investment banking	RMB1,000 million	66.70%	-	66.70%	-
Gelin Dahua Capital Management	Shanghai	RMB300 million	Capital management business	RMB300 million	40.00%	60.00%	40.00%	60.00%
Shan Zheng Investment	Beijing	RMB1,000 million	Investment and asset management	RMB1,000 million	100.00%	-	100.00%	-
Shanzheng Fund Management Co., Ltd. (hereinafter referred to as "Shanzheng Fund")	Taiyuan	RMB50 million	Investment and asset management	RMB120 million	-	100.00%	-	100.00%
Shanxi Small and Medium-sized Entities Venture Capital Fund (Limited Partnership) (hereinafter referred to as "SME Venture Capital Fund")	Taiyuan	RMB400 million	Investment and asset management	RMB 178.68 million	-	50.00%	-	Note 1
Shanzheng Capital Management (Beijing) Co., Ltd.	Beijing	RMB30 million	Investment and asset management	RMB30 million	-	100.00%	-	100.00%
Beijing Shan Zheng Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Beijing Shan Zheng Investment")	Beijing	RMB56.8 million	Investment and asset management	RMB56.8 million	-	49.15%	-	Note 1
Hangzhou Shanzheng Shuangzi Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Hangzhou Shuangzi")	Hangzhou	RMB39 million	Investment and asset management	RMB39 million	-	48.72%	-	Note 1
Xinyu City Hesheng Jinhe Investment Management Centre (Limited Partnership) (hereinafter referred to as "Hesheng Jinhe")	Xinyu	RMB 71.56 million	Investment and asset management	RMB 71.56 million	-	99.30%	-	Note 2
Yuncheng Shanzheng Small and Medium-sized Entities Venture Capital Partnership (Limited Partnership) (hereinafter referred to as "Yuncheng Shanzheng")	Yuncheng	RMB100 million	Equity investment, fund management	RMB100 million	-	50.00%	-	Note 1

Name of the subsidiary	Registration place and principal place of business	Registered capital/subscribed capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Zuhai Longhua Qifu No. 1 Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zuhai Qifu No. 1")	Zuhai	RMB43 million	Investment and asset management	-	-	20.00%	-	Note 1
Ningbo Longhua Zhihe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Zhihe")	Ningbo	RMB20 million	Investment and asset management	-	-	20.00%	-	Note 1
Zhoushan Longhua Haishui Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Zhoushan Haishui")	Zhoushan	RMB15.2 million	Leasing and business services	RMB15.2 million	-	19.74%	-	Note 1
Zuhai Shanzheng Tian'an Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Shanzheng Tian'an")	Zuhai	RMB19.1 million	Leasing and business services	RMB19.1 million	-	19.90%	-	Note 1
SSIF Futures Limited	Hong Kong	HKD50 million	Futures contract trading	HKD50 million	-	100.00%	-	100.00%
SSIF Securities Limited	Hong Kong	HKD350 million	Securities trading	HKD350 million	-	100.00%	-	100.00%
Shanxi Securities International Asset Management Co., Ltd. (hereinafter referred to as "SSIF Asset Management")	Hong Kong	HKD30 million	Asset management	HKD30 million	-	100.00%	-	100.00%
Shanxi Securities International Capital Co., Ltd. (hereinafter referred to as "SSIF Capital")	Hong Kong	HKD25 million	Capital business	HKD25 million	-	100.00%	-	100.00%
Shanxi Securities International Investment Co., Ltd (hereinafter referred to as "SSIF Investment")	Hong Kong	HKD10 million	Lending business	HKD10 million	-	100.00%	-	100.00%
SSIF Investment Management Limited	Hong Kong	HKD200 million	Investment business	HKD200 million	-	100.00%	-	100.00%
Huitong Commodity Trading Co., Ltd. (hereinafter referred to as "Huitong Commodity")	Hong Kong	HKD100 million	Trading business	HKD200 million	-	100.00%	-	100.00%
Ningbo Longhua Haohe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Haohe")	Ningbo	RMB50 million	Investment and asset management	-	-	20.00%	-	Note 1
Ningbo Longhua Xianhe Investment Management Partnership (Limited Partnership) (hereinafter referred to as "Longhua Xianhe")	Ningbo	RMB60 million	Investment and asset management	-	-	20.00%	-	Note 1
Shanzheng Innovation Investment Co., Ltd (hereinafter referred to as "Shanzheng Innovation")	Shanghai	RMB1,000 million	Investment and asset management	RMB330 million	100.00%	-	100.00%	-

Note 1: Shan Zheng Investment, a subsidiary of the Company, as the General Partner of SME Venture Capital Fund, Beijing Shan Zheng Investment, Hangzhou Shuangzi, Yuncheng Shanzheng, Zhuhai Qifu No.1, Longhua Zhihe, Zhoushan Haishui, Shanzheng Tian'an, Longhua Haohe and Longhua Xianhe, is in charge of the management of these limited partnerships. Moreover, Shan Zheng Investment is responsible for the execution of partnership affairs, and the Group holds the significant variable return that enables to control such partnerships. Therefore, the Group includes the above-mentioned limited partnerships in the consolidated financial statements.

Note 2: According to the *Partnership Agreement of Xinyu City Hesheng Jinhe Investment Management Centre (Limited Partnership)*, Shanzheng Fund, a subsidiary of the Company, is a limited partner of Hesheng Jinhe, representing 99.30% of the total contribution and bearing the loss within the limit of the contribution. The general partner does not hold investment income or loss. Moreover, the Group has control over it and has a significant impact on the variable returns. Therefore, the Group includes Hesheng Jinhe in the consolidated financial statements.

(b) Business combinations involving entities not under common control Subsidiaries

Name of the subsidiary	Registration place and principal place of business	Registered capital	Business nature	Actual capital contribution at the end of the year	The proportion of equity held by the Company		Proportion of voting rights of the Company	
					Direct	Indirect	Direct	Indirect
Gelin Dahua	Beijing	RMB800 million	Futures brokerage	RMB800 million	100.00%	-	100.00%	-
Shanxi Securities International Financial Holdings Co., Ltd. (hereinafter referred to as "SSIF Financial Holdings")	Hong Kong	HKD1,000 million	Investment holding	HKD1000 million	100.00%	-	100.00%	-
Shanzheng M&A	Beijing	RMB210 million	Leasing and business services	RMB210 million	-	47.62%	-	Note 1

Note 1: Shan Zheng Investment, a subsidiary of the Company, as the General Partner of Shanzheng M&A, is in charge of the management of these limited partnerships. Moreover, Shan Zheng Investment is responsible for the execution of partnership affairs, and the Group holds the significant variable return that enables to control such partnerships. Therefore, the Group includes the above-mentioned limited partnerships in the consolidated financial statements.

(2) Material non-wholly owned subsidiary

<i>Name of the subsidiary</i>	<i>Proportion of ownership interest held by non-controlling interests</i>	<i>Income attributable to non-controlling interests for the year</i>	<i>Dividend declared to non-controlling shareholders for the year</i>	<i>Balance of non-controlling interests at the end of the year</i>
Zhong De Securities	33.30%	7,778,848	-	374,649,994

(3) Key financial information about material non-wholly owned subsidiaries

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions:

	<i>Zhong De Securities</i>	
	<i>31 December 2019</i>	<i>31 December 2018</i>
Total assets	1,342,067,096	1,327,149,816
Total liabilities	162,752,038	174,124,968
	<i>Zhong De Securities</i>	
	<i>2019</i>	<i>2018</i>
Operating income	384,066,296	302,481,006
Net profits/(losses)	27,272,480	(992,075)
Total comprehensive income/(losses)	27,272,480	(992,075)
Net cash inflows/(outflows) from operating activities	85,389,216	(141,465,827)

2 Structured entities included in the scope of consolidated financial statements

<i>Name of structured entities</i>	<i>Actual share at 31 December 2019</i>	<i>Actual share at 31 December 2018</i>
Shanxi Securities FOF Single Asset Management Plan of the securities industry supports the private enterprise development series	500,000,000	500,000,000
Shanxi Securities Qiyuan No.3 Collective Asset Management Plan	22,794,398	18,253,913
Shanxi Securities Qiyuan No.2 Collective Asset Management Plan	19,792,661	11,446,957
Gelin Dahua Linggan No.1 Asset Management Plan	-	6,000,000
Gelin Dahua Linggan No.2 Asset Management Plan	-	4,000,000
Total	542,587,059	539,700,870

As the manager of above-mentioned asset management plans, the Group considers whether there is control over these structured entities, and determines whether the Group is the primary responsible person or agent based on factors such as the decision range of asset manager, the power of other parties in the asset management plans and the risk exposure of variable returns. For the above-mentioned asset management plans included in the consolidation scope, the Group made investment decisions as the principal responsible person, and got a large proportion of the total revenue of the asset management plans, so the Group included these asset management plans in the scope of consolidation.

As at 31 December 2019, the principal amount payable to other holders of above-mentioned asset management plans are RMB489,544,207 (31 December 2018: RMB430,161,521), and the gains payable are RMB24,153,493 (31 December 2018: RMB19,366,989).

3 Interests in associates

Investee	Balance at the beginning of the year	Newly added investments during the year	Movements during the year		Other comprehensive income	Balance at the end of the year
			Investment income recognised under equity method			
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership)	9,646,646	-	440,422	-	-	10,087,068
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (Limited Partnership)	1,986,839	-	-	-	-	1,986,839
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership)	49,982,918	150,000,000	(345,944)	-	-	199,636,974
Shanxi Transportation Industry Fund Partnership (Limited Partnership)	-	200,000,000	-	-	-	200,000,000
Shenzhen Yehua Resources Group Co., Ltd.	-	10,000,000	43,814	-	-	10,043,814
Total	61,616,403	360,000,000	138,292	-	-	421,754,695

Details of the above associates are as follows:

Name of enterprises	Registration place and principal place of business	Business nature	Registered capital/subscribed capital	Actual capital contribution at the end of the year	Contribution proportion of the Group
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership)	Hangzhou	Private equity investment	RMB50 million	RMB50 million	20.00%
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (Limited Partnership)	Linfen	Private equity investment	RMB12 million	RMB12 million	16.67%
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership)	Taiyuan	Private equity investment	RMB1,001 million	RMB1,001 million	19.98%
Shanxi Transportation Industry Fund Partnership (Limited Partnership)	Taiyuan	Private equity investment	RMB10 billion	RMB1,000 million	20.00%
Shenzhen Yehua Resources Group Co., Ltd.	Shenzhen	Private equity investment	RMB100 million	RMB100 million	10.00%

4 Interests in structured entities not included in the consolidated financial statements

(1) Interest in the structured entities sponsored by third-party institutions

The Group directly holds interests in some structured entities sponsored by third-party institutions through investments in the notes issued by these structured entities. The Group does not consolidate these structured entities. Such structured entities include asset management plans, trust fund plans, investment funds and wealth management products issued by banks. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following tables set out an analysis of the carrying amounts/maximum loss exposure of interests held by the Group as at 31 December 2019 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	<i>Financial assets held for trading</i>
Funds	392,907,319
Asset management plans	339,396,043
Wealth-management products	150,000,000
Total	882,303,362

The following tables set out an analysis of the carrying amounts/maximum loss exposure of interests held by the Group in 2018 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	<i>Financial assets at fair value through profit or loss</i>	<i>Available-for-sale financial assets</i>	<i>Total</i>
Asset management plans	154,827,744	7,920,000	162,747,744
Trust plans	112,373,014	322,102	112,695,116
Wealth-management products	254,183,407	-	254,183,407
Funds	25,675,275	13,172,092	38,847,367
Total	547,059,440	21,414,194	568,473,634

The maximum exposure to loss in the above asset management plans, trust plans, funds and wealth management products are the carrying amount of the above investments held by the Group at the balance sheet date.

(2) Unconsolidated structured entities sponsored by the Group in which the Group holds an interest

The types of unconsolidated structured entities sponsored by the Group include asset management plans and funds. The nature and purpose of these structured entities are to collect management fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. The Group's interests in these structured entities that are not included in the consolidated financial statements mainly include direct holding of investments or collecting management fees through the management of these structured entities.

As at 31 December 2019, the carrying amounts of the above asset management plans and funds, which are held by the Group and classified into financial assets held for trading in the consolidated balance sheet, are RMB780,801,018. (As at 31 December 2018, the carrying amounts of the above-mentioned asset management plans and funds, which were held by the Group and classified into financial assets held for trading in the consolidated balance sheet, were RMB279,511,358. The carrying amounts of the above-mentioned asset management plans and funds, which were held by the Group and classified into available-for-sale financial assets in the consolidated balance sheet, were RMB199,503,478.) The maximum losses exposure of the above-mentioned asset management plans and funds is similar to their carrying amounts.

As at 31 December 2019, the amount of assets held by the unconsolidated structured entities, which are sponsored by the Group, was RMB48,172,011,435 (31 December 2018: RMB48,483,890,759).

In 2019, the amount of management fee income recognised from the above-mentioned structured entities by the Group is RMB156,565,651 (2018: RMB136,522,754).

VIII SEGMENT REPORTING

The Group has seven reportable segments, which are securities brokerage business segment, investment banking segment, fixed income business, stocks and other proprietary investment segment, entrusted asset management segment, futures brokerage segment and bulk commodity trading and risk management segment based on the structure of internal organisation, management requirements and internal reporting system. Each reportable segment is a separate business unit which offers different services, and is managed separately because they require different technology and marketing strategies. For the purposes allocating resources between segments and assessing segment performance, the Group's management regularly reviews the financial information of different segments.

The seven segments of the Group are described as follows:

- Securities brokerage business segment

This segment provides agency trading securities services to individuals and institutional clients.

- Investment banking segment

The business of this segment includes stock underwriting, bond underwriting, over-the-counter business and merger and acquisition business, etc.

- Fixed income business segment

This segment is engaged in investment activities such as bonds and bills and holds relevant financial assets by using self-owned deposits.

- Stock and other proprietary investment business segment

This segment is engaged in investment activities such as stock and beneficial right investments and holds relevant financial assets by using self-owned deposits.

- Entrusted asset management business segment

This segment manages the assets of the principal, manages and sells funds, and manages assets of the special accounts.

- Futures brokerage business segment

This segment provides futures brokerage services to individuals and institutional clients.

- Bulk commodity trading and risk management business segment

The segment engages in providing the service of purchase and resale of warehouse receipts, futures arbitrage and hedging.

Segment accounting policies are consistent with those for the consolidated financial statements.

The transfer pricing among reportable segments is determined by referring to the price used for sales to the third parties.

Assets are allocated based on the operations of the segments and the location of the assets. Liabilities are allocated based on the operations of the segments, and indirect expenses of each segment are allocated between segments based on the proportion of revenue.

The Group provides services in the Mainland China and Hong Kong. All of its external transaction income is derived from the Mainland China and Hong Kong. The Group's financial assets and non-current assets other than deferred income tax assets are located in Mainland China and Hong Kong.

Since the Group's business is not carried out to specific customers, there is no significant dependence on a single customer.

Information regarding the Group's reportable segments set out below is the measure of segment profit (loss) and segment assets and liabilities reviewed by the Group's management or is otherwise regularly provided to the Group's management, even if not included in the measure of segment profit (loss) and segment assets and liabilities:

(a) Segment information for 2019 and as at 31 December 2019

	Securities brokerage	Investment banking	Fixed income business	Stock and other proprietary investment business	Entrusted asset management business	Futures brokerage	Bulk commodity trading and risk management business	Unallocated items and others	Elimination among segments	Total
External trading income Including: Net fee and commission	695,714,106	415,116,970	708,622,058	141,275,500	170,002,837	193,296,342	2,677,641,090	100,511,834	-	5,102,180,737
Net interest income/ (expenses)	365,343,427	376,547,072	194,180,267	-	154,004,627	83,841,343	-	-	-	1,173,916,736
Gains or losses from investments (Losses)/gains from changes in fair value	325,385,997	32,744,176	(398,214,951)	(101,875,510)	(14,309,392)	87,258,887	1,256,403	(74,817,686)	-	(142,572,076)
Others	-	3,177,000	963,004,600	85,285,459	33,751,568	12,900,700	(83,177,111)	48,627,193	-	1,063,569,409
Internal trading income/(expense)	4,984,682	2,648,722	(50,347,858)	157,865,551	(3,346,969)	3,790,860	51,909,079	97,066,807	-	256,937,470
Including: Net fee and commission	3,235,125	12,756,321	-	50,000,000	3,658,638	5,504,552	2,707,652,719	29,635,520	-	2,750,329,198
Net interest income/ (expenses)	3,235,125	12,756,321	-	-	14,899,661	-	-	-	(30,891,107)	-
Gains or losses from investments	-	-	-	-	(20,963,239)	-	(22,075,491)	17,875,526	25,163,204	-
Operating expenses Including: Depreciation and amortisation	(494,854,668)	(369,776,007)	(242,022,266)	50,000,000	9,722,216	(152,051,119)	(2,833,477,182)	(219,011,197)	(59,722,216)	-
Credit impairment reversal/(losses)	(45,555,722)	(4,119,623)	(6,378,899)	(2,083,865)	(6,542,109)	(8,553,556)	(299,468)	(21,330,624)	-	(94,863,866)
Reversal of impairment of other assets	(9,505,166)	(4,343,215)	(40,722,385)	815,003	-	(18,056,603)	(104,732,589)	166	-	(176,544,789)
Profits/(Losses) before income tax	202,784,764	52,233,398	466,599,789	149,286,381	76,777,114	17,941,901	-	-	-	17,941,901
Income tax expenses	(46,239,494)	(16,674,173)	(79,939,624)	(16,863,042)	(25,453,168)	43,673,723	(179,190,973)	(96,385,891)	(50,000,000)	665,778,305
Net profits/(losses)	156,545,270	35,559,225	386,660,165	132,423,339	51,323,946	31,573,770	(132,594,554)	(91,568,685)	(50,000,000)	519,922,476
Total assets	16,217,279,926	1,342,067,096	20,288,549,894	3,072,172,112	2,269,701,698	4,586,047,751	1,015,754,311	12,303,855,009	(5,399,650,616)	55,695,777,181
Total liabilities	15,597,267,672	165,425,333	16,069,073,931	304,430,633	179,772,329	3,812,390,800	650,441,451	6,250,237,281	(549,002,855)	42,480,036,575
Net increase/(decrease) of other non-current assets other than long-term equity investments	4,073,829	(3,227,502)	56,584,665	(19,855,549)	(538,375)	(7,392,199)	47,494,943	(37,189,764)	(692,091)	39,257,957

(b) Segment information for 2018 and as at 31 December 2018

	Securities brokerage	Investment banking	Fixed income business	Stock and other proprietary investment business	Entrusted asset management business	Futures brokerage	Bulk commodity trading and risk management business	Unallocated items and others	Elimination among segments	Total
External trading income/(expense) Including: Net fee and commission	627,408,804	362,418,346	456,557,338	(185,603,264)	144,749,772	253,101,173	5,136,729,331	55,775,126	-	6,851,136,626
Net interest income/ (expenses)	291,552,922	308,062,389	-	-	134,410,093	93,701,916	-	-	-	827,727,320
Investment income (Losses)/gains from changes in fair value	332,267,455	48,080,308	(570,034,526)	(40,591,938)	(27,324,650)	138,057,673	4,478,405	(78,033,275)	-	(193,100,548)
Others	-	4,896,391	1,056,773,017	(138,040,550)	34,154,541	16,392,912	377,893,490	146,550,794	-	1,498,620,595
Internal trading income/ (expense) Including: Net fee and commission	3,588,427	1,379,258	(30,181,153)	(6,970,776)	3,706,797 (197,009)	4,948,672	(45,672,646) 4,800,030,082	(57,957,790) 45,215,397	-	(137,075,568) 4,854,964,827
Net interest (expenses)/ income	2,631,819	3,895,317	-	143,352,738	2,734,193	-	(21,503,685)	20,255,596	(151,365,978)	-
Investment income	2,631,819	4,000,000	-	-	2,734,193	-	-	-	(9,366,012)	-
Depreciation and amortisation expenses	-	(104,683)	-	-	-	-	(21,503,685)	20,255,596	1,352,772	-
Reversal of/(provision for) impairment losses	(36,339,526)	(4,887,912)	(8,223,493)	(782,355)	(5,048,620)	(10,624,246)	(98,720)	(24,749,192)	-	(90,754,064)
Operating expenses	9,436,727 (426,276,721)	(1,350,000) (342,488,241)	- (159,512,304)	(58,362,682) (78,418,524)	- (98,184,353)	(12,904) (197,917,478)	2,245,240 (5,061,348,953)	(47,569,584) (206,488,674)	- 5,366,012	(95,613,203) (6,565,269,236)
Profits/(Losses) before income tax	204,003,994	23,490,158	297,045,035	(120,669,051)	48,603,761	59,180,782	53,876,693	(132,873,409)	(145,999,966)	286,657,997
Income tax expenses	(59,867,690)	(7,980,957)	(26,031,193)	35,034,866	(14,058,487)	(16,502,162)	(14,026,636)	36,009,865	-	(67,422,394)
Net profits/(losses)	144,136,304	15,509,201	271,013,842	(85,634,185)	34,545,274	42,678,620	39,850,057	(96,863,544)	(145,999,966)	219,235,603
Total assets	13,814,591,583	1,327,149,816	26,658,892,196	3,973,891,928	957,993,092	4,145,369,205	1,962,779,768	9,345,582,193	(4,941,635,758)	57,244,614,023
Total liabilities	11,463,956,600	177,202,764	20,487,457,963	159,517,351	30,919,047	3,355,350,016	1,480,618,581	7,662,840,946	(570,109,645)	44,247,753,623
Net (decrease)/increase of other non-current assets other than long-term equity investments	(106,806,444)	(9,275,285)	(91,431)	(15,023,304)	(18,071,913)	(598,313)	8,996,952	174,383,651	(18,141,732)	15,372,181

IX RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1 Information about the parent of the Company

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>	<i>Ultimate controlling party of the Company</i>
Shanxi Financial Holdings	Shanxi Province	Investment management	RMB10,646.7 million	30.59%	30.59%	Finance Department of Shanxi Province

For information about the changes of the parent of the Company, refer to Note 1.

As at 31 December 2019, Shanxi Financial Holdings held 30.59% of the Company's shares (31 December 2018: 30.59%).

As at 31 December 2019, Shanxi Trust Co., Ltd. (hereinafter referred to as "Shanxi Trust"), the subsidiary of Shanxi Financial Holdings, held 0.42% of the Company's shares (31 December 2018: 0.42%). Shanxi Financial Holdings and its subsidiaries held 31.01% of the Company's shares in total (31 December 2018: 31.01%).

2 Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

3 Other shareholders of the Company with 5% or above ownership

The names and shareholding information of other shareholders of the Company with 5% or above ownership and recognised as related parties are listed below:

	<u>31 December 2019</u>		<u>31 December 2018</u>	
	<i>Share</i>	<i>Shareholding percentage</i>	<i>Share</i>	<i>Shareholding percentage</i>
Taiyuan Iron & Steel (Group) Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel")	282,605,635	9.99%	282,605,635	9.99%
Shanxi International Electricity Group Limited Company (hereinafter referred to as "Shanxi International Electricity")	199,268,856	7.04%	199,268,856	7.04%

4 Other related parties

As at 31 December 2019, related parties that are not mentioned in above Note 1, 2 and 3, and have related party transactions with the Group include:

<i>Name of the Company</i>	<i>Relationship with the Company</i>
Shanxi Guoxin	Controlled by Shanxi Financial Holdings
Shanxi Province Financing Re-Guarantee Group Co., Ltd. (hereinafter referred to as "Shanxi Financing Re-Guarantee")	Controlled by Shanxi Financial Holdings
Shanxi Bo'ai Hospital	Controlled by Shanxi Financial Holdings
Shanxi Guangxin Real Estate Investment Group Co., Ltd. (hereinafter referred to as "Shanxi Guangxin Real Estate")	Controlled by Shanxi Financial Holdings
Shanghai Wanfang Investment Management Co., Ltd. (hereinafter referred to as "Shanghai Wanfang")	Controlled by Shanxi Financial Holdings
Shanxi International Trade Property Management Co., Ltd. (hereinafter referred to as "International Trade Property Management")	Controlled by Shanxi Financial Holdings
Shanxi World Trade Investment Group Co., Ltd. (hereinafter referred to as "Shanxi World Trade")	Controlled by Shanxi Financial Holdings
Shanxi World Trade Hotel (hereinafter referred to as "World Trade Hotel")	Controlled by Shanxi Financial Holdings
Shanxi Environmental and Energy Exchange Centre Co., Ltd. (hereinafter referred to as "Environmental and Energy Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi State-owned Investment Management Co., Ltd. (hereinafter referred to as "State-owned Investment")	Controlled by Shanxi Financial Holdings
Shanxi Guoxin Culture and Tourism Real Estate Development Co., Ltd. (hereinafter referred to as "Guoxin Culture and Tourism")	Controlled by Shanxi Financial Holdings
Shanxi Guoxin Medical and Health Investment Management Co., Ltd. (hereinafter referred to as "Guoxin Medical and Health")	Controlled by Shanxi Financial Holdings
Zhong He Sheng Capital Management Co., Ltd. (hereinafter referred to as "Zhong He Sheng")	Controlled by Shanxi Financial Holdings
Shanxi Equity Exchange Centre Co., Ltd. (hereinafter referred to as "Equity Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi Property Right Exchange Centre Co., Ltd. (hereinafter referred to as "Property Right Exchange Centre")	Controlled by Shanxi Financial Holdings
Shanxi Financial Assets Exchange Co. Ltd. (hereinafter referred to as "Shanxi Financial Assets Exchange")	Controlled by Shanxi Financial Holdings
Shanxi Zhuo Rong Investment Co., Ltd. (hereinafter referred to as "Shanxi Zhuo Rong")	Controlled by Shanxi Financial Holdings
Beijing Zhuo Rong Investment Management Co., Ltd. (hereinafter referred to as "Beijing Zhuo Rong")	Controlled by Shanxi Financial Holdings
Shenzhen Yi'xin'li Asset Management Co., Ltd. (hereinafter referred to as "Yi Xin Li")	Controlled by Shanxi Financial Holdings
HSBC Jinxin Fund Management Co., Ltd. (hereinafter referred to as "HSBC Jinxin")	Subject to joint control from Shanxi Financial Holdings
Shanxi State-Owned Capital Investment and Operation Co., Ltd. (hereinafter referred to as "State-Owned Capital Investment")	Controlling shareholder of Taiyuan Iron & Steel
Shanxi Iron & Steel Investment Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel Investment")	Controlled by Taiyuan Iron & Steel
Taiyuan Iron & Steel Finance Co., Ltd. (hereinafter referred to as "Taiyuan Iron & Steel Finance")	Controlled by Taiyuan Iron & Steel
Shanxi Local Electricity Co., Ltd. (hereinafter referred to as "Shanxi Local Electricity")	Controlled by Shanxi International Electricity
Shanxi Tianqiao Hydropower Co., Ltd. (hereinafter referred to as "Tianqiao Hydropower")	Controlled by Shanxi International Electricity
Lvliang State Investment Group Co., Ltd. (hereinafter referred to as "Lvliang State Investment")	Companies in which supervisors of the Company are employed

<i>Name of the Company</i>	<i>Relationship with the Company</i>
Changzhi Economic Construction Investment Service Centre (hereinafter referred to as "Changzhi Investment")	Companies in which supervisors of the Company are employed
Shanxi Tourism Investment Holding Group Co., Ltd. (hereinafter referred to as "Shanxi Tourism Investment")	Shareholder holding more than 5% of the stocks of the Company and acting in concert
Shanxi Science & Technology Fund Development Co., Ltd. (hereinafter referred to as "Technology Fund")	Shareholders of the Company and assign supervisors to the Company
Shanxi Xinghua Village Fenjiu Group Co., Ltd. (hereinafter referred to as "Shanxi Fenjiu")	Shareholders of the Company and assign supervisors to the Company
Shanxi Guotou Innovative Green Energy Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Green Energy")	Joint venture
Hangzhou Longhua Gurong Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as "Longhua Gurong")	Joint venture
Fenxi Qifu Poverty Alleviation Guidance Fund Partnership (limited partnership) (hereinafter referred to as "Fenxi Fupin ")	Joint venture
Shanxi Transportation Industry Fund Partnership (Limited Partnership) (hereinafter referred to as "Transportation Industry")	Joint venture
Shanxi Guotou Sports Industry Group Co., Ltd. (hereinafter referred to as "Guotou Sports")	Director of the Company served for in the past 12 months in 2018
Shanxi Coking Group Co., Ltd. (hereinafter referred to as "Shanxi Coking")	Supervisor of the Company served for in the past 12 months in 2018
State-owned Assets Management Centre of Changzhi Municipal Administrative Institution (hereinafter referred to as "Changzhi State-owned Assets Management")	Supervisor of the Company served for in the past 12 months in 2018 Independent director of the Company served as its independent director in the past 12 months in 2018
Shanxi Xishan Coal and Electricity Power Co., Ltd. (hereinafter referred to as "Xishan Coal and Electricity")	

5 Related party transactions and related party balances

(a) Pricing Policy

The transactions between the Group and related parties are mainly based on market price and determined after negotiation between the two parties.

(b) Securities brokerage trading

(1) Balance of customer brokerage deposits

	31 December 2019	31 December 2018
Shanxi Trust	42,209,897	11,623,612
Taiyuan Iron & Steel Investment	20,620,224	39,923
Beijing Zhuo Rong	9,408,216	29,545
Shanxi Tourism Investment	921,326	-
Shanghai Wanfang	570,435	55,172
Shanxi Financing Re-Guarantee	278,075	-
Technology Fund	139,096	1,359
Shanxi Coking	127,797	11
Shanxi Guoxin	63,362	73,239
Lvliang State Investment	42,448	11,112,586
Shanxi International Electricity	28,567	26,590
Guoxin Culture and Tourism	6,981	-
Taiyuan Iron & Steel Finance	5,608	14,670
Shanxi Zhuo Rong	2,083	32,938
Shanxi Bo'ai Hospital	1,763	1,758
Taiyuan Iron & Steel	1,043	849
Changzhi Investment	583	-
Equity Exchange Centre	500	500
Zhong He Sheng	334	1,931
Property Right Exchange Centre	296	296
Yi Xin Li	268	108
Environmental and Energy Exchange Centre	198	3,243
State-owned Investment	84	84
Shanxi Financial Holdings	-	598
Xishan Coal and Electricity	-	1,319,683
Changzhi State-owned Assets Management	-	283
Total	<u>74,429,184</u>	<u>24,338,978</u>

(2) Fee and commission income from brokerage business

	2019	2018
Shanxi Trust	272,884	321,771
Taiyuan Iron & Steel Investment	37,600	44,922
Shanxi Zhuo Rong	21,247	12,885
Technology Fund	15,935	19,923
Changzhi Investment	13,365	-
Beijing Zhuo Rong	12,058	2,619
Yi Xin Li	3,839	-
Shanxi Guoxin	1,425	-
Zhong He Sheng	825	1,035
Shanxi Tourism Investment	728	-
Shanghai Wanfang	306	8,077
Changzhi State-owned Assets Management	-	77,314
Shanxi Financial Holdings	-	13,749
Total	380,212	502,295

(3) Interest expenses

	2019	2018
Shanxi Trust	67,509	179,683
Guoxin Culture and Tourism	21,478	-
Taiyuan Iron & Steel Finance	13,089	14,037
Lvliang State Investment	11,512	1,242
Taiyuan Iron & Steel Investment	9,578	20,972
Shanxi Guoxin	6,383	3,886
Shanxi Zhuo Rong	5,582	9,266
Beijing Zhuo Rong	4,757	3,462
Technology Fund	3,166	1,732
Shanxi International Electricity	1,977	62,257
Shanxi Tourism Investment	1,825	-
Shanghai Wanfang	1,230	8,144
Equity Exchange Centre	1,046	3,792
Taiyuan Iron & Steel	944	849
Shanxi Financing Re-Guarantee	608	-
Zhong He Sheng	336	2,484
Changzhi Investment	284	-
Shanxi Coking	172	-
Yi Xin Li	160	-
Environmental and Energy Exchange Centre	39	664
Shanxi Bo'ai Hospital	5	5
Property Right Exchange Centre	1	303
State-owned Investment	-	84
Changzhi State-owned Assets Management	-	8,698
Xishan Coal and Electricity	-	4,006
Shanxi Financial Holdings	-	1,024
Total	151,681	326,590

(c) Fee and commission income from investment banking business

(1) Fee and commission income from securities underwriting business

	2019	2018
Finance Department of Shanxi Province	<u>37,736</u>	<u>182,547</u>

(2) Income from financial advisory business

	2019	2018
Shanxi Fenjiu	10,641,509	4,594,340
Zhong He Sheng	1,132,075	-
Taiyuan Iron & Steel	1,063,188	-
Property Right Exchange Centre	664,493	-
Shanxi Guoxin	660,377	-
Xishan Coal and Electricity	-	1,179,245
Total	<u>14,161,642</u>	<u>5,773,585</u>

(3) Accounts receivables from financial advisory business

	31 December 2019	31 December 2018
Shanxi Fenjiu	8,740,000	4,800,000
Property Right Exchange Centre	<u>537,468</u>	<u>-</u>
Total	<u>9,277,468</u>	<u>4,800,000</u>

(4) Advance payments received from financial advisory business

	31 December 2019	31 December 2018
Shanxi Fenjiu	<u>-</u>	<u>1,350,000</u>

(d) Proxy sale of funds managed by HSBC Jinxin and leasing trading seat to it

(1) Fee and commission income receivables

	<i>31 December 2019</i>	<i>31 December 2018</i>
HSBC Jinxin	<u>-</u>	<u>271,520</u>

(2) Net fee and commission income

	<i>2019</i>	<i>2018</i>
HSBC Jinxin	<u>206,766</u>	<u>301,775</u>

(e) Payment of property management fees to International Trade Property Management

	<i>2019</i>	<i>2018</i>
Property management fee	<u>3,526,847</u>	<u>3,712,683</u>

(f) Housing leasing, property management and computer room management

(1) House rental fee, property management fee and computer room management fee

	<i>2019</i>	<i>2018</i>
Shanxi World Trade	13,131,595	13,667,850
International Trade Property Management	74,000	-
Shanxi Local Electricity	-	36,290
Property Right Exchange Centre	<u>-</u>	<u>24,500</u>
	<u>13,205,595</u>	<u>13,728,640</u>

(2) Prepayments of computer room rental fee to Shanxi World Trade

	<i>31 December 2019</i>	<i>31 December 2018</i>
Prepayments	<u>132,382</u>	<u>132,382</u>

(g) Meeting fees, hospitality and other fees

	31 December 2019	31 December 2018
International Trade Property Management	1,066,424	897,201
World Trade Hotel	204,878	564,525
Shanxi World Trade Investment	-	24,800
	<u>1,271,302</u>	<u>1,486,526</u>

(h) Annual fee and supervision fee

	2019	2018
Equity Exchange Centre	<u>354,906</u>	<u>566,038</u>

(i) Beneficiary certificates trading

(1) Short-term debt securities issued

	31 December 2019	31 December 2018
Taiyuan Iron & Steel Finance	112,000,000	100,000,000
Equity Exchange Centre	3,000,000	-
Shanxi Guoxin	-	40,000,000
Changzhi State-owned Assets Management	-	33,000,000
Environmental and Energy Exchange Centre	-	730,000
Total	<u>115,000,000</u>	<u>173,730,000</u>

(2) Interest payable

	<i>31 December 2019</i>	<i>31 December 2018</i>
Taiyuan Iron & Steel Finance	1,479,534	66,667
Equity Exchange Centre	7,866	-
Shanxi Guoxin	-	130,889
Changzhi State-owned Assets Management	-	120,461
Environmental and Energy Exchange Centre	-	2,596
Total	<u>1,487,400</u>	<u>320,613</u>

(3) Interest expenses

	<i>2019</i>	<i>2018</i>
Taiyuan Iron & Steel Finance	6,049,315	3,592,361
Guoxin Culture and Tourism	2,930,055	-
Shanxi Guoxin	478,685	137,733
Equity Exchange Centre	198,110	335,586
Lvliang State Investment	154,604	70,000
Environmental and Energy Exchange Centre	6,916	39,740
Changzhi State-owned Assets Management	-	2,830,263
Total	<u>9,817,685</u>	<u>7,005,683</u>

(j) Holding convertible bonds issued by Aokun Biological

(1) Financial assets held for trading

	<i>31 December 2019</i>	<i>31 December 2018</i>
Aokun Biological	<u>7,000,000</u>	<u>7,000,000</u>

(2) Losses from changes in fair value

	2019	2018
Aokun Biological	-	7,000,000

(k) Disposal of Shanxi Securities M&A beneficiary rights

(1) Investment income

	2019	2018
Guotou Sports	-	102,769,514

(2) Accounts receivable

	31 December 2019	31 December 2018
Guotou Sports	-	20,147,000

(l) Prepayment for investment to Green Energy

	31 December 2019	31 December 2018
Green Energy	-	150,000,000

(m) Shan zheng Investment Management fee

(1) Management fee income

	31 December 2019	31 December 2018
Green Energy	3,668,312	-
Longhua Gurong	1,000,000	1,000,000
Fenxi Fupin	120,000	90,000
Transportation Industry	79,532	-
Total	4,867,844	1,090,000

(2) Management fee receivable

	2019	2018
Green Energy	498,000	-
Fenxi Fupin	90,000	-
Transportation Industry	79,532	-
	<u>667,532</u>	<u>-</u>
Total	<u>667,532</u>	<u>-</u>

(n) Purchase the trust plan issued by Shanxi Trust

	31 December 2019	31 December 2018
Investment income	-	3,278,144

(o) Other receivables

	31 December 2019	31 December 2018
Shanxi World Trade	461,580	461,580
Longhua Gurong	10,000	-
Shanxi Local Electricity	2,000	32,000
	<u>473,580</u>	<u>493,580</u>
Total	<u>473,580</u>	<u>493,580</u>

(p) Other payables

	31 December 2019	31 December 2018
International Trade Property Management	1,042,840	-
Shanxi Coking	6,850	-
Shanxi World Trade	-	39,000
World Trade Hotel	-	7,600
Total	1,049,690	46,600

(q) Remuneration of Senior management personnel

Refer to Note V.28.

X RISK RELATED TO FINANCIAL INSTRUMENTS

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risks

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to brokerage business, margin finance business (mainly including margin trading, agreed REPO-style securities trading and stock-based lending business) and proprietary fixed income business, etc.

The cash at bank of the Group is mainly held with state-owned commercial banks or large-scale joint-stock commercial banks. The clearing settlement funds is held with China Securities Registration and Settlement Co., Ltd. and other institutions. The credit risk of cash and cash equivalents is relatively low.

The credit risk arising from the brokerage business of the Group includes the agent service for customers to carry out securities trading and futures trading. If the Group does not require customers to fully pay the trading guarantee fees in advance, in case that the customer's funds are insufficient to pay transaction amounts or if the customer's funds are in short due to other reasons, the Group has liabilities to settle for the customer so that the credit losses would be caused. In order to control the credit risk arising from the brokerage business, the Group carries out securities trading on behalf of customers in the settlement of full guarantee fees to avoid risks; carries out futures trading on behalf of customers by strictly selecting customers and focusing on the market to control the credit risk.

For the credit risk arising from the financing business, the Group has established a series of systems such as the credit grant examination for financing and securities lending, contracted repurchasing securities and stock pledged repo business as well as the customer collateral maintenance ratio. The Group adopts the approval method of hierarchical authorisation, and strictly reviews the credit quotas of customers under financing and securities lending, contracted repurchasing securities and stock pledged repo business; the Group also monitors the indicators like customer collateral maintenance ratio and performance guarantee ratio, and will take measures such as closing position and default treatments.

In order to control the credit risk arising from self-operated business, the Group's securities settlement and amount clearing under transactions in the interbank market and the exchange market are completed with China Central Depository & Clearing Co., Ltd., Shanghai Clearing House and China Securities Depository and Clearing Corporation Limited so that the possibility of default risk is remote; the Group also conducts credit assessment of counterparties before transactions to select those with good credit rating to control corresponding credit risks. The Group has developed a sound credit risk management process to control credit risks of securities issuers by evaluating the credit rating of investment products, and to disperse credit risks through diversified investments and other strategies. The credit rating of the Group's bond investment is based on the standard statistics and summaries set by the Guiding Opinions of the People's Bank of China for the Management of Credit Rating.

The following table shows the credit ratings of the Group's bonds investment at the balance sheet date. Among them, unrated bonds mainly include treasury bonds and local government bonds.

	31 December 2019	31 December 2018
A-1	-	19,399,720
AAA	5,055,497,436	6,036,109,462
AA+	920,121,822	1,286,597,001
AA	1,194,585,355	3,393,522,575
BBB	32,069,910	-
CCC	32,520,311	-
C	81,176,930	34,041,770
D	-	8,285,270
Unrated	3,963,785,039	4,771,699,450
Total	<u>11,279,756,803</u>	<u>15,549,655,248</u>

Without taking account of any collateral and other credit enhancements, the maximum credit risk exposure at balance sheet date is represented by the carrying amount of financial assets. The maximum exposure to credit risk amounts are set out below:

	31 December 2019	31 December 2018
Cash and bank balances	15,734,010,625	12,681,464,251
Clearing settlement funds	2,620,361,716	2,323,843,791
Receivable from margin clients	5,468,405,079	4,435,571,620
Reverse REPOs	2,742,426,644	3,976,462,481
Accounts receivable	100,204,889	213,912,303
Interest receivable	-	403,710,586
Refundable deposits	2,940,672,900	2,556,538,862
Financial assets at fair value through profit or loss	-	20,384,567,848
Financial assets held for trading	19,022,106,537	-
Debt investments	32,520,311	-
Available-for-sale financial assets	-	4,883,962,939
Other debt investments	1,165,745,108	-
Other financial assets	425,200,157	206,335,284
Total maximum exposure to credit risk amounts	<u>50,251,653,966</u>	<u>52,066,369,965</u>

2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. Liquidity refers to the ability of an asset to be sold quickly without loss of value. Liquidity of the funds will affect the Group's ability to repay matured debts. The Group has established a monitoring system for liquidity risk indicators, which focuses on liquidity coverage ratio and net stable funding ratio.

The Group's subsidiaries shall be responsible for forecasting their own cash flows. The financial department of the Company continuously monitors the liquidity requirements in the short term and in the long term at the group level on the basis of summarising cash flow estimates of each subsidiary, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities, to meet liquidity requirements on daily operation and matured debt repayment.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

31 December 2019	On demand	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial liabilities								
Short-term loans	-	184,404,723	-	-	-	-	184,404,723	183,832,245
Short-term debt securities issued	-	1,488,516,325	605,157,395	2,284,372,850	-	-	4,378,046,570	4,323,301,803
Placements from financial institutions	-	1,780,950,483	1,933,619,444	1,830,206,944	-	-	5,544,776,871	5,511,784,061
Financial liabilities held for trading	-	2,133,153,490	-	-	-	-	2,133,153,490	2,132,321,710
Derivative financial liabilities	19,615,860	-	-	-	-	-	19,615,860	19,615,860
REPOs	-	12,205,390,374	-	-	-	-	12,205,390,374	12,200,643,294
Customer brokerage deposits	10,149,086,367	-	-	-	-	-	10,149,086,367	10,149,086,367
Accounts payable	16,816,640	-	-	8,370,000	-	-	25,186,640	25,186,640
Long-term debt securities issued	-	8,869,701	1,604,628,904	156,212,576	4,602,252,565	327,000,000	6,698,963,746	6,251,917,663
Other financial liabilities	420,283,734	18,391	900	29,691,772	828,393,825	-	1,278,388,622	1,278,388,622
Total financial liabilities	10,605,802,601	17,801,303,487	4,143,406,643	4,308,854,142	5,430,646,390	327,000,000	42,617,013,263	42,076,078,265

31 December 2018	On demand	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial liabilities								
Short-term debt securities issued	-	2,528,277,999	2,184,793,291	1,637,390,579	-	-	6,350,461,869	6,112,580,000
Placements from financial institutions	-	3,953,910,861	2,256,723,333	510,869,444	-	-	6,721,503,638	6,650,000,000
Financial liabilities at fair value through profit or loss	-	1,302,023,850	458,800,200	-	-	-	1,760,824,050	1,712,809,520
Derivative financial liabilities	84,039,710	-	-	-	-	-	84,039,710	84,039,710
REPOs	-	14,866,255,517	164,749,056	-	-	-	15,031,004,573	15,007,619,444
Customer brokerage deposits	8,376,478,762	-	-	-	-	-	8,376,478,762	8,376,478,762
Long-term debt securities issued	-	-	110,453,390	124,631,418	4,387,812,565	-	4,622,897,373	4,075,084,151
Accounts payable	56,087,260	193,324,139	178,798,946	22,991,111	-	-	451,201,456	451,201,456
Other financial liabilities	552,302,954	43,200,000	-	17,200,000	27,580,000	341,651,869	981,934,823	977,534,823
Total financial liabilities	9,068,908,686	22,886,992,366	5,354,318,216	2,313,082,552	4,415,392,565	341,651,869	44,380,346,254	43,447,347,866

3 Interest rate risk

Interest-bearing financial instruments at floating rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions, and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(1) Interest rate repricing risk

The interest rate repricing risk of the Group mainly comes from the mismatch between interest-bearing assets and interest-bearing liabilities.

The following tables indicate the financial assets and liabilities analysis as at balance sheet date by the expected next repricing dates or by maturity dates, depending on which is earlier:

31 December 2019	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	Total
Financial assets							
Cash and bank balances	14,834,482,232	867,573,529	-	-	-	31,954,864	15,734,010,625
Clearing settlement funds	2,443,135,215	-	-	-	-	177,226,501	2,620,361,716
Receivable from margin clients	528,671,010	1,508,282,572	3,358,529,189	-	-	72,922,308	5,468,405,079
Derivative financial assets	-	-	-	-	-	18,351,897	18,351,897
Reverse REPOs	1,711,126,435	278,626,231	641,587,863	74,247,904	-	36,838,211	2,742,426,644
Accounts receivable	-	-	-	-	-	100,204,889	100,204,889
Refundable deposits	1,526,590,686	-	-	-	-	1,414,082,214	2,940,672,900
Financial assets held for trading	883,615,888	1,224,730,937	5,294,150,124	8,040,863,754	2,614,013,538	4,190,117,430	22,247,491,671
Debt investments	-	-	32,520,311	-	-	-	32,520,311
Other debt investments	19,000,000	13,330,933	50,513,970	82,308,410	919,414,865	81,176,930	1,165,745,108
Other equity instrument investments	-	-	-	-	-	239,373,750	239,373,750
Other financial assets	-	-	-	-	-	425,200,157	425,200,157
Total financial assets	21,946,621,466	3,892,544,202	9,377,301,457	8,197,420,068	3,533,428,403	6,787,449,151	53,734,764,747
Financial liabilities							
Short-term loans	(183,832,245)	-	-	-	-	-	(183,832,245)
Short-term debt securities issued	(1,468,830,000)	(591,830,000)	(2,225,600,000)	-	-	(37,041,803)	(4,323,301,803)
Placements from financial institutions	(1,780,000,000)	(1,900,000,000)	(1,800,000,000)	-	-	(31,784,061)	(5,511,784,061)
Financial liabilities held for trading	(2,103,850,420)	-	-	-	-	(28,471,290)	(2,132,321,710)
Derivative financial liabilities	-	-	-	-	-	(19,615,860)	(19,615,860)
REPOs	(12,195,813,993)	-	-	-	-	(4,829,301)	(12,200,643,294)
Customer brokerage deposits	(6,969,687,484)	-	-	-	-	(3,179,398,883)	(10,149,086,367)
Accounts payable	-	-	-	-	-	(25,186,640)	(25,186,640)
Long-term debt securities issued	(8,490,000)	(1,513,792,028)	(55,040,000)	(4,499,502,122)	-	(175,093,513)	(6,251,917,663)
Other financial liabilities	-	-	-	(735,207,039)	-	(543,181,583)	(1,278,388,622)
Total financial liabilities	(24,710,504,142)	(4,005,622,028)	(4,080,640,000)	(5,234,709,161)	-	(4,044,602,934)	(42,076,078,265)
Total interest rate sensitivity exposure	(2,763,882,676)	(113,077,826)	5,296,661,457	2,962,710,907	3,533,428,403	2,742,846,217	11,658,686,482

31 December 2018	Within 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non-interest-bearing	Total
Financial assets							
Cash and bank balances	11,833,864,251	747,600,000	100,000,000	-	-	-	12,681,464,251
Clearing settlement funds	2,323,843,791	-	-	-	-	-	2,323,843,791
Receivable from margin clients	589,369,574	1,255,926,767	2,590,275,279	-	-	-	4,435,571,620
Financial assets at fair value through profit or loss	793,301,099	1,925,355,763	13,376,444,715	2,767,779,884	1,749,930,490	1,627,356,076	22,240,168,027
Derivative financial assets	-	-	-	-	-	50,153,341	50,153,341
Reverse REPOs	2,642,612,914	247,453,227	1,016,746,340	69,650,000	-	-	3,976,462,481
Accounts receivable	-	-	-	-	-	213,912,303	213,912,303
Refundable deposits	2,556,538,862	-	-	-	-	-	2,556,538,862
Available-for-sale financial assets	-	59,399,720	256,692,071	3,474,690,477	1,082,589,614	1,286,491,779	6,159,863,661
Other financial assets	-	-	-	-	-	314,263,996	314,263,996
Total financial assets	20,739,530,491	4,235,735,477	17,340,158,405	6,312,120,361	2,832,520,104	3,492,177,495	54,952,242,333
Financial liabilities							
Short-term debt securities issued	(2,490,860,000)	(2,061,540,000)	(1,560,180,000)	-	-	-	(6,112,580,000)
Placements from financial institutions	(3,950,000,000)	(2,200,000,000)	(500,000,000)	-	-	-	(6,650,000,000)
Financial liabilities at fair value through profit or loss	(1,262,061,620)	(450,747,900)	-	-	-	-	(1,712,809,520)
Derivative financial liabilities	-	-	-	-	-	(84,039,710)	(84,039,710)
REPOs	(14,850,122,042)	(157,497,402)	-	-	-	-	(15,007,619,444)
Customer brokerage deposits	(5,233,900,574)	-	-	-	-	(3,142,578,188)	(8,376,478,762)
Accounts payable	-	-	-	-	-	(451,201,456)	(451,201,456)
Long-term debt securities issued	-	(12,860,000)	(26,220,000)	(4,036,004,151)	-	-	(4,075,084,151)
Other financial liabilities	(40,000,000)	-	(16,000,000)	-	(341,605,211)	(579,929,612)	(977,534,823)
Total financial liabilities	(27,826,944,236)	(4,882,645,302)	(2,102,400,000)	(4,036,004,151)	(341,605,211)	(4,257,748,966)	(43,447,347,866)
Total interest rate sensitivity exposure	(7,087,413,745)	(646,909,825)	15,237,758,405	2,276,116,210	2,490,914,893	(765,571,471)	11,504,894,467

(2) Interest rate sensitivity analysis

As at the balance sheet date, assuming interest rates increase or decrease by 25 bps and all other variables remain constant, the effect of changes in interest rates on the Group's net profit and shareholders' equity for the period is as follows:

	2019 (Decrease)/Increase RMB millions	2018 (Decrease)/Increase RMB millions
<u>Changes in net profit</u>		
The yield curve moves up 25 bps in parallel	approximately (62.55)	approximately (71.89)
The yield curve moves down 25 bps in parallel	Approximately 64.06	approximately 72.94
	31 December 2019 (Decrease)/Increase RMB millions	31 December 2018 (Decrease)/Increase RMB millions
<u>Changes in shareholders' equity</u>		
The yield curve moves up 25 bps in parallel	approximately (91.20)	approximately (123.74)
The yield curve moves down 25 bps in parallel	approximately 94.47	approximately 125.57

The above sensitivity analysis only reflects the possible effect on Group's net profit and shareholders' equity arising from changes in bond assets at each balance sheet date after revaluation due to changes in the interest rate. The above sensitivity analysis is based on the following assumptions:

- (i) The changes in interest rates on the balance sheet date are only applicable to bond assets of the Group;
- (ii) The 25 bps of changes in interest rate at the balance sheet date are assumed to be interest rate changes for each full year from the balance sheet date;
- (iii) There is a parallel shift in the yield curve and in interest rates;
- (iv) There are no changes to the assets and liabilities portfolios;
- (v) Other variables (including exchange rates) remain unchanged; and
- (vi) The analysis does not take into account the effect of risk management measures taken by the management.

Due to the assumptions adopted, actual changes in the net profit and shareholders' equity of the Group resulting from changes in interest rates may differ from the results of this sensitivity analysis.

4 Foreign currency risk

Foreign currency risk is the risk that fluctuations in the exchange rate will affect the Group's foreign currency transactions. Apart from assets and liabilities in HKD held by the Group's overseas subsidiaries, other assets and liabilities denominated in foreign currencies are mainly commission fees for B-share business transactions whose proportion in total assets and liabilities are not significant. In respect of cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, customer brokerage deposits, accounts payable and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

On the balance sheet date, the proportion of assets of the overseas subsidiaries of the Group to the total assets of the Group (hereinafter referred to as "the proportion of assets") and the proportion of liabilities to total group liabilities (hereinafter referred to as "the proportion of liabilities") is as follows:

	<i>31 December 2019</i>	<i>31 December 2018</i>
The proportion of assets	2.12%	2.76%
The proportion of liabilities	1.01%	1.87%

HKD is the functional currency for overseas subsidiaries of the Group. For the relevant method of translation of foreign currency financial statements, refer to Note III.8. When preparing the consolidated financial statements, the spot exchange rate at the balance sheet date and the approximate exchange rates of spot exchange rate at the transaction date used in translating foreign currency financial statements are respectively:

	<u><i>Spot exchange rate at the balance sheet date</i></u>		<u><i>Approximate exchange rate of spot exchange rate at the transaction date</i></u>	
	<i>31 December 2019</i>	<i>31 December 2018</i>	<i>2019</i>	<i>2018</i>
HKD	0.8958	0.8762	0.8860	0.8561

Because foreign currency business accounts for a relatively low proportion of the Group's assets and liabilities structure, the foreign currency risks faced by the Group are not significant. In 2019 and 2018, the Group did not sign any forward foreign exchange or currency swap contracts.

5 Other price risks

Other price risks refer to the risk that the fair value or future cash flows of any equity-based financial instruments held by the Group will be affected by changes in market prices (other than interest rates and foreign exchange rates). The Group mainly invests in stocks and funds listed on stock exchanges and the maximum market price risk is determined by fair value of financial instruments held by the Group.

Assuming that the market price of equity instruments increases or decreases by 10%, with all other variables held constant, the effect of these assets at the balance sheet on the Group's shareholders' equity and net profit is listed as follows:

	2019 Increase/(Decrease) RMB millions	2018 Increase/(Decrease) RMB millions
<u>Changes in net profit</u>		
Market prices increase by 10%	approximately 241.90	approximately 139.17
Market prices decrease by 10%	approximately (241.90)	approximately (139.17)
	31 December 2019 Increase/(Decrease) RMB millions	31 December 2018 Increase/(Decrease) RMB millions
<u>Changes in shareholders' equity</u>		
Market prices increase by 10%	approximately 259.86	approximately 231.55
Market prices decrease by 10%	approximately (259.86)	approximately (231.55)

XI FAIR VALUE DISCLOSURE

1 Financial instruments measured at fair value

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(a) Fair value of assets and liabilities measured at fair value at the end of the year

		31 December 2019			
Item	Note	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Assets measured at fair value on a recurring basis:					
- Financial assets held for trading	V.10	7,003,926,019	14,917,536,961	326,028,691	22,247,491,671
- Bonds		4,229,597,963	5,456,094,047	15,180,000	9,700,872,010
- Bills		-	7,907,426,414	-	7,907,426,414
- Stock		1,754,009,869	517,192,818	110,529,152	2,381,731,839
- Asset management plans		-	782,623,739	10,000,000	792,623,739
- Funds		678,627,692	41,852,949	-	720,480,641
- Asset-backed security		168,272,380	212,346,994	-	380,619,374
- Wealth-management products		150,000,000	-	-	150,000,000
- Equity		23,418,115	-	99,754,539	123,172,654
- Debt		-	-	90,565,000	90,565,000
- Other debt investments	V.13	127,620,740	1,038,124,368	-	1,165,745,108
- Other equity instrument investments	V.14	15,640	50,734,965	188,623,145	239,373,750
- Derivative financial assets	V.4	-	18,351,897	-	18,351,897
Total assets measured at fair value on a recurring basis		7,131,562,399	16,024,748,191	514,651,836	23,670,962,426
Liabilities measured at fair value on a recurring basis					
- Financial liabilities held for trading	V.25	-	(2,132,321,710)	-	(2,132,321,710)
- Borrowed bonds that sold out		-	(2,132,321,710)	-	(2,132,321,710)
- Derivative financial liabilities	V.4	-	(19,615,860)	-	(19,615,860)
Total liabilities measured at fair value on a recurring basis		-	(2,151,937,570)	-	(2,151,937,570)

For shares subject to selling restrictions held by the Group, the Group has categorised the fair value of relevant stocks into Level 2 during the restricted period, and transferred from Level 2 to Level 1 after the expiration of the restricted period (2018: Identical).

In 2019 and 2018, there were no significant transfers between each level of the Group's assets and liabilities, which were continuously measured at fair value. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

Item	Note	31 December 2018			Total
		Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
Financial assets at fair value through profit or loss	V.9	6,045,838,874	15,644,781,221	549,547,932	22,240,168,027
- Financial assets held for trading		6,045,838,874	15,135,810,550	450,925,252	21,632,574,676
- Bonds		5,226,124,601	5,439,567,708	-	10,665,692,309
- Bills		-	9,631,932,859	-	9,631,932,859
- Stocks		516,395,024	-	259,184,444	775,579,468
- Funds		303,319,249	1,867,384	-	305,186,633
- Wealth-management products		-	62,442,599	191,740,808	254,183,407
- Financial assets designated at fair value through profit or loss		-	508,970,671	98,622,680	607,593,351
- Stock investments		-	241,769,913	-	241,769,913
- Asset management plans		-	154,827,744	-	154,827,744
- Trust plans		-	112,373,014	-	112,373,014
- Debt investments		-	-	86,942,680	86,942,680
- Equity investments		-	-	11,680,000	11,680,000
Available-for-sale financial assets	V.12	668,048,870	5,222,614,680	225,090,011	6,115,753,561
- Bonds		50,354,205	4,833,608,734	-	4,883,962,939
- Stocks		576,878,679	181,582,468	38,272,060	796,733,207
- Equity investments		27,643,894	-	115,883,213	143,527,107
- Asset management plans		-	207,423,478	-	207,423,478
- Income right investments		-	-	70,612,636	70,612,636
- Funds		13,172,092	-	-	13,172,092
- Trust plans		-	-	322,102	322,102
Derivative financial assets	V.4	-	50,153,341	-	50,153,341
Total assets measured at fair value on a recurring basis		<u>6,713,887,744</u>	<u>20,917,549,242</u>	<u>774,637,943</u>	<u>28,406,074,929</u>
Financial liabilities at fair value through profit or loss	V.24	-	(1,712,809,520)	-	(1,712,809,520)
- Financial liabilities held for trading		-	(1,712,809,520)	-	(1,712,809,520)
- Borrowed bonds that sold out		-	(1,712,809,520)	-	(1,712,809,520)
Derivative financial liabilities	V.4	-	(84,039,710)	-	(84,039,710)
Total liabilities measured at fair value on a recurring basis		<u>-</u>	<u>(1,796,849,230)</u>	<u>-</u>	<u>(1,796,849,230)</u>

(b) Basis of determining the market price for recurring fair value measurements categorised within Level 1

If there is an active market for the financial instruments, the quoted prices in the active market are used to establish their fair value.

(c) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 2

The fair value of bonds under financial assets held for trading and other debt investments is the quoted price in the valuation system of relevant bond registration and settlement institutions. Relevant quotation institutions use observable inputs reflecting market conditions in the process of quotation.

The fair value of restricted shares under financial assets held for trading and other equity instrument investments is determined by the transaction price of the same circulating shares under the same listed company, and the liquidity is adjusted at a discount.

For asset management plan investment, trust plans investment and wealth-management products investment without an active market under the financial assets held for trading, if the manager regularly quotes the net value of corresponding structural entities, the fair value of these structural entities is determined by the net value at the balance date.

- (d) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorised within Level 3

The Group has established processes to determine appropriate valuation techniques and inputs for recurring Level 3 fair value measurements. The risk management department of the Group regularly reviews relevant processes and the appropriateness of fair value determination.

Quantitative information about Level 3 fair value measurements is as follows:

		<i>Fair value at 31 December 2019</i>	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Effect on fair value</i>
Equity and stock investments	Note	398,906,836	Net asset method/Market comparison approach/Refer to the latest trading price	Discount for lack of marketability	The higher the discount, the lower the fair value
Bond and debt investments		105,745,000	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
Asset management plans		10,000,000	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
		<i>Fair value at 31 December 2018</i>	<i>Valuation techniques</i>	<i>Unobservable inputs</i>	<i>Effect on fair value</i>
Equity and stock investments	Note	425,019,717	Net asset method/Market comparison approach/Refer to the latest trading price	Discount for lack of marketability	The higher the discount, the lower the fair value
Wealth-management products investments		191,740,808	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
Debt investments		157,555,316	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value
Trust plans investments		322,102	Discounted cash flow model	Risk-adjusted discount rates	The higher the risk-adjusted discount rate, the lower the fair value

Note: It mainly includes unlisted shares and stocks listed in New Over the Counter Market ("New OTC Market") but with inactive trading.

There were no changes in the valuation techniques used for recurring Level 3 fair value measurements.

(e) Reconciliation between carrying amount at the beginning of the year and that at the end of the year for items measured at recurring Level 3 fair value measurements:

	Balance at 1 January 2019	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year		Purchases, issues, sales and settlements				Balance at 31 December 2019
				Included in profit or loss	Included in other comprehensive income	Purchases	Issues	Sales	Settlements	
Assets										
- Financial assets held for trading	618,831,118	30,164,400	-	(33,690,088)	-	57,834,508	-	(17,907,735)	(329,203,512)	326,028,691
- Bonds	-	30,164,400	-	(14,984,400)	-	-	-	-	-	15,180,000
- Stocks	155,985,029	-	-	(32,462,650)	-	4,914,508	-	(17,907,735)	-	110,529,152
- Wealth-management products	205,701,113	-	-	1,582,086	-	-	-	-	(207,283,199)	-
- Trust plans	322,102	-	-	179,027	-	-	-	-	(501,129)	-
- Equity	99,284,804	-	-	6,998,797	-	-	-	-	(6,529,062)	99,754,539
- Asset management plans	-	-	-	-	-	10,000,000	-	-	-	10,000,000
- Debt	157,538,070	-	-	4,997,052	-	42,920,000	-	-	(114,890,122)	90,565,000
- Other equity instrument investments	199,978,825	-	-	(1,108,242)	(5,643,912)	-	-	(4,403,526)	(200,000)	188,623,145
Total assets measured at fair value on a recurring basis	818,809,943	30,164,400	-	(34,798,330)	(5,643,912)	57,834,508	-	(22,311,261)	(329,403,512)	514,651,836

2 Fair values of financial assets and liabilities not measured at fair value

As at 31 December 2019 and 31 December 2018, the Group's financial assets and liabilities that were not measured at fair value mainly include cash and bank balances, clearing settlement funds, receivable from margin clients, reverse REPOs, accounts receivable, refundable deposits, debt investments, short-term debt securities issued, placements from financial institutions, customer brokerage deposits, and long-term debt securities issued, etc. Except debt investments and long-term debt securities issued, there is no significant difference between the book value and fair value of other financial assets and liabilities.

As at 31 December 2019, the fair value of debt investments is about RMB19.85 million and the fair value of long-term debt securities issued is RMB6,233 million (31 December 2018: RMB4,008 million).

XII CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to meet the legal and regulatory requirements, and to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group calculates regulatory capital in accordance with requirements of the regulatory authorities, which may significantly differ from relevant requirements of other jurisdictions. The Company calculates the net capital in accordance with the Regulations on Standards for the Calculation of Risk Control Indicators of Securities Companies (CSRC Announcement [2016] No.10) issued on 16 June 2016. During the relevant reporting period, the Company's net capital meets the minimum net capital required by CSRC.

Zhong De Securities and Gelin Dahua, subsidiaries of the Company, also calculate regulatory capital in accordance with requirements of the CSRC and ensure their net capitals meet the requirements stipulated by CSRC.

Based on the strategic development plans, business development requirements and effect of changes in risk exposure, the Group predicts, plans and manages the regulatory capital through different scenario analysis and stress tests.

XIII CONTINGENCIES — OUTSTANDING LITIGATION

As at 31 December 2019, Zhong De Securities, a subsidiary of the Company, is involved in an outstanding litigation arising from labour disputes and the amount involved in the case totalled RMB16,314,667. The case has been adjudicated in the court of first instance in Beijing Chaoyang District Court on 17 September 2019 and 2 December 2019. As at the date of approval of the financial statements, no final judgement has been made. Based on the professional advices from lawyers, the management of the Company considers it not probable to cause an outflow of economic benefits, and therefore, no provision has been made for the litigation.

As at 31 December 2019, Gelin Dahua, a subsidiary of the Company, is involved in an outstanding litigation arising from No. DF20191141 Financial Derivatives Transaction Agreement dispute and the amount involved in the case totalled RMB16,066,929. The case has been adjudicated in the court on 24 October 2019. No judgement has been made yet and it is expected to be made on 12 June 2020. As at the date of approval of the financial statements, no final judgement has been made. Based on the professional advices from lawyers, the management of the Company considers it not probable to cause an outflow of economic benefits, and therefore, no provision has been made for the litigation.

XIV COMMITMENTS

1 Capital commitments

As at the balance sheet date, the following are the capital expenditure commitments that the Group has contracted but not shown on the balance sheet:

	31 December 2019	31 December 2018
Equity contribution (a)	2,470,000,000	1,021,000,000
Software fees	5,293,850	10,804,902
Others	35,288,162	23,146,356
Total	<u>2,510,582,012</u>	<u>1,054,951,258</u>

(a) Shanzheng Innovation Investment Co., Ltd. was incorporated on 28 December 2018, registered at No.14, Lane 1502, Luoshan Road, China (Shanghai) Free Trade Pilot Area, with a registered capital of RMB1 billion. The operating business scope includes investment management and asset management. As at 31 December 2019, the paid-in capital of Company is RMB330 million, while the remaining RMB670 million has not yet been paid.

(b) Shanxi Transportation Industry Fund Partnership (Limited Partnership) was incorporated on 22 August 2018, registered in Taiyuan city of Shanxi province and mainly engages in investment management and asset management. The registered capital of Transportation Industry amounted to RMB10 billion, RMB2 billion of which was subscribed by the Company. As at 31 December 2019, the paid-in capital of Company is RMB200 million, while the remaining RMB1.8 billion has not yet been paid.

2 Operating lease commitments

As at the balance sheet date, the Group's future minimum lease payments under non-cancellable operating leases for properties and office equipment are as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	100,363,315	107,174,257
After 1 year but within 2 years (inclusive)	49,697,270	82,849,123
After 2 years but within 3 years (inclusive)	17,703,552	35,940,067
After 3 years	16,771,906	18,228,315
Total	<u>184,536,043</u>	<u>244,191,762</u>

XV SUBSEQUENT EVENTS

Since the outbreak of COVID-19 in China in January 2020, prevention and control measures have been conducted and become more and more effective. The Group will implement requirements of the *Notice on Further Strengthening Financial Support for Prevention and Control of the COVID-19* jointly issued by the PBOC, the MOF, the CBIRC, the CSRC and the SAFE, to strengthen the financial support to the prevention and control of COVID-19.

The COVID-19 will have certain impact on business operation and the overall economic situation in some provinces and cities, including Hubei Province and some industries. To a certain extent, the pandemic may have impact on asset quality or return on asset of the Group's securities brokerage business and investments. The impact will depend on the situation, duration of prevention and control and the implementation of various control policies. The Group will keep a close eye on the development of the pandemic, assess and make proactive responses to the pandemic's impact on the Group's financial conditions and operational achievements, etc. As at the reporting date, the assessment is still in process.

XVI OTHER SIGNIFICANT ITEMS

1 Bond Lending

As at 31 December 2019, the fair value of bonds borrowed by the Group through bond lending business is RMB3,224,153,000 (31 December 2018: RMB3,454,976,840). The fair value of bonds used as collateral for bond lending is RMB2,806,895,485 (31 December 2018: RMB2,386,968,485).

2 Classification of financial instruments measurement basis

The Group's financial assets

	Carrying amount at 31 December 2019					
	Measured at FVOCI			Measured at FVTPL		
	Financial assets measured at amortised cost	Financial assets classified as measured at FVOCI	Non-held-for-trading equity instrument investment designated at FVOCI	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments	Financial assets designated at FVTPL in accordance with Hedge Accounting
Cash and bank balances	15,734,010,625	-	-	-	-	-
Clearing settlement funds	2,620,361,716	-	-	-	-	-
Receivable from margin clients	5,468,405,079	-	-	-	-	-
Financial assets held under resale agreements	2,742,426,644	-	-	-	-	-
Accounts receivable	100,204,889	-	-	-	-	-
Refundable deposits	2,940,672,900	-	-	-	-	-
Derivative financial assets	-	-	-	18,351,897	-	-
Financial investments						
Financial assets held for trading	-	-	-	22,247,491,671	-	-
Debt investments	32,520,311	-	-	-	-	-
Other debt investments	-	1,165,745,108	-	-	-	-
Other equity instrument investments	-	-	239,373,750	-	-	-
Other financial assets	425,200,157	-	-	-	-	-
Total	30,063,802,321	1,165,745,108	239,373,750	22,265,843,568	-	-

	Carrying amount at 1 January 2019					
	Measured at FVOCI			Measured at FVTPL		
	Financial assets measured at amortised cost	Financial assets classified as measured at FVOCI	Non-held-for-trading equity instrument investment designated at FVOCI	Financial assets classified as measured at FVTPL	Financial assets designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments	Financial assets designated at FVTPL in accordance with Hedge Accounting
Cash and bank balance	12,709,385,843	-	-	-	-	-
Clearing settlement funds	2,324,963,723	-	-	-	-	-
Receivable from margin clients	4,492,049,590	-	-	-	-	-
Financial assets held under resale agreements	3,938,889,455	-	-	-	-	-
Accounts receivable	212,644,349	-	-	-	-	-
Refundable deposits	2,556,993,738	-	-	-	-	-
Derivative financial assets	-	-	-	50,153,341	-	-
Financial investments						
Financial assets held for trading	-	-	-	23,731,470,141	-	-
Debt investments	33,230,428	-	-	-	-	-
Other debt investments	-	4,492,299,079	-	-	-	-
Other equity instrument investments	-	-	433,652,193	-	-	-
Other financial assets	204,568,802	-	-	-	-	-
Total	26,472,725,928	4,492,299,079	433,652,193	23,781,623,482	-	-

The Group's financial liabilities

<i>Carrying amount at 31 December 2019</i>				
		<i>Measured at FVTPL</i>		
		<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments</i>	<i>Financial liabilities designated at FVTPL in accordance with Hedge Accounting</i>
	<i>Financial liabilities at amortised cost</i>			
Short-term loans	183,832,245	-	-	-
Short-term debt securities issued	4,323,301,803	-	-	-
Placements from other financial institutions	5,511,784,061	-	-	-
Financial liabilities held for trading	-	2,132,321,710	-	-
Derivative financial liabilities	-	19,615,860	-	-
REPOs	12,200,643,294	-	-	-
Customer brokerage deposits	10,149,086,367	-	-	-
Long-term debt securities issued	6,251,917,663	-	-	-
Accounts payable	25,186,640	-	-	-
Other financial liabilities	1,278,388,622	-	-	-
Total	39,924,140,695	2,151,937,570	-	-

<i>Carrying amount at 1 January 2019</i>				
		<i>Measured at FVTPL</i>		
		<i>Financial liabilities classified as measured at FVTPL</i>	<i>Financial liabilities designated at FVTPL in accordance with Recognition and Measurement of Financial Instruments</i>	<i>Financial liabilities designated at FVTPL in accordance with Hedge Accounting</i>
	<i>Financial liabilities at amortised cost</i>			
Short-term debt securities issued	6,296,542,850	-	-	-
Placements from financial institutions	6,696,066,833	-	-	-
Financial liabilities held for trading	-	1,760,824,960	-	-
Derivative financial liabilities	-	84,039,710	-	-
REPOs	15,031,260,763	-	-	-
Customer brokerage deposits	8,376,919,342	-	-	-
Long-term debt securities issued	4,162,088,978	-	-	-
Accounts payable	451,201,456	-	-	-
Other financial liabilities	977,534,823	-	-	-
Total	41,991,615,045	1,844,864,670	-	-

XVII NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1 Accounts receivable

	<i>31 December 2019</i>	<i>31 December 2018</i>
Trading receivable	47,304,567	48,119,570
Fee and commission income receivable	35,706,303	43,006,875
Less: Provision for impairment	<u>(28,134,826)</u>	<u>(20,818,213)</u>
Net accounts receivable	<u>54,876,044</u>	<u>70,308,232</u>

2 Long-term equity investments

	<i>31 December 2019</i>	<i>31 December 2018</i>
Subsidiary (a)	4,192,380,851	3,862,380,851
Less: Provision for impairment	<u>-</u>	<u>-</u>
Total	<u>4,192,380,851</u>	<u>3,862,380,851</u>

There's no significant restrictions on the realisation of long-term equity investments.

(a) Subsidiaries

	Accounting method	Investment cost	1 January 2019	Changes during the year	31 December 2019	Shareholding percentage	Percentage of voting rights	Provision for impairment	Provision for impairment for this year	Cash dividend for the year
Gelin Dahua	Cost method	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
Zhong De Securities	Cost method	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
Shan Zheng Investment	Cost method	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	-
SSIF Financial Holdings	Cost method	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
Gelin Dahua Capital Management	Cost method	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
Shanzheng Innovation	Cost method	330,000,000	-	330,000,000	330,000,000	100.00%	100.00%	-	-	-
			3,862,380,851	330,000,000	4,192,380,851					
Gelin Dahua	Cost method	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
Zhong De Securities	Cost method	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	66,700,000
Shan Zheng Investment	Cost method	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	15,000,000
SSIF Financial Holdings	Cost method	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
Gelin Dahua Capital Management	Cost method	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	10,000,000
			3,862,380,851	-	3,862,380,851					

3 Other assets

	31 December 2019	31 December 2018
Other receivables	692,492,324	726,571,805
Dividends receivable	60,000,000	10,000,000
Long-term deferred expenses	43,154,072	42,564,391
Prepayments	12,563,665	28,710,713
Others	44,346,928	12,425,745
Total	852,556,989	820,272,654

4 Net fee and commission income

	2019	2018
Net income from securities brokerage		
- Income from securities brokerage business	472,594,713	387,354,479
- Securities brokerage trading	446,230,399	354,188,376
- Leasing out trading seats	11,951,853	16,918,248
- Proxy sale of financial products	14,412,461	16,247,855
- Expenses on securities brokerage	(131,540,353)	(109,718,835)
- Securities brokerage trading	(131,540,353)	(109,718,835)
Net income from investment banking business		
- Income from investment banking business	232,114,726	63,490,251
- Securities underwriting	100,202,135	-
- Financial advisory services	131,912,591	63,490,251
Net income from asset management business		
- Income from asset management business	105,523,592	86,430,694
Fund management business		
- Income from fund management business	65,479,841	52,063,963
- Expenses on fund management business	(2,561,024)	(2,112,661)
Investment advisory business		
- Income from investment advisory business	10,509,726	4,057,319
Total	752,121,221	481,565,210

5 Investment income

	2019	2018
Income from long-term equity investments accounted for using cost method (a)	50,000,000	141,700,000
Investment income arising from financial instruments		
Including: Investment income received in holding period	845,595,095	878,867,306
Including: Financial assets held for trading	845,417,853	-
Financial instruments at fair value through profit or loss	-	826,391,814
Other equity instrument investments	177,242	-
Available-for-sale financial assets	-	52,475,492
Investment income from disposal of financial instruments	155,083,710	41,517,899
Including: Financial assets held for trading	220,430,240	-
Financial instruments at fair value through profit or loss	-	47,986,185
Derivative financial instruments	(147,134,173)	(22,615,474)
Other debt investments	81,787,643	-
Available-for-sale financial assets	-	16,147,188
Total	<u>1,050,678,805</u>	<u>1,062,085,205</u>

- (a) In 2019, the investment income from long-term equity investment accounted for by cost method is the dividend received from Gelin Dahua, a subsidiary of the Company, amounting to RMB50 million (2018: the investment income from long-term equity investment accounted for by cost method is the dividend received from Zhong De Securities, Gelin Dahua, Shan Zheng Investment and Gelin Dahua Capital Management, subsidiaries of the Company, amounting to RMB66.7 million, RMB50 million, RMB15 million and RMB10 million respectively).
- (b) In 2019, the Company has no investment income from joint ventures and associates (2018: Identical).

6 Operating and administrative expenses

	2019	2018
Staff costs	592,007,688	493,602,785
Rental and property management expenses	92,122,425	85,758,196
Amortisation of intangible assets and long-term deferred expenses	45,816,791	40,517,644
Office and logistics expenses	48,068,759	47,402,454
Depreciation of fixed assets	35,426,398	34,212,276
Marketing and management expenses	39,083,025	41,803,286
System operation and maintenance expenses	32,893,738	20,945,257
Securities investor protection fund	9,514,876	11,216,132
Others	31,191,337	25,849,368
Total	<u>926,125,037</u>	<u>801,307,398</u>

7 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities

	2019	2018
Net profit	585,237,185	284,308,100
Add: Asset impairment losses	-	48,925,955
Credit impairment losses	30,406,625	-
Depreciation of fixed assets	35,426,398	34,212,276
Amortisation of intangible assets	32,905,587	28,496,896
Amortisation of long-term deferred expenses	12,911,204	12,020,748
(Gains)/Losses from asset disposals	(3,876,061)	342,574
(Gains)/Losses from changes in fair value	(87,601,429)	65,589,408
Interest expense in financing activities	477,749,286	476,382,371
Foreign exchange gains	(441,455)	(1,168,755)
Investment income	(50,177,242)	(141,700,000)
Deferred tax expenses	3,244,463	(7,938,149)
Decrease/(Increase) in operating receivables	5,681,890,081	(9,002,144,263)
(Decrease)/Increase in operating payables	(1,765,548,916)	5,348,938,135
Net cash inflows/(outflows) from operating activities	<u>4,952,125,726</u>	<u>(2,853,734,704)</u>

(2) Change in cash and cash equivalents

	2019	2018
Cash and cash equivalents at the end of the year	13,936,063,999	9,844,711,219
Less: Cash and cash equivalents at the beginning of the year	<u>(9,844,711,219)</u>	<u>(10,637,046,309)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,091,352,780</u>	<u>(792,335,090)</u>

(3) Details of cash and cash equivalents

	31 December 2019	31 December 2018
Cash at bank balance	11,413,358,584	7,638,611,356
Clearing settlement funds	<u>2,579,273,485</u>	<u>2,222,704,328</u>
Sub-total	13,992,632,069	9,861,315,684
Less: Restricted cash and bank balances	(23,464,469)	(16,604,465)
Less: Interest accrued	<u>(33,103,601)</u>	<u>-</u>
Balance of cash and cash equivalents	<u>13,936,063,999</u>	<u>9,844,711,219</u>

XVIII Extraordinary gains and losses

	2019	2018
Gains/(Losses) on disposal of non-current assets	3,876,061	(342,574)
Government grants recognised through profit or loss and tax returns	32,708,871	17,906,867
Other non-operating income and expenses besides items above	<u>(4,186,963)</u>	<u>(3,209,393)</u>
Sub-total	32,397,969	14,354,900
Income tax effect	(9,081,104)	(3,650,644)
Effect on non-controlling interests after tax	<u>(635,408)</u>	<u>(385,459)</u>
Total	<u>22,681,457</u>	<u>10,318,797</u>

Basis for the preparation of extraordinary gains and losses:

According to provisions under the *Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No.1 - Extraordinary Gain and Loss (2008)* issued by CSRC, extraordinary gains and losses represent gains and losses arising from transactions and matters that are not directly related to the normal business of the Company, and transaction and matters related to the normal operation while affecting users of the financial statement to make correct judgements on the Company's operating performance and profitability with their special and sporadic nature.

XIX RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with *Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share (2010 revised)* issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

	<i>Weighted average return</i>		<i>Earnings per share:</i>			
	<i>Return on net assets (%)</i>		<i>Basic earnings per share</i>		<i>Diluted earnings per share</i>	
	2019	2018	2019	2018	2019	2018
Attributable to the Company's ordinary equity shareholders	4.08%	1.78%	0.18	0.08	0.18	0.08
Excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	3.90%	1.70%	0.17	0.07	0.17	0.07

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

Diluted earnings per share is calculated as dividing consolidated net profit attributable to the ordinary shareholders of the Company adjusted the diluted effects of potential ordinary shares by the adjusted weighted average number of ordinary shares. In 2019, the Company does not have any potential shares with diluted effects, and therefore, there was no difference between the basic and diluted earnings per share (2018: Identical).

Shanxi Securities Company Limited
Financial statement supplementary information
for the year ended 31 December 2019

- Analysis of major changes in significant financial statement accounts

I Analysis of major changes in significant financial statement accounts

1 Accounts of the balance sheet

In the consolidated balance sheet of 31 December 2019, the changes in accounts which are more than 5% of the total assets, and representing a change rate of over 30%, as compared with the comparative data of previous period and reasons for the changes are as follows:

	31 December 2019	31 December 2018	Increase or decrease ratio	Note
Financial assets held for trading	22,247,491,671	-	-	(1)
Financial liabilities held for trading	2,132,321,710	-	-	(1)
Long-term debt securities issued	6,251,917,663	4,075,084,151	53.42%	(2)

(1) The main reason for the increase in the financial assets held for trading and financial liabilities held for trading at the end of 2019, as compared with that at the end of 2018, is the adjustment of the way of accounting for financial assets and financial liabilities.

(2) The main reason for the increase of long-term debt securities issued at the end of 2019, as compared with that at the end of 2018, is the issuance of new bonds of the Company.

2 Accounts of the income statement

In the 2019 consolidated income statement, the changes in accounts which are more than 10% of the total profits, and representing a change rate of over 30%, as compared with the comparative data of 2018 financial statements and reasons for the changes are as follows:

	2019	2018	Increase or decrease ratio	Note
Net fee and commission income	1,173,916,736	827,727,320	41.82%	(1)
Gains or losses from changes in fair value	256,937,470	(137,075,568)	287.44%	(2)
Other operating income	2,725,971,207	4,840,937,568	43.69%	(3)
Other operating expense	(2,685,981,550)	(5,044,402,096)	46.75%	(4)
Income tax expenses	(145,855,829)	(67,422,394)	116.33%	(5)

(1) The main reason for the increase of net fee and commission income in 2019, as compared with that in 2018, is the increase of net fee and commission income from brokerage business and investment banking business for the period.

(2) The main reason for the increase of gains or losses from changes in fair value in 2019, as compared with that in 2018, is the increase of fair value of the financial assets held for trading and derivative financial instruments held at the end of the period.

(3) The main reason for the decrease of other operating income in 2019, as compared with that in 2018, is the decrease of income from warehouse receipts trading.

(4) The main reason for the decrease of other operating expense in 2019, as compared with that in 2018, is the decrease of expense on warehouse receipts trading.

(5) The main reason for the increase of income tax expense in 2019, as compared with that in 2018, is the increase of profit before income tax and taxable income for the period.

山西证券股份有限公司

自 2019 年 1 月 1 日
至 2019 年 12 月 31 日止年度财务报表

审计报告

毕马威华振审字第 2002390 号

山西证券股份有限公司全体股东：

一、 审计意见

我们审计了后附的山西证券股份有限公司（以下简称“山西证券”）财务报表，包括 2019 年 12 月 31 日的合并及母公司资产负债表，2019 年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司股东权益变动表以及相关财务报表附注。

我们认为，后附的财务报表在所有重大方面按照中华人民共和国财政部颁布的企业会计准则（以下简称“企业会计准则”）的规定编制，公允反映了山西证券 2019 年 12 月 31 日的合并及母公司财务状况以及 2019 年度的合并及母公司经营成果和现金流量。

二、 形成审计意见的基础

我们按照中国注册会计师审计准则（以下简称“审计准则”）的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。按照中国注册会计师职业道德守则，我们独立于山西证券，并履行了职业道德方面的其他责任。我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

三、 关键审计事项

关键审计事项是我们根据职业判断，认为对本期财务报表审计最为重要的事项。这些事项的应对以对财务报表整体进行审计并形成审计意见为背景，我们不对这些事项单独发表意见。

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

金融工具公允价值的评估	
请参阅财务报表附注三、9 和附注三、18 所述的会计政策及财务报表附注五、4，附注五、9，附注五、10，附注五、12，附注五、13，附注五、14，附注五、24 和附注五、25。	
关键审计事项	在审计中如何应对该事项
于 2019 年 12 月 31 日，山西证券以公允价值计量的金融资产和金融负债的账面金额分别为人民币 236.71 亿元和人民币 21.52 亿元。 山西证券以公允价值计量的金融工具的估值是以市场数据和估值模型为基础，其中估值模型通常需要大量的参数输入。大部分参数来源于能够从活跃市场可靠获取的数据，尤其是第一层次和第二层次公允价值计量的金融工具，其估值模型采用的参数分别是市场报价和可观察参数。当可观察的参数无法可靠获取时，即第三层次公允价值计量的金融工具的情况下，不可观察输入值的确定会使用到管理层估计，这当中涉及管理层的重大判断。 由于部分金融工具公允价值的评估涉及复杂的流程，以及在确定估值模型及估值模型使用的参数时涉及管理层判断的程度重大，我们将对金融工具公允价值的评估识别为关键审计事项。	与评价金融工具公允价值相关的审计程序中包括以下程序： • 了解和评价与估值、独立价格验证、前后台对账及金融工具估值模型审批相关的关键财务报告内部控制的设计和运行有效性； • 选取样本，通过将山西证券采用的公允价值与公开可获取的市场数据相比较，评价第一层次公允价值计量的金融工具的估值； • 选取样本，查阅 2019 年度签署的投资协议，了解相关投资条款，并识别与金融工具估值相关的条件； • 对山西证券用于部分金融工具估值所使用的模型进行评价。同时，选取样本对金融工具进行独立估值，并将我们的估值结果与山西证券的估值结果进行比较（其中包括利用本所估值专家的工作），并测试公允价值计算的输入值； • 评价在财务报表中的相关披露是否按照相关会计准则的要求反映了金融工具估值风险。

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

结构化主体的合并	
请参阅财务报表附注三、6 和所述的会计政策及财务报表附注七、2。	
关键审计事项	在审计中如何应对该事项
结构化主体通常是为实现具体而明确的目的设计并成立的，并在确定的范围内开展业务活动。山西证券可能通过发起设立、持有投资或保留权益份额等方式在结构化主体中享有权益。这些结构化主体主要包括理财产品、投资基金、资产管理计划、信托计划等。 当判断是否应该将结构化主体纳入山西证券的合并范围时，管理层应考虑山西证券对结构化主体相关活动拥有的权力、享有的可变回报以及通过运用权力而影响其可变回报的能力。在某些情况下，即使山西证券并未持有结构化主体的权益，也可能需要合并该主体。 山西证券在确定是否应当合并结构化主体时，管理层需要考虑的因素并非完全可量化的，需要进行综合考虑。 由于在确定是否应将结构化主体纳入山西证券的合并范围时涉及管理层的重大判断，且合并结构化主体可能对财务报表产生重大影响，我们将山西证券结构化主体的合并识别为关键审计事项。	与评价结构化主体的合并相关的审计程序中包括以下程序： - 了解和评价有关结构化主体合并的关键财务报告内部控制的设计和运行； - 就各主要产品类型中的结构化主体选取样本，对每个所选取的项目执行以下程序： - 检查相关合同、内部记录以及向投资者披露的信息，以了解结构化主体的设立目的和山西证券对结构化主体的参与程度，并评价管理层关于山西证券对结构化主体是否拥有权力的判断； - 检查结构化主体对风险和报酬的结构设计，包括对任何资本或回报的担保、佣金的支付以及收益的分配等，以评价管理层就山西证券因参与结构化主体的相关活动而拥有的对该主体的风险敞口、权力及对可变回报的影响所作的判断；

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

结构化主体的合并	
请参阅财务报表附注三、6 和所述的会计政策及财务报表附注七、2。	
关键审计事项	在审计中如何应对该事项
	- 检查管理层对结构化主体的分析，包括定性分析和山西证券对享有结构化主体的经济利益的比重及可变动性的计算，以评价管理层关于山西证券影响其来自结构化主体可变回报的能力所作的判断； - 评价管理层就是否应合并结构化主体所作的判断； • 评价财务报表中有关结构化主体的相关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

评价商誉的减值	
请参阅财务报表附注三、14 和附注三、17 所述的会计政策及财务报表附注五、17。	
关键审计事项	在审计中如何应对该事项
于 2019 年 12 月 31 日，山西证券商誉的账面价值为人民币 4.77 亿元。 上述商誉包括：(1) 山西证券于以前年度收购证券交易营业部及证券类资产合并重组所形成商誉人民币 0.49 亿元；(2) 山西证券于以前年度收购格林期货有限公司 100% 股权所形成商誉人民币 4.28 亿元。 商誉可能存在无法通过使用各相关资产组 (即独立产生现金流入的可认定最小资产组合) 或资产组组合所产生的预计未来现金流量以全部收回的风险。 为评估商誉的可收回金额，管理层委聘外部估值专家对相关资产组或资产组组合的公允价值进行评估，或采用预计未来现金流量折现模型计算各相关资产组及资产组组合的预计未来现金流量现值。	与评价商誉的减值相关的审计程序中包括以下程序： - 向管理层询问并了解商誉减值评估管理的流程和控制； - 基于我们对山西证券业务的了解和相关会计准则的规定，评价管理层对相关资产组及资产组组合的识别以及将商誉分摊至相关资产组及资产组组合的方法和依据； - 评价山西证券聘请的外部估值专家的胜任能力、专业素质和客观性； - 获取并阅读外部估值专家出具的评估报告，对评估报告中所披露的评估依据、评估假设和评估参数进行复核，并在本所估值专家的协助下，评价估值结果的合理性； - 基于我们对行业和山西证券业务的了解，通过将关键参数，包括预测收入和成本、长期平均增长率与经批准的财务预算及行业统计数据进行比较，评价管理层在预计未来现金流量时采用的假设和关键判断；

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

评价商誉的减值	
请参阅财务报表附注三、14 和附注三、17 所述的会计政策及财务报表附注五、17。	
关键审计事项	在审计中如何应对该事项
由于商誉的账面价值对财务报表的重要性，且在确定商誉是否应计提减值时涉及重大的管理层判断和估计，包括对公允价值进行评估或预测未来现金流量现值中所涉及的关键假设，这些关键假设具有固有不确定性且可能受到管理层偏向的影响，因此，我们将评价财务报表中商誉的减值识别为关键审计事项。	• 基于我们对山西证券的了解以及同行业可比公司的市场数据，评价管理层计算预计未来现金流量现值时采用的折现率； • 对管理层采用的折现率和其他关键假设进行敏感性分析，以评价关键假设的变化对减值评估结果的影响以及考虑对关键假设的选择是否存在管理层偏向的迹象； • 评价财务报表中有关商誉减值评估的相关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、13。	
关键审计事项	在审计中如何应对该事项
山西证券自 2019 年 1 月 1 日起适用修订后的《企业会计准则第 22 号——金融工具确认和计量》，对金融资产减值采用预期信用损失模型进行计量。 山西证券运用预期信用损失模型确定融出资金、买入返售金融资产和其他债权投资的减值准备的过程中涉及重大的会计估计和管理层判断，包括发生信用减值的阶段划分，违约概率、违约损失率、违约风险暴露及折现率等参数估计，同时考虑前瞻性调整及其他调整因素等，在这些参数的选取和假设的应用过程中涉及到较多的管理层判断。 外部宏观环境和山西证券内部信用风险管理策略对预期信用损失模型的确定有很大的影响。在评估以上关键参数和假设时，山西证券所考虑的因素包括历史违约情况、历史损失经验、内部信用评级、外部信用评级及其他调整因素。	与评价融出资金、买入返售金融资产和其他债权投资的减值准备的确定相关的审计程序中包括以下程序： - 了解和评价与融出资金、买入返售金融资产和其他债权投资在审批、记录、监控、分类以及减值准备计提相关的关键财务报告内部控制流程的设计和运行有效性； - 利用我们的金融风险管理专家的工作，评价管理层评估减值准备时所用的预期信用损失模型和参数的可靠性，包括评价阶段划分、违约概率、违约损失率、违约风险暴露、折现率、前瞻性调整及管理层调整等，并评价其中所涉及的关键管理层判断的合理性；

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、13。	
关键审计事项	在审计中如何应对该事项
在运用判断确定违约损失率时，管理层会考虑多种因素。这些因素包括可收回金额、融资人的财务状况、抵押物可收回金额、索赔受偿顺序、是否存在其他债权人及其配合程度。在涉及以上上市公司股票作为担保物的情形下，还会考虑担保券所属板块、流动性、限售情况、集中度、波动性、履约保障情况、发行人经营情况等。 由于融出资金、买入返售金融资产和其他债权投资的减值准备的确定存在固有不确定性以及涉及到管理层判断，同时其对山西证券的经营状况和资本状况会产生重要影响，我们将其识别为关键审计事项。	- 评价预期信用损失模型的参数使用的关键数据的完整性和准确性。针对与原始档案相关的关键内部数据，我们将管理层用以评估减值准备的业务台账与总账进行比较，以评价清单的完整性；选取样本，将单项金融资产的信息与相关协议以及其他有关文件进行比较，以评价台账信息的准确性；针对关键外部数据，我们将其与公开信息来源进行核对，以检查其准确性； - 针对涉及主观判断的输入参数，我们进行了审慎评价，包括从外部寻求支持证据，比对内部历史记录等。作为上述程序的一部分，我们还询问了管理层对关键假设和输入参数相对于以前和准则转换期间是否调整，以及所做调整的理由（如有），并考虑管理层所运用的判断是否一致。我们对比模型中使用的经济因素与市场信息，评价其是否与市场以及经济发展情况相符；

审计报告 (续)

毕马威华振审字第 2002390 号

三、关键审计事项 (续)

融出资金、买入返售金融资产和其他债权投资减值准备的确定	
请参阅财务报表附注三、9 所述的会计政策及财务报表附注五、3，附注五、5 和附注五、13。	
关键审计事项	在审计中如何应对该事项
	• 基于风险导向的方法选取样本检查管理层发生信用减值的阶段划分结果的合理性。在选取样本的基础上查看相关资产的逾期信息、了解融资人的信用状况，担保券所属板块以及流动性、波动性、履约保障情况、发行人经营情况等； • 在选取样本的基础上，评价已发生信用减值的金融资产违约损失率的合理性，包括评价担保物及其他信用增级的预期现金流，就金融资产的回收计划的可靠性进行考量等； • 基于上述工作，我们选取样本利用预期信用损失模型重新复核了融出资金、买入返售金融资产和其他债权投资的减值准备的计算准确性； • 评价财务报表中有关披露是否符合相关会计准则的要求。

审计报告 (续)

毕马威华振审字第 2002390 号

四、其他信息

山西证券管理层对其他信息负责。其他信息包括山西证券 2019 年年度报告中涵盖的信息，但不包括财务报表和我们的审计报告。

我们对财务报表发表的审计意见不涵盖其他信息，我们也不对其他信息发表任何形式的鉴证结论。

结合我们对财务报表的审计，我们的责任是阅读其他信息，在此过程中，考虑其他信息是否与财务报表或我们在审计过程中了解到的情况存在重大不一致或者似乎存在重大错报。

基于我们已执行的工作，如果我们确定其他信息存在重大错报，我们应当报告该事实。在这方面，我们无任何事项需要报告。

五、管理层和治理层对财务报表的责任

管理层负责按照企业会计准则的规定编制财务报表，使其实现公允反映，并设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

在编制财务报表时，管理层负责评估山西证券的持续经营能力，披露与持续经营相关的事项 (如适用)，并运用持续经营假设，除非山西证券计划进行清算、终止运营或别无其他现实的选择。

治理层负责监督山西证券的财务报告过程。

六、注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

审计报告 (续)

毕马威华振审字第 2002390 号

六、注册会计师对财务报表审计的责任 (续)

在按照审计准则执行审计工作的过程中，我们运用职业判断，并保持职业怀疑。同时，我们也执行以下工作：

- (1) 识别和评估由于舞弊或错误导致的财务报表重大错报风险，设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。
- (2) 了解与审计相关的内部控制，以设计恰当的审计程序。
- (3) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。
- (4) 对管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对山西证券持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性，审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致山西证券不能持续经营。
- (5) 评价财务报表的总体列报、结构和内容（包括披露），并评价财务报表是否公允反映相关交易和事项。
- (6) 就山西证券中实体或业务活动的财务信息获取充分、适当的审计证据，以对财务报表发表审计意见。我们负责指导、监督和执行集团审计，并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通，包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

审计报告 (续)

毕马威华振审字第 2002390 号

六、注册会计师对财务报表审计的责任 (续)

我们还就已遵守与独立性相关的职业道德要求向治理层提供声明，并与治理层沟通可能被合理认为影响我们独立性的所有关系和其他事项，以及相关的防范措施 (如适用)。

从与治理层沟通过的事项中，我们确定哪些事项对本期财务报表审计最为重要，因而构成关键审计事项。我们在审计报告中描述这些事项，除非法律法规禁止公开披露这些事项，或在极少数情形下，如果合理预期在审计报告中沟通某事项造成的负面后果超过在公众利益方面产生的益处，我们确定不应在审计报告中沟通该事项。

毕马威华振会计师事务所 (特殊普通合伙)

中国注册会计师

史 剑 (项目合伙人)

中国 北京

唐莹慧

2020 年 4 月 24 日

山西证券股份有限公司
合并及母公司资产负债表
2019 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
	附注	12月 31 日	12月 31 日	12月 31 日	12月 31 日
资产					
货币资金	五 1	15,734,010,625	12,681,464,251	11,413,358,584	7,638,611,356
其中：客户存款		8,460,155,123	6,984,996,649	5,722,482,254	4,281,455,256
结算备付金	五 2	2,620,361,716	2,323,843,791	2,579,273,485	2,222,704,328
其中：客户备付金		1,281,863,152	996,866,389	1,105,580,728	820,583,965
融出资金	五 3	5,468,405,079	4,435,571,620	5,185,923,202	4,218,213,951
衍生金融资产	五 4	18,351,897	50,153,341	-	-
买入返售金融资产	五 5	2,742,426,644	3,976,462,481	2,191,408,463	3,466,878,231
应收款项	五 6,十七 1	100,204,889	213,912,303	54,876,044	70,308,232
应收利息	五 7	-	403,710,586	-	356,542,938
存出保证金	五 8	2,940,672,900	2,556,538,862	1,266,202,443	1,184,333,696
金融投资：		23,685,130,840	28,400,031,688	21,662,843,157	27,005,119,174
以公允价值计量且其变动					
计入当期损益的金融资产	五 9	-	22,240,168,027	-	20,887,481,986
交易性金融资产	五 10	22,247,491,671	-	20,325,501,850	-
债权投资	五 11	32,520,311	-	-	-
可供出售金融资产	五 12	-	6,159,863,661	-	6,117,637,188
其他债权投资	五 13	1,165,745,108	-	1,152,414,175	-
其他权益工具投资	五 14	239,373,750	-	184,927,132	-
长期股权投资	七 3,十七 2	421,754,695	61,616,403	4,192,380,851	3,862,380,851
固定资产	五 15	384,302,724	383,164,837	336,689,202	328,738,439
无形资产	五 16	117,553,798	114,708,680	107,883,971	103,657,795
商誉	五 17	476,939,901	476,939,901	49,096,844	49,096,844
递延所得税资产	五 19	174,961,762	90,589,967	96,304,212	47,985,436
其他资产	五 18,十七 3	810,699,711	1,075,905,312	852,556,989	820,272,654
资产总计		55,695,777,181	57,244,614,023	49,988,797,447	51,374,843,925

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍 法定代表人	汤建雄 主管会计工作的 公司负责人	张立德 会计机构负责人	公司盖章

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司资产负债表 (续)
2019 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
	附注	2019 年 12 月 31 日	2018 年 12 月 31 日	2019 年 12 月 31 日	2018 年 12 月 31 日
负债及股东权益					
负债					
短期借款	五 21	183,832,245	-	-	-
应付短期融资款	五 22	4,323,301,803	6,112,580,000	4,323,301,803	6,112,580,000
拆入资金	五 23	5,511,784,061	6,650,000,000	5,511,784,061	6,650,000,000
以公允价值计量且其变动					
计入当期损益的金融负债	五 24	-	1,712,809,520	-	1,712,809,520
交易性金融负债	五 25	2,132,321,710	-	2,132,321,710	-
衍生金融负债	五 4	19,615,860	84,039,710	1,263,963	-
卖出回购金融资产款	五 26	12,200,643,294	15,007,619,444	12,087,837,182	14,878,425,579
代理买卖证券款	五 27	10,149,086,367	8,376,478,762	6,729,037,782	5,030,404,512
应付职工薪酬	五 28	150,267,996	133,968,410	44,615,292	12,202,750
应交税费	五 29	93,071,311	110,104,124	63,553,870	47,402,033
应付款项	五 30	25,186,640	451,201,456	12,619,705	13,800,736
应付利息	五 31	-	409,466,345	-	387,894,002
应付债券	五 32	6,251,917,663	4,075,084,151	6,246,181,664	4,069,388,187
递延所得税负债	五 19	33,049,056	4,723,337	-	-
其他负债	五 33	1,405,958,569	1,119,678,364	292,462,758	187,245,423
负债合计		42,480,036,575	44,247,753,623	37,444,979,790	39,102,152,742

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司资产负债表 (续)
2019 年 12 月 31 日
(金额单位: 人民币元)

		本集团		本公司	
	附注	2019 年 12 月 31 日	2018 年 12 月 31 日	2019 年 12 月 31 日	2018 年 12 月 31 日
负债及股东权益 (续)					
股东权益					
股本	五 34	2,828,725,153	2,828,725,153	2,828,725,153	2,828,725,153
资本公积	五 35	6,713,296,178	6,713,296,178	6,692,880,816	6,692,880,816
其他综合收益	五 36	(54,799,201)	1,225,975	(102,823,892)	(20,313,379)
盈余公积	五 37	556,740,074	507,232,749	556,740,074	507,232,749
一般风险准备	五 38	628,719,120	564,673,545	565,756,468	507,232,749
交易风险准备	五 38	599,220,321	538,877,528	565,756,468	507,232,749
未分配利润	五 39	1,382,574,910	1,289,250,284	1,436,782,570	1,249,700,346
归属于母公司股东权益合计		12,654,476,555	12,443,281,412	12,543,817,657	12,272,691,183
少数股东权益	五 40	561,264,051	553,578,988	不适用	不适用
股东权益合计		13,215,740,606	12,996,860,400	12,543,817,657	12,272,691,183
负债及股东权益总计					
		55,695,777,181	57,244,614,023	49,988,797,447	51,374,843,925

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的 公司负责人	会计机构负责人	

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司利润表
2019 年度
(金额单位：人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
营业总收入					
手续费及佣金净收入	五 41,十七 4	1,173,916,736	827,727,320	752,121,221	481,565,210
其中：证券经纪业务					
手续费净收入		347,651,347	287,483,024	341,054,360	277,635,644
投资银行业务					
手续费净收入		572,460,829	308,062,389	232,114,726	63,490,251
资产管理业务					
手续费净收入		91,085,810	84,458,791	105,523,592	86,430,694
期货经纪业务					
手续费净收入		83,841,343	93,701,916	-	-
基金管理业务					
手续费净收入		62,918,817	49,951,302	62,918,817	49,951,302
投资咨询业务					
手续费净收入		15,958,590	4,069,898	10,509,726	4,057,319
利息净支出	五 42	(142,572,076)	(193,100,548)	(190,893,890)	(344,425,752)
其中：利息收入		1,082,769,356	1,066,324,045	940,866,157	870,247,142
利息支出		(1,225,341,432)	(1,259,424,593)	(1,131,760,047)	(1,214,672,894)
投资收益	五 43,十七 5	1,063,569,409	1,498,620,595	1,050,678,805	1,062,085,205
公允价值变动损益	五 44	256,937,470	(137,075,568)	43,384,476	(37,151,929)
汇兑损益		(9,866,941)	462,966	441,455	1,168,755
其他业务收入	五 45	2,725,971,207	4,840,937,568	9,565,988	12,291,165
其他收益	五 46	30,348,871	13,906,867	20,071,743	8,333,850
资产处置收益 / (损失)	五 47	3,876,061	(342,574)	3,876,061	(342,574)
营业总收入合计		<u>5,102,180,737</u>	<u>6,851,136,626</u>	<u>1,689,245,859</u>	<u>1,183,523,930</u>
营业总支出					
税金及附加	五 48	(22,604,650)	(18,307,820)	(18,919,988)	(14,617,685)
业务及管理费	五 49,十七 6	(1,567,386,381)	(1,406,946,117)	(926,125,037)	(801,307,398)
资产减值损失	五 50	-	(95,613,203)	-	(48,925,955)
信用减值损失	五 51	(176,544,789)	-	(30,406,625)	-
其他资产减值损失转回	五 52	17,941,901	-	-	-
其他业务成本	五 53	(2,685,981,550)	(5,044,402,096)	-	-
营业总支出合计		<u>(4,434,575,469)</u>	<u>(6,565,269,236)</u>	<u>(975,451,650)</u>	<u>(864,851,038)</u>
营业利润		<u>667,605,268</u>	<u>285,867,390</u>	<u>713,794,209</u>	<u>318,672,892</u>

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司利润表 (续)
2019 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
营业利润 (续)		667,605,268	285,867,390	713,794,209	318,672,892
加: 营业外收入	五 54	3,110,431	4,274,891	83,000	136,352
减: 营业外支出	五 55	(4,937,394)	(3,484,284)	(2,078,899)	(2,686,526)
利润总额		665,778,305	286,657,997	711,798,310	316,122,718
减: 所得税费用	五 56	(145,855,829)	(67,422,394)	(126,561,125)	(31,814,618)
净利润		519,922,476	219,235,603	585,237,185	284,308,100
(一) 按经营持续性分类:					
1.持续经营净利润		519,922,476	219,235,603	585,237,185	284,308,100
2.终止经营净利润		不适用	不适用	不适用	不适用
(二) 按所有权归属分类:					
1.归属于母公司股东的净利润		510,183,708	221,763,054	585,237,185	284,308,100
2.少数股东损益		9,738,768	(2,527,451)	不适用	不适用
其他综合收益的税后净额					
归属于母公司股东的其他综合收益的税后净额					
(一) 不能重分类进损益的其他综合收益:					
1. 其他权益工具投资公允价值变动					
		(117,559,431)	-	(112,370,492)	-

此财务报表已于 2020 年 4 月 24 日获董事会批准。

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山西证券股份有限公司
合并及母公司利润表 (续)
2019 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
(二) 将重分类进损益的					
其他综合收益:					
1. 其他债权投资					
公允价值变动		(37,471,770)	-	(38,003,001)	-
2. 其他债权投资					
信用损失准备		29,736,510	-	29,736,677	-
3. 外币财务报表					
折算差额		17,112,181	36,207,049	-	-
4. 可供出售金融					
资产公允价值					
变动损益		-	(62,089,985)	-	(11,000,378)
5. 权益法下可转					
损益的其他					
综合收益		-	109,193	-	-
归属于少数股东的其他综合					
收益的税后净额		(498,933)	(48,072,544)	不适用	不适用
其他综合收益的税后净额	五 36	(108,681,443)	(73,846,287)	(120,636,816)	(11,000,378)
综合收益总额		411,241,033	145,389,316	464,600,369	273,307,722
归属于母公司股东的综合					
收益总额		402,001,198	195,989,311	464,600,369	273,307,722
归属于少数股东的综合收益					
总额		9,239,835	(50,599,995)	不适用	不适用
每股收益					
(一) 基本每股收益	五 57	0.18	0.08		
(二) 稀释每股收益	五 57	0.18	0.08		

此财务报表已于 2020 年 4 月 24 日获董事会批准。

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山西证券股份有限公司
合并及母公司现金流量表
2019 年度
(金额单位：人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
经营活动产生的现金流量					
回购业务资金净增加额		-	6,267,576,459	-	6,640,696,098
代理买卖证券款收到的					
现金净额		1,771,945,639	-	1,697,971,305	-
收取利息、手续费及佣金的现金		3,408,326,886	3,312,579,362	2,864,626,269	2,402,846,162
融出资金净减少额		-	959,276,042	-	1,100,773,676
为交易目的而持有的金融资产净减少额		2,779,099,536	-	2,636,303,634	-
为交易目的而持有的金融负债净增加额		393,808,730	-	393,808,730	-
买卖以公允价值计量且其变动计入当期损益的金融负债收到的现金净额		-	120,714,529	-	120,714,529
买卖衍生金融工具收到的现金净额		-	372,946,172	-	5,822,005
拆入资金净增加额		-	2,850,000,000	-	2,850,000,000
收到其他与经营活动有关的现金	五 58(1)	6,120,471,759	6,665,351,982	3,464,801,946	20,761,367
经营活动现金流入小计		14,473,652,550	20,548,444,546	11,057,511,884	13,141,613,837

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司现金流量表 (续)
2019 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
经营活动产生的现金流量 (续)					
融出资金净增加额		(998,660,617)	-	(912,467,809)	-
回购业务资金净减少额		(1,577,842,862)	-	(1,516,906,582)	-
买卖以公允价值计量且其变动计入当期损益的金融资产支付的现金净额		-	(7,340,457,992)	-	(7,189,561,677)
买卖可供出售金融资产支付的现金净额		-	(4,923,461,803)	-	(5,219,956,728)
买卖衍生金融工具支付的现金净额		(254,321,432)	-	(191,351,126)	-
拆入资金净减少额		(1,170,000,000)	-	(1,170,000,000)	-
代理买卖证券款净减少额		-	(3,937,782,666)	-	(1,529,579,589)
支付利息、手续费及佣金的现金		(889,406,700)	(1,198,052,571)	(875,911,646)	(800,293,605)
支付给职工以及为职工支付的现金		(1,006,348,680)	(969,637,145)	(560,337,446)	(499,300,946)
支付的各项税费		(287,892,250)	(201,768,372)	(238,660,275)	(144,625,230)
支付其他与经营活动有关的现金	五 58(2)	(4,330,933,743)	(5,762,685,052)	(639,751,274)	(612,030,766)
经营活动现金流出小计		<u>(10,515,406,284)</u>	<u>(24,333,845,601)</u>	<u>(6,105,386,158)</u>	<u>(15,995,348,541)</u>
经营活动产生 / (使用) 的现金流量净额	五 59(1)(a) , 十七 7(1)	<u>3,958,246,266</u>	<u>(3,785,401,055)</u>	<u>4,952,125,726</u>	<u>(2,853,734,704)</u>

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

刊载于第 15 页至第 149 页的财务报表附注为本财务报表的组成部分。

山西证券股份有限公司
合并及母公司现金流量表 (续)
2019 年度
(金额单位: 人民币元)

附注	本集团		本公司	
	2019 年	2018 年	2019 年	2018 年
投资活动产生的现金流量				
处置其他权益工具投资收到的现金	35,809,256	-	35,809,256	-
取得投资收益收到的现金	8,641,520	10,597,177	177,242	131,700,000
处置子公司及其他营业单位收到的现金净额	-	179,871,150	-	-
处置固定资产、无形资产和其他长期资产收到的现金	14,392,638	2,978,539	14,029,828	1,288,249
收到其他与投资活动有关的现金	100,000,000	200,000,000	-	-
投资活动现金流入小计	158,843,414	393,446,866	50,016,326	132,988,249
投资活动支付的现金流量				
取得子公司及其他营业单位支付的现金净额	(424,908,915)	(52,000,000)	(330,000,000)	-
购建固定资产、无形资产和其他长期资产支付的现金	(92,298,841)	(77,588,333)	(79,780,198)	(76,371,473)
支付其他与投资活动有关的现金	-	(100,000,000)	-	-
投资活动现金流出小计	(517,207,756)	(229,588,333)	(409,780,198)	(76,371,473)
投资活动 (使用) / 产生的现金流量净额	(358,364,342)	163,858,533	(359,763,872)	56,616,776

此财务报表已于 2020 年 4 月 24 日获董事会批准。

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山西证券股份有限公司
合并及母公司现金流量表 (续)
2019 年度
(金额单位: 人民币元)

	附注	本集团		本公司	
		2019 年	2018 年	2019 年	2018 年
筹资活动产生的现金流量					
发行债券收到的现金		2,000,000,000	5,000,000,000	1,995,760,000	4,996,000,000
发行收益凭证收到的现金		23,125,450,000	17,931,250,000	23,125,450,000	17,931,250,000
收到的其他与筹资活动有关的现金		183,634,900	-	-	-
筹资活动现金流入小计		25,309,084,900	22,931,250,000	25,121,210,000	22,927,250,000
偿还债务支付的现金		(24,950,030,000)	(20,374,487,957)	(24,950,030,000)	(20,539,642,853)
分配股利或偿付利息支付的现金		(678,943,990)	(523,856,718)	(673,067,181)	(384,196,203)
其中: 子公司分配给少数股东的股利、利润		-	(3,846,010)	-	-
支付其他与筹资活动有关的现金		(1,118,644)	(15,060,000)	-	-
筹资活动现金流出小计		(25,630,092,634)	(20,913,404,675)	(25,623,097,181)	(20,923,839,056)
筹资活动 (使用) / 产生的现金流量净额		(321,007,734)	2,017,845,325	(501,887,181)	2,003,410,944
汇率变动对现金的影响		3,324,665	35,445,504	878,107	1,371,894
现金及现金等价物净增加 / (减少) 额	五 59(1)(b), 十七 7(2)	3,282,198,855	(1,568,251,693)	4,091,352,780	(792,335,090)
加: 年初现金及现金等价物余额		14,853,884,395	16,422,136,088	9,844,711,219	10,637,046,309
年末现金及现金等价物余额	五 59(2), 十七 7(3)	18,136,083,250	14,853,884,395	13,936,063,999	9,844,711,219

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍
法定代表人

汤建雄
主管会计工作的
公司负责人

张立德
会计机构负责人

公司盖章

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山西证券股份有限公司
合并股东权益变动表
2019 年度
(金额单位：人民币元)

附注	归属于母公司股东权益							少数股东权益	股东权益合计
	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润		
2018 年 12 月 31 日余额	2,828,725,153	6,713,296,178	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	553,578,988	12,996,860,400
加：会计政策变更	-	-	34,172,597	(7,217,920)	-	-	(76,324,474)	(436,128)	(49,805,925)
2019 年 1 月 1 日余额	2,828,725,153	6,713,296,178	35,398,572	500,014,829	564,673,545	538,877,528	1,212,925,810	553,142,860	12,947,054,475
本年增减变动金额									
1. 综合收益总额	-	-	(108,182,510)	-	-	-	510,183,708	9,239,835	411,241,033
2. 股东减少资本	-	-	-	-	-	-	-	(1,118,644)	(1,118,644)
- 向股东退还出资	-	-	-	-	-	-	-	-	-
3. 利润分配	-	-	-	-	-	-	-	-	-
- 提取盈余公积	-	-	-	58,523,719	-	-	(58,523,719)	-	-
- 提取一般风险准备	-	-	-	-	64,045,575	-	(64,045,575)	-	-
- 提取交易风险准备	-	-	-	-	-	60,342,793	(60,342,793)	-	-
- 对股东的分配	-	-	-	-	-	-	(141,436,258)	-	(141,436,258)
4. 股东权益内部结转	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-	-
- 其他综合收益结转留存收益	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-	-
上述 1 至 4 项小计	-	-	(90,197,773)	56,725,245	64,045,575	60,342,793	169,649,100	8,121,191	268,686,131
2019 年 12 月 31 日余额	2,828,725,153	6,713,296,178	(54,799,201)	556,740,074	628,719,120	599,220,321	1,382,574,910	561,264,051	13,215,740,606

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

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山西证券股份有限公司
合并股东权益变动表 (续)

2018 年度

(金额单位: 人民币元)

附注	归属于母公司股东权益							少数股东权益	股东权益合计
	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润		
2018 年 1 月 1 日余额	2,828,725,153	6,713,296,178	26,999,718	478,801,939	527,183,053	510,380,547	1,416,490,777	761,725,345	13,263,602,710
本年增减变动金额									
1. 综合收益总额	-	-	(25,773,743)	-	-	-	221,763,054	(50,599,995)	145,389,316
2. 股东减少资本	-	-	-	-	-	-	-	(15,060,000)	(15,060,000)
3. 利润分配									
- 提取盈余公积	五 37	-	-	28,430,810	-	-	(28,430,810)	-	-
- 提取一般风险准备	五 38	-	-	-	37,490,492	-	(37,490,492)	-	-
- 提取交易风险准备	五 38	-	-	-	-	28,496,981	(28,496,981)	-	-
- 对股东的分配	五 39	-	-	-	-	-	(254,585,264)	(35,481,010)	(290,066,274)
4. 处置子公司	-	-	-	-	-	-	-	(107,005,352)	(107,005,352)
上述 1 至 4 项小计	-	-	(25,773,743)	28,430,810	37,490,492	28,496,981	(127,240,493)	(208,146,357)	(266,742,310)
2018 年 12 月 31 日余额	2,828,725,153	6,713,296,178	1,225,975	507,232,749	564,673,545	538,877,528	1,289,250,284	553,578,988	12,996,860,400

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

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山西证券股份有限公司

股东权益变动表

2019 年度

(金额单位：人民币元)

	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润	股东权益合计
2018 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183
加：会计政策变更	-	-	20,141,566	(7,217,920)	-	-	(64,961,283)	(52,037,637)
2019 年 1 月 1 日余额	2,828,725,153	6,692,880,816	(171,813)	500,014,829	507,232,749	507,232,749	1,184,739,063	12,220,653,546
本年增减变动金额								
1. 综合收益总额	-	-	(120,636,816)	-	-	-	585,237,185	464,600,369
2. 利润分配								
- 提取盈余公积	-	-	-	58,523,719	-	-	(58,523,719)	-
- 提取一般风险准备	-	-	-	-	58,523,719	-	(58,523,719)	-
- 提取交易风险准备	-	-	-	-	-	58,523,719	(58,523,719)	-
- 对股东的分配	-	-	-	-	-	-	(141,436,258)	(141,436,258)
3. 股东权益内部结转								
- 其他综合收益结转留存收益	-	-	17,984,737	(1,798,474)	-	-	(16,186,263)	-
上述 1 至 3 项小计	-	-	(102,652,079)	56,725,245	58,523,719	58,523,719	252,043,507	323,164,111
2019 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(102,823,892)	556,740,074	565,756,468	565,756,468	1,436,782,570	12,543,817,657

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯魏	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

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山西证券股份有限公司

股东权益变动表 (续)

2018 年度

(金额单位: 人民币元)

	股本	资本公积	其他综合收益	盈余公积	一般风险准备	交易风险准备	未分配利润	股东权益合计
2018 年 1 月 1 日余额	2,828,725,153	6,692,880,816	(9,313,001)	478,801,939	478,801,939	478,801,939	1,305,269,940	12,253,968,725
本年增减变动金额								
1. 综合收益总额	-	-	(11,000,378)	-	-	-	284,308,100	273,307,722
2. 利润分配								
- 提取盈余公积	-	-	-	28,430,810	-	-	(28,430,810)	-
- 提取一般风险准备	-	-	-	-	28,430,810	-	(28,430,810)	-
- 提取交易风险准备	-	-	-	-	-	28,430,810	(28,430,810)	-
- 对股东的分配	-	-	-	-	-	-	(254,585,264)	(254,585,264)
上述 1 至 2 项小计	-	-	(11,000,378)	28,430,810	28,430,810	28,430,810	(55,569,594)	18,722,458
2018 年 12 月 31 日余额	2,828,725,153	6,692,880,816	(20,313,379)	507,232,749	507,232,749	507,232,749	1,249,700,346	12,272,691,183

此财务报表已于 2020 年 4 月 24 日获董事会批准。

侯巍	汤建雄	张立德	公司盖章
法定代表人	主管会计工作的公司负责人	会计机构负责人	

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山西证券股份有限公司

财务报表附注

(金额单位：人民币元)

一 公司基本情况

山西省证券公司于 1988 年 7 月 28 日注册成立，于成立日获得山西省工商行政管理局核发的注册号为 140000100003883 号的企业法人营业执照，并获得中国证券监督管理委员会（以下简称“证监会”）核发的编号为 Z20614000 号的经营证券业务许可证。

1998 年 12 月 31 日经证监会批准，山西省证券公司改制为山西证券有限责任公司，注册资本为人民币 200,000,000 元。

经 2000 年 4 月 28 日证监会证监机构字 [2000] 81 号《关于山西省证券经营机构合并重组事宜的批复》核准，山西证券有限责任公司于 2001 年 12 月与山西省内五家信托公司的证券类资产合并重组，合并重组后新设的公司沿用山西证券有限责任公司的名称，注册资本变更为人民币 1,025,000,000 元。

经 2006 年 7 月 10 日证监会证监机构字 [2006] 138 号《关于山西证券有限责任公司股权变更及增资扩股的批复》核准，根据山西证券有限责任公司 2005 年 6 月 29 日召开的 2004 年度股东会决议和修改后的公司章程规定，山西证券有限责任公司增加注册资本人民币 278,800,000 元至人民币 1,303,800,000 元，由股东山西国信投资集团有限公司（原山西省国信投资（集团）公司，以下简称“山西国信”）于 2006 年 7 月 18 日前缴足。

经 2008 年 1 月 18 日证监会证监许可字 [2008] 100 号《关于山西证券有限责任公司变更为股份有限公司的批复》核准，根据山西证券有限责任公司 2007 年 12 月 24 日召开的 2007 年度第二次股东会决议和修改后的公司章程规定，山西证券有限责任公司整体变更为股份有限公司，以 2007 年 9 月 30 日为基准日确定的净资产按折股比例 99.9246667% 折算为股本人民币 2,000,000,000 元，未折算的部分人民币 1,507,802 元计入资本公积。整体变更后，公司名称变更为山西证券股份有限公司（以下简称“本公司”），注册资本变更为人民币 2,000,000,000 元，总股本 2,000,000,000 股，每股面值人民币 1 元。

经 2010 年 10 月 19 日证监会证监许可 [2010] 1435 号《关于核准山西证券股份有限公司首次公开发行股票的批复》核准，本公司于 2010 年 11 月 4 日完成向境内投资者发行人民币普通股 399,800,000 股，并于 2010 年 11 月 15 日在深圳证券交易所挂牌交易。于 2010 年 11 月 24 日，本公司注册资本变更至人民币 2,399,800,000 元，总股本增至 2,399,800,000 股。

经 2013 年 7 月 23 日证监会证监许可 [2013] 964 号《关于核准山西证券股份有限公司现金和发行股份购买资产、格林期货有限公司吸收合并大华期货有限公司的批复》核准，本公司于 2013 年 11 月 13 日向格林期货有限公司（以下简称“格林期货”）原股东非公开发行股份 118,925,153 股并支付人民币 168,161,700 元现金对价的方式购买格林期货 100% 股权。本次交易完成后，本公司总股本由 2,399,800,000 股增至 2,518,725,153 股。

经 2015 年 12 月 11 日证监会证监许可 [2015] 2873 号《关于核准山西证券股份有限公司非公开发行股票的批复》核准，本公司于 2015 年 12 月 25 日完成向境内投资者非公开发行人民币普通股 310,000,000 股，并于 2016 年 1 月 20 日在深圳证券交易所挂牌。于 2016 年 2 月 24 日，本公司注册资本变更至人民币 2,828,725,153 元，总股本由 2,518,725,153 股增至 2,828,725,153 股。

根据 2016 年 2 月 1 日晋财金 [2016] 8 号《山西省财政厅关于将山西国信投资集团有限公司持有的山西证券股份有限公司股权无偿划转至山西金融投资控股集团有限公司的批复》，山西国信将其持有本公司的全部股权无偿划转至山西金融投资控股集团有限公司（以下简称“山西金控”）。

根据 2016 年 8 月 19 日证监会《关于核准山西证券股份有限公司变更 5% 以上股权股东并豁免山西金融投资控股集团有限公司要约收购山西证券股份有限公司股份义务的批复》（证监许可 [2016] 1765 号），核准山西金控持有山西证券 5% 以上股权的股东资格并豁免山西金控因国有资产无偿划转而增持山西证券股份（约占山西证券总股本 30.84%）而应履行的要约收购义务。本公司于 2016 年 9 月 2 日完成划转手续。本公司的控股股东变更为山西金控，最终控制方仍为山西省财政厅。

截至 2019 年 12 月 31 日止，本公司在山西、北京、上海、深圳、西安、宁波、重庆、济南等地共设立 128 家证券营业部（2018 年 12 月 31 日：119 家）。本公司子公司的相关信息参见附注七。

本公司及子公司（以下简称“本集团”）目前主要经营的业务包括证券经纪业务、融资融券业务、证券自营业务、证券承销业务、证券投资咨询、与证券交易、证券投资活动有关的财务顾问、证券投资基金代销、为期货公司提供中间介绍业务、代销金融产品、受托资产管理业务、公开募集证券投资基金管理业务、商品期货经纪业务、金融期货经纪业务、期货投资咨询及投资与资产管理业务、大宗商品购买和转售、期货套利和套期保值服务等。

二 财务报表的编制基础

本公司以持续经营为基础编制财务报表。

三 公司重要会计政策、会计估计

1 遵循企业会计准则的声明

本财务报表符合中华人民共和国财政部(以下简称“财政部”)颁布的企业会计准则的要求,真实、完整地反映了本公司 2019 年 12 月 31 日的合并及母公司财务状况、2019 年度的合并及母公司经营成果和现金流量。

此外,本公司的财务报表同时符合证监会 2014 年修订的《公开发行证券的公司信息披露编报规则第 15 号——财务报告的一般规定》及 2018 年颁布的《证券公司财务报表附注编制的特别规定(2018)》有关财务报表及其附注的披露要求。

2 会计期间

会计年度自公历 1 月 1 日起至 12 月 31 日止。

3 营业周期

本公司为金融企业,不具有明显可识别的营业周期。

4 记账本位币

本公司的记账本位币为人民币,编制财务报表采用的货币为人民币。本公司及子公司选定记账本位币的依据是主要业务收支的计价和结算币种。本公司的部分子公司采用本公司记账本位币人民币以外的货币作为记账本位币,在编制财务报表时,这些子公司的外币财务报表按照附注三、8 的会计政策进行了折算。

5 同一控制下和非同一控制下企业合并的会计处理方法

(1) 同一控制下的企业合并

参与合并的企业在合并前后均受同一方或相同的多方最终控制且该控制并非暂时性的,为同一控制下的企业合并。合并方在企业合并中取得的资产和负债,按照合并日在最终控制方合并财务报表中的账面价值计量。取得的净资产账面价值与支付的合并对价账面价值(或发行股份面值总额)的差额,调整资本公积中的股本溢价;资本公积中的股本溢价不足冲减的,调整留存收益。为进行企业合并发生的直接相关费用,于发生时计入当期损益。合并日为合并方实际取得对被合并方控制权的日期。

(2) 非同一控制下的企业合并

参与合并的各方在合并前后不受同一方或相同的多方最终控制的，为非同一控制下的企业合并。本集团作为购买方，为取得被购买方控制权而付出的资产（包括购买日之前所持有的被购买方的股权）、发生或承担的负债以及发行的权益性证券在购买日的公允价值之和，减去合并中取得的被购买方可辨认净资产于购买日公允价值份额的差额，如为正数则确认为商誉（参见附注三、14）；如为负数则计入当期损益。本集团将作为合并对价发行的权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。本集团为进行企业合并发生的其他各项直接费用计入当期损益。本集团在购买日按公允价值确认所取得的被购买方符合确认条件的各项可辨认资产、负债及或有负债。购买日是指购买方实际取得对被购买方控制权的日期。

通过多次交易分步实现非同一控制企业合并时，对于购买日之前持有的被购买方的股权，本集团会按照该股权在购买日的公允价值进行重新计量，公允价值与其账面价值的差额计入当期投资收益或其他综合收益。购买日之前持有的被购买方的股权涉及的权益法核算下的以后可重分类进损益的其他综合收益及其他所有者权益变动（参见附注三、10(2)(b)）于购买日转入当期投资收益；购买日之前持有的被购买方的股权为以公允价值计量且其变动计入其他综合收益的权益工具投资的，购买日之前确认的其他综合收益于购买日转入留存收益。

6 合并财务报表的编制方法

(1) 总体原则

合并财务报表的合并范围以控制为基础予以确定，包括本公司及本公司控制的子公司和结构化主体。控制，是指本集团拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响其回报金额。在判断本集团是否拥有对被投资方的权力时，本集团仅考虑与被投资方相关的实质性权利（包括本集团自身所享有的及其他方所享有的实质性权利）。本公司控制的子公司和结构化主体的财务状况、经营成果和现金流量由控制开始日起至控制结束日止包含于合并财务报表中。

子公司少数股东应占的权益、损益和综合收益总额分别在合并资产负债表的股东权益中和合并利润表的净利润及综合收益总额项目后单独列示。

如果子公司少数股东分担的当期亏损超过了少数股东在该子公司期初所有者权益中所享有的份额的，其余额仍冲减少数股东权益。

当子公司所采用的会计期间或会计政策与本公司不一致时，合并时已按照本公司的会计期间或会计政策对子公司财务报表进行必要的调整。合并时所有集团内部交易及余额，包括未实现内部交易损益均已抵销。集团内部交易发生的未实现损失，有证据表明该损失是相关资产减值损失的，则全额确认该损失。

结构化主体是指在确定主体控制方时，表决权或类似权利不构成决定性因素的主体，例如，当表决权仅与行政管理工作相关，以及相关活动由合同安排主导时。结构化主体一般目标界定明确且范围狭窄。

(2) 合并取得子公司

对于通过同一控制下企业合并取得的子公司，在编制合并当期财务报表时，以被合并子公司的各项资产、负债在最终控制方财务报表中的账面价值为基础，视同被合并子公司在本公司最终控制方对其开始实施控制时纳入本公司合并范围，并对合并财务报表的期初数以及前期比较报表进行相应调整。

对于通过非同一控制下企业合并取得的子公司，在编制合并当期财务报表时，以购买日确定的被购买子公司各项可辨认资产、负债的公允价值为基础自购买日起将被购买子公司纳入本公司合并范围。

(3) 处置子公司

本集团丧失对原有子公司控制权时，由此产生的任何处置收益或损失，计入丧失控制权当期的投资收益。对于剩余股权投资，本集团按照其在丧失控制权日的公允价值进行重新计量，由此产生的任何收益或损失，也计入丧失控制权当期的投资收益。

通过多次交易分步处置对子公司长期股权投资直至丧失控制权的，按下述原则判断是否为一揽子交易：

- 这些交易是同时或者在考虑了彼此影响的情况下订立的；
- 这些交易整体才能达成一项完整的商业结果；
- 一项交易的发生取决于其他至少一项交易的发生；
- 一项交易单独考虑时是不经济的，但是和其他交易一并考虑时是经济的。

如果各项交易不属于一揽子交易的，则在丧失对子公司控制权以前的各项交易，按照不丧失控制权的情况下部分处置对子公司的股权投资的会计政策进行处理（参见附注三、6(4)）。

如果各项交易属于一揽子交易的，则将各项交易作为一项处置原有子公司并丧失控制权的交易进行处理，在丧失控制权之前每一次处置价款与处置投资对应的享有该子公司自购买日开始持续计算的净资产账面价值的份额之间的差额，在合并财务报表中计入其他综合收益，在丧失控制权时一并转入丧失控制权当期的损益。

(4) 少数股东权益变动

本公司因购买少数股权新取得的长期股权投资成本与按照新增持股比例计算应享有子公司的净资产份额之间的差额，以及在不丧失控制权的情况下因部分处置对子公司的股权投资而取得的处置价款与处置长期股权投资相对应享有子公司净资产的差额，均调整合并资产负债表中的资本公积 (股本溢价)，资本公积 (股本溢价) 不足冲减的，调整留存收益。

7 现金及现金等价物的确定标准

现金和现金等价物包括库存现金、可以随时用于支付的存款以及持有期限短、流动性强、易于转换为已知金额现金、价值变动风险很小的投资。

8 外币业务和外币报表折算

本集团收到投资者以外币投入资本时按当日即期汇率折合为人民币，其他外币交易在初始确认时按交易发生日的即期汇率或即期汇率的近似汇率折合为人民币。即期汇率的近似汇率是按照系统合理的方法确定的、与交易发生日即期汇率近似的当期平均汇率。

于资产负债表日，外币货币性项目采用该日的即期汇率折算。除与购建符合资本化条件资产有关的专门借款本金和利息的汇兑差额外，其他汇兑差额计入当期损益。以历史成本计量的外币非货币性项目，仍采用交易发生日的即期汇率折算。以公允价值计量的外币非货币性项目，采用公允价值确定日的即期汇率折算，由此产生的汇兑差额，属于以公允价值计量且其变动计入其他综合收益的权益工具投资的差额，计入其他综合收益；其他差额计入当期损益。

对境外经营的财务报表进行折算时，资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，股东权益项目除未分配利润及其他综合收益中的外币报表折算差额项目外，其他项目采用发生时的即期汇率折算。利润表中的收入和费用项目，采用交易发生日的即期汇率的近似汇率折算。按照上述折算产生的外币财务报表折算差额，在其他综合收益中列示。处置境外经营时，相关的外币财务报表折算差额自其他综合收益转入处置当期损益。

9 金融工具

(1) 金融资产及金融负债的确认和初始计量

金融资产和金融负债在本集团成为相关金融工具合同条款的一方时，于资产负债表内确认。

除不具有重大融资成分的应收账款外，在初始确认时，金融资产及金融负债均以公允价值计量。对于以公允价值计量且其变动计入当期损益的金融资产或金融负债，相关交易费用直接计入当期损益；对于其他类别的金融资产或金融负债，相关交易费用计入初始确认金额。对于不具有重大融资成分的应收账款，本集团按照根据附注三、20 的会计政策确定的交易价格进行初始计量。

(2) 金融资产的分类和后续计量

(a) 本集团金融资产的分类

本集团通常根据管理金融资产的业务模式和金融资产的合同现金流量特征，在初始确认时将金融资产分为不同类别：以摊余成本计量的金融资产、以公允价值计量且其变动计入其他综合收益的金融资产及以公允价值计量且其变动计入当期损益的金融资产。

除非本集团改变管理金融资产的业务模式，在此情形下，所有受影响的相关金融资产在业务模式发生变更后的首个报告期间的第一天进行重分类，否则金融资产在初始确认后不得进行重分类。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以摊余成本计量的金融资产：

- 本集团管理该金融资产的业务模式是以收取合同现金流量为目标；
- 该金融资产的合同条款规定，在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。

本集团将同时符合下列条件且未被指定为以公允价值计量且其变动计入当期损益的金融资产，分类为以公允价值计量且其变动计入其他综合收益的金融资产：

- 本集团管理该金融资产的业务模式既以收取合同现金流量为目标又以出售该金融资产为目标；
- 该金融资产的合同条款规定，在特定日期产生的现金流量，仅为对本金和以未偿付本金金额为基础的利息的支付。

对于非交易性权益工具投资，本集团可在初始确认时将其不可撤销地指定为以公允价值计量且其变动计入其他综合收益的金融资产。该指定在单项投资的基础上作出，且相关投资从发行者的角度符合权益工具的定义。

除上述以摊余成本计量和以公允价值计量且其变动计入其他综合收益的金融资产外，本集团将其余所有的金融资产分类为以公允价值计量且其变动计入当期损益的金融资产。在初始确认时，如果能够消除或显著减少会计错配，本集团可以将本应以摊余成本计量或以公允价值计量且其变动计入其他综合收益的金融资产不可撤销地指定为以公允价值计量且其变动计入当期损益的金融资产。

管理金融资产的业务模式，是指本集团如何管理金融资产以产生现金流量。业务模式决定本集团所管理金融资产现金流量的来源是收取合同现金流量、出售金融资产还是两者兼有。本集团以客观事实为依据、以关键管理人员决定的对金融资产进行管理的特定业务目标为基础，确定管理金融资产的业务模式。

本集团对金融资产的合同现金流量特征进行评估，以确定相关金融资产在特定日期产生的合同现金流量是否仅为对本金和以未偿付本金金额为基础的利息的支付。其中，本金是指金融资产在初始确认时的公允价值；利息包括对货币时间价值、与特定时期未偿付本金金额相关的信用风险、以及其他基本借贷风险、成本和利润的对价。此外，本集团对可能导致金融资产合同现金流量的时间分布或金额发生变更的合同条款进行评估，以确定其是否满足上述合同现金流量特征的要求。

(b) 本集团金融资产的后续计量

- 以公允价值计量且其变动计入当期损益的金融资产

初始确认后，对于该类金融资产以公允价值进行后续计量，产生的利得或损失（包括利息和股利收入）计入当期损益，除非该金融资产属于套期关系的一部分。

- 以摊余成本计量的金融资产

初始确认后，对于该类金融资产采用实际利率法以摊余成本计量。以摊余成本计量且不属于任何套期关系的一部分的金融资产所产生的利得或损失，在终止确认、按照实际利率法摊销或确认减值时，计入当期损益。

- 以公允价值计量且其变动计入其他综合收益的债权投资

初始确认后，对于该类金融资产以公允价值进行后续计量。采用实际利率法计算的利息、减值损失或利得及汇兑损益计入当期损益，其他利得或损失计入其他综合收益。终止确认时，将之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入当期损益。

- 以公允价值计量且其变动计入其他综合收益的权益工具投资

初始确认后，对于该类金融资产以公允价值进行后续计量。股利收入计入损益，其他利得或损失计入其他综合收益。终止确认时，将之前计入其他综合收益的累计利得或损失从其他综合收益中转出，计入留存收益。

(3) 金融负债的分类和后续计量

本集团将金融负债分类为以公允价值计量且其变动计入当期损益的金融负债及以摊余成本计量的金融负债。

- 以公允价值计量且其变动计入当期损益的金融负债

该类金融负债包括交易性金融负债（含属于金融负债的衍生工具）和指定为以公允价值计量且其变动计入当期损益的金融负债。

初始确认后，对于该类金融负债以公允价值进行后续计量，除与套期会计有关外，产生的利得或损失（包括利息费用）计入当期损益。

- 以摊余成本计量的金融负债

初始确认后，对于该类金融负债采用实际利率法以摊余成本计量。

(4) 抵销

金融资产和金融负债在资产负债表内分别列示，没有相互抵销。但是，同时满足下列条件的，以相互抵销后的净额在资产负债表内列示：

- 本集团具有抵销已确认金额的法定权利，且该种法定权利是当前可执行的；
- 本集团计划以净额结算，或同时变现该金融资产和清偿该金融负债。

(5) 金融资产和金融负债的终止确认

满足下列条件之一时，本集团终止确认该金融资产：

- 收取该金融资产现金流量的合同权利终止；
- 该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；
- 该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是未保留对该金融资产的控制。

金融资产转移整体满足终止确认条件的，本集团将下列两项金额的差额计入当期损益：

- 被转移金融资产在终止确认日的账面价值；
- 因转移金融资产而收到的对价，与原直接计入其他综合收益的公允价值变动累计额中对应终止确认部分的金额（涉及转移的金融资产为以公允价值计量且其变动计入其他综合收益的债权投资）之和。

金融负债（或其一部分）的现时义务已经解除的，本集团终止确认该金融负债（或该部分金融负债）。

(6) 减值

本集团以预期信用损失为基础，对下列项目进行减值会计处理并确认损失准备：

- 以摊余成本计量的金融资产；
- 以公允价值计量且其变动计入其他综合收益的债权投资。

本集团持有的其他以公允价值计量的金融资产不适用预期信用损失模型，包括以公允价值计量且其变动计入当期损益的债权投资或权益工具投资、指定为以公允价值计量且其变动计入其他综合收益的权益工具投资以及衍生金融资产。

预期信用损失的计量

预期信用损失，是指以发生违约的风险为权重的金融工具信用损失的加权平均值。信用损失，是指本集团按照原实际利率折现的、根据合同应收的所有合同现金流量与预期收取的所有现金流量之间的差额，即全部现金短缺的现值。

在计量预期信用损失时，本集团需考虑的最长期间为企业面临信用风险的最长合同期限（包括考虑续约选择权）。

整个存续期预期信用损失，是指因金融工具整个预计存续期内所有可能发生的违约事件而导致的预期信用损失。

未来 12 个月内预期信用损失，是指因资产负债表日后 12 个月内（若金融工具的预计存续期少于 12 个月，则为预计存续期）可能发生的金融工具违约事件而导致的预期信用损失，是整个存续期预期信用损失的一部分。

对于应收账款和其他应收款，本集团始终按照相当于整个存续期内预期信用损失的金额计量其损失准备。本集团基于历史信用损失经验计算上述金融资产的预期信用损失，相关历史经验根据资产负债表日借款人的特定因素、以及对当前状况和未来经济状况预测的评估进行调整。

除应收账款外，本集团对满足下列情形的金融工具按照相当于未来 12 个月内预期信用损失的金额计量其损失准备，对其他金融工具按照相当于整个存续期内预期信用损失的金额计量其损失准备：

- 该金融工具在资产负债表日只具有较低的信用风险；或
- 该金融工具的信用风险自初始确认后并未显著增加。

具有较低的信用风险

如果金融工具的违约风险较低，借款人在短期内履行其合同现金流量义务的能力很强，并且即便较长时期内经济形势和经营环境存在不利变化但未必一定降低借款人履行其合同现金流量义务的能力，该金融工具被视为具有较低的信用风险。

信用风险显著增加

本集团通过比较金融工具在资产负债表日发生违约的风险与在初始确认日发生违约的风险，以确定金融工具预计存续期内发生违约风险的相对变化，以评估金融工具的信用风险自初始确认后是否已显著增加。

在确定信用风险自初始确认后是否显著增加时，本集团考虑无须付出不必要的额外成本或努力即可获得的合理且有依据的信息，包括前瞻性信息。本集团考虑的信息包括：

- 债务人未能按合同到期日支付本金和利息的情况；
- 已发生的或预期的金融工具的外部或内部信用评级（如有）的严重恶化；
- 已发生的或预期的债务人经营成果的严重恶化；
- 现存的或预期的技术、市场、经济或法律环境变化，并将对债务人对本集团的还款能力产生重大不利影响。

根据金融工具的性质，本集团以单项金融工具或金融工具组合为基础评估信用风险是否显著增加。以金融工具组合为基础进行评估时，本集团可基于共同信用风险特征对金融工具进行分类，例如逾期信息和信用风险评级。

如果逾期超过 30 日，本集团确定金融工具的信用风险已经显著增加。

本集团认为金融资产在下列情况发生违约：

- 借款人不大会全额支付其对本集团的欠款，该评估不考虑本集团采取例如变现抵押品（如果持有）等追索行动；或
- 金融资产逾期超过 90 天。

已发生信用减值的金融资产

本集团在资产负债表日评估以摊余成本计量的金融资产和以公允价值计量且其变动计入其他综合收益的债权投资是否已发生信用减值。当对金融资产预期未来现金流量具有不利影响的一项或多项事件发生时，该金融资产成为已发生信用减值的金融资产。金融资产已发生信用减值的证据包括下列可观察信息：

- 发行方或债务人发生重大财务困难；
- 债务人违反合同，如偿付利息或本金违约或逾期等；
- 本集团出于与债务人财务困难有关的经济或合同考虑，给予债务人在任何其他情况下都不会做出的让步；
- 债务人很可能破产或进行其他财务重组；
- 发行方或债务人财务困难导致该金融资产的活跃市场消失。

预期信用损失准备的列报

为反映金融工具的信用风险自初始确认后的变化，本集团在每个资产负债表日重新计量预期信用损失，由此形成的损失准备的增加或转回金额，作为减值损失或利得计入当期损益。对于以摊余成本计量的金融资产，损失准备抵减该金融资产在资产负债表中列示的账面价值；对于以公允价值计量且其变动计入其他综合收益的债权投资，本集团在其他综合收益中确认其损失准备，不抵减该金融资产的账面价值。

核销

如果本集团不再合理预期金融资产合同现金流量能够全部或部分收回，则直接减记该金融资产的账面余额。这种减记构成相关金融资产的终止确认。这种情况通常发生在本集团确定债务人没有资产或收入来源可产生足够的现金流量以偿还将被减记的金额。但是，被减记的金融资产仍可能受到本集团催收到期款项相关执行活动的影响。

已减记的金融资产以后又收回的，作为减值损失的转回计入收回当期的损益。

(7) 权益工具

本公司发行权益工具收到的对价扣除交易费用后，计入股东权益。回购本公司权益工具支付的对价和交易费用，减少股东权益。

10 长期股权投资

(1) 长期股权投资投资成本确定

(a) 通过企业合并形成的长期股权投资

- 对于同一控制下的企业合并形成的对子公司的长期股权投资，本公司按照合并日取得的被合并方所有者权益在最终控制方合并财务报表中的账面价值的份额作为长期股权投资的初始投资成本。长期股权投资初始投资成本与支付对价账面价值之间的差额，调整资本公积中的股本溢价；资本公积中的股本溢价不足冲减时，调整留存收益。
- 对于非同一控制下企业合并形成的对子公司的长期股权投资，本公司按照购买日取得对被购买方的控制权而付出的资产、发生或承担的负债以及发行的权益性证券的公允价值，作为该投资的初始投资成本。

(b) 其他方式取得的长期股权投资

- 对于通过企业合并以外的其他方式取得的长期股权投资，在初始确认时，对于以支付现金取得的长期股权投资，本集团按照实际支付的购买价款作为初始投资成本；对于发行权益性证券取得的长期股权投资，本集团按照发行权益性证券的公允价值作为初始投资成本。

(2) 长期股权投资后续计量及损益确认方法

(a) 对子公司的投资

在本公司个别财务报表中，本公司采用成本法对子公司的长期股权投资进行后续计量，除非投资符合持有待售的条件（参见附注三、25(1)）。对被投资单位宣告分派的现金股利或利润由本公司享有的部分确认为当期投资收益，但取得投资时实际支付的价款或对价中包含的已宣告但尚未发放的现金股利或利润除外。

对子公司的投资按照成本减去减值准备后在资产负债表内列示。

对子公司投资的减值测试方法及减值准备计提方法参见附注三、17。

在本集团合并财务报表中，对子公司按附注三、6 进行处理。

(b) 对合营企业和联营企业的投资

合营企业指本集团与其他合营方共同控制 (参见附注三、10(3)) 且仅对其净资产享有权利的一项安排。

联营企业指本集团能够对其施加重大影响 (参见附注三、10(3)) 的企业。

后续计量时，对合营企业和联营企业的长期股权投资采用权益法核算，除非投资符合持有待售的条件 (参见附注三、25(1))。

本集团在采用权益法核算时的具体会计处理包括：

- 对于长期股权投资的初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，以前者作为长期股权投资的成本；对于长期股权投资的初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，以后者作为长期股权投资的成本，长期股权投资的成本与初始投资成本的差额计入当期损益。
- 取得对合营企业和联营企业投资后，本集团按照应享有或应分担的被投资单位实现的净损益和其他综合收益的份额，分别确认投资损益和其他综合收益并调整长期股权投资的账面价值；按照被投资单位宣告分派的利润或现金股利计算应分得的部分，相应减少长期股权投资的账面价值。
- 在计算应享有或应分担的被投资单位实现的净损益、其他综合收益及其他所有者权益变动的份额时，本集团以取得投资时被投资单位可辨认净资产公允价值为基础，按照本集团的会计政策或会计期间进行必要调整后确认投资收益和其他综合收益等。本集团与联营企业及合营企业之间内部交易产生的未实现损益按照应享有的比例计算归属于本集团的部分，在权益法核算时予以抵销。内部交易产生的未实现损失，有证据表明该损失是相关资产减值损失的，则全额确认该损失。
- 本集团对合营企业或联营企业发生的净亏损，除本集团负有承担额外损失义务外，以长期股权投资的账面价值以及其他实质上构成对合营企业或联营企业净投资的长期权益减记至零为限。合营企业或联营企业以后实现净利润的，本集团在收益分享额弥补未确认的亏损分担额后，恢复确认收益分享额。

本集团对合营企业和联营企业投资的减值测试方法及减值准备计提方法参见附注三、17。

(3) 确定对被投资单位具有共同控制、重大影响的判断标准

共同控制指按照相关约定对某项安排所共有的控制，并且该安排的相关活动（即对安排的回报产生重大影响的活动）必须经过分享控制权的参与方一致同意后才能决策。

本集团在判断对被投资单位是否存在共同控制时，通常考虑下述事项：

- 是否任何一个参与方均不能单独控制被投资单位的相关活动；
- 涉及被投资单位相关活动的决策是否需要分享控制权参与方一致同意。

重大影响指本集团对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。

11 固定资产

(1) 固定资产确认条件

固定资产指本集团为提供劳务、出租或经营管理而持有的，使用寿命超过一个会计年度的有形资产。

外购固定资产的初始成本包括购买价款、相关税费以及使该资产达到预定可使用状态前所发生的可归属于该项资产的支出。自行建造固定资产按附注三、12 确定初始成本。

本公司于 2001 年合并重组时，国有股股东投入的固定资产，按国有资产管理部门确认的评估值作为入账价值。

对于构成固定资产的各组成部分，如果各自具有不同使用寿命或者以不同方式为本集团提供经济利益，适用不同折旧率或折旧方法的，本集团分别将各组成部分确认为单项固定资产。

对于固定资产的后续支出，包括与更换固定资产某组成部分相关的支出，在与支出相关的经济利益很可能流入本集团时资本化计入固定资产成本，同时将被替换部分的账面价值扣除；与固定资产日常维护相关的支出在发生时计入当期损益。

固定资产以成本减累计折旧及减值准备后在资产负债表内列示。

(2) 固定资产的折旧方法

本集团将固定资产的成本扣除预计净残值和累计减值准备后在其使用寿命内按年限平均法计提折旧，除非投资符合持有待售的条件（参见附注三、25(1)）。

各类固定资产的使用寿命、净残值率及年折旧率分别为：

类别	预计使用寿命	预计净残值率	年折旧率
房屋及建筑物	20 至 35 年	3%至 4%	2.74%至 4.85%
电子计算机	3 至 5 年	3%至 4%	19.20%至 32.33%
交通设备	4 至 7 年	3%至 4%	13.71%至 24.25%
电器及通讯设备	3 至 10 年	3%至 4%	9.60%至 32.33%
办公设备	3 至 5 年	3%至 4%	19.20%至 32.33%

本集团至少在每年年度终了对固定资产的预计使用寿命、预计净残值和折旧方法进行复核。

(3) 减值测试方法及减值准备计提方法参见附注三、17。

(4) 融资租赁租入固定资产的认定依据、计价方法参见附注三、24(3)。

(5) 固定资产处置

固定资产满足下述条件之一时，本集团会予以终止确认。

- 固定资产处于处置状态；
- 该固定资产预期通过使用或处置不能产生经济利益。

报废或处置固定资产项目所产生的损益为处置所得款项净额与项目账面金额之间的差额，并于报废或处置日在损益中确认。

12 在建工程

自行建造的固定资产的成本包括工程用物资、直接人工、符合资本化条件的借款费用和使该项资产达到预定可使用状态前所发生的必要支出。

自行建造的固定资产于达到预定可使用状态时转入固定资产，此前列于在建工程，且不计提折旧。

在建工程以成本减减值准备（参见附注三、17）在资产负债表内列示。

13 无形资产

无形资产以成本减累计摊销（仅限于使用寿命有限的无形资产）及减值准备（参见附注三、17）后在资产负债表内列示。对于使用寿命有限的无形资产，本集团将无形资产的成本扣除预计净残值和累计减值准备后按直线法在预计使用寿命期内摊销，除非投资符合持有待售的条件（参见附注三、25(1)）。

本公司于 2001 年合并重组时，国有股股东投入的无形资产，按国有资产管理部确认的评估值作为入账价值。

本集团将无法预见未来经济利益期限的无形资产视为使用寿命不确定的无形资产，并对这类无形资产不予摊销。本集团在每个会计期间对使用寿命不确定的无形资产的使用寿命进行复核。如果有证据表明无形资产的使用寿命是有限的，则估计其使用寿命，并按上述使用寿命有限的无形资产处理。

本集团内部研究开发项目的支出分为研究阶段支出和开发阶段支出。

研究阶段的支出，于发生时计入当期损益。开发阶段的支出，如果开发形成的某项产品或工序等在技术和商业上可行，而且本集团有充足的资源和意向完成开发工作，并且开发阶段支出能够可靠计量，则开发阶段的支出便会予以资本化。资本化开发支出按成本减减值准备（参见附注三、17）在资产负债表内列示。其他开发费用则在其产生的期间内确认为费用。

14 商誉

因非同一控制下企业合并形成的商誉，其初始成本是合并成本大于合并中取得的被购买方可辨认净资产公允价值份额的差额。

本集团对商誉不摊销，以成本减累计减值准备（参见附注三、17）在资产负债表内列示。商誉在其相关资产组或资产组组合处置时予以转出，计入当期损益。

15 存货

存货按成本进行初始计量。存货成本包括采购成本、使存货达到目前场所和状态所发生的其他支出。发出存货的实际成本个别计价法计量。

资产负债表日，存货按照成本与可变现净值孰低计量。

按单个存货项目计算的成本高于其可变现净值的差额，计提存货跌价准备，计入当期损益。可变现净值，是指在日常活动中，存货的估计售价减去至完工时估计将要发生的成本、估计的销售费用以及相关税费后的金额。

16 长期待摊费用

长期待摊费用包括经营租入固定资产改良及其他已经发生但应由本期和以后各期负担的、分摊期限在一年以上的各项费用，按预计受益期间分期平均摊销。

17 除存货及金融资产外的其他资产减值

本集团在资产负债表日根据内部及外部信息以确定下列资产是否存在减值的迹象，包括：

- 固定资产
- 在建工程
- 无形资产
- 长期股权投资
- 商誉等

本集团对存在减值迹象的资产进行减值测试，估计资产的可收回金额。此外，无论是否存在减值迹象，本集团至少每年对尚未达到可使用状态的无形资产估计其可收回金额，于每年年度终了对商誉及使用寿命不确定的无形资产估计其可收回金额。本集团依据相关资产组或者资产组组合能够从企业合并的协同效应中的受益情况分摊商誉账面价值，并在此基础上进行商誉减值测试。

可收回金额是指资产（或资产组、资产组组合，下同）的公允价值（参见附注三、18）减去处置费用后的净额与资产预计未来现金流量的现值两者之间较高者。

资产组由创造现金流入相关的资产组成，是可以认定的最小资产组合，其产生的现金流入基本上独立于其他资产或者资产组。

资产预计未来现金流量的现值，按照资产在持续使用过程中和最终处置时所产生的预计未来现金流量，选择恰当的税前折现率对其进行折现后的金额加以确定。

可收回金额的估计结果表明，资产的可收回金额低于其账面价值的，资产的账面价值会减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的资产减值准备。与资产组或者资产组组合相关的减值损失，先抵减分摊至该资产组或者资产组组合中商誉的账面价值，再根据资产组或者资产组组合中除商誉之外的其他各项资产的账面价值所占比重，按比例抵减其他各项资产的账面价值，但抵减后的各资产的账面价值不得低于该资产的公允价值减去处置费用后的净额（如可确定的）、该资产预计未来现金流量的现值（如可确定的）和零三者之中最高者。

资产减值损失一经确认，在以后会计期间不会转回。

18 公允价值的计量

除特别声明外，本集团按下述原则计量公允价值：

公允价值是指市场参与者在计量日发生的有序交易中，出售一项资产所能收到或者转移一项负债所需支付的价格。

本集团估计公允价值时，考虑市场参与者在计量日对相关资产或负债进行定价时考虑的特征(包括资产状况及所在位置、对资产出售或者使用的限制等)，并采用在当前情况下适用并且有足够可利用数据和其他信息支持的估值技术。使用的估值技术主要包括市场法、收益法和成本法。

19 预计负债

如果与或有事项相关的义务是本集团承担的现时义务，且该义务的履行很可能会导致经济利益流出本集团，以及有关金额能够可靠地计量，则本集团会确认预计负债。

预计负债按照履行相关现时义务所需支出的最佳估计数进行初始计量。对于货币时间价值影响重大的，预计负债以预计未来现金流量折现后的金额确定。在确定最佳估计数时，本集团综合考虑了与或有事项有关的风险、不确定性和货币时间价值等因素。所需支出存在一个连续范围，且该范围内各种结果发生的可能性相同的，最佳估计数按照该范围内的中间值确定；在其他情况下，最佳估计数分别下列情况处理：

- 或有事项涉及单个项目的，按照最可能发生金额确定。
- 或有事项涉及多个项目的，按照各种可能结果及相关概率计算确定。

本集团在资产负债表日对预计负债的账面价值进行复核，并按照当前最佳估计数对该账面价值进行调整。

20 收入

收入是本集团在日常活动中形成的、会导致股东权益增加且与股东投入资本无关的经济利益的总流入。收入在其金额及相关成本能够可靠计量、相关的经济利益很可能流入本集团并且同时满足以下不同类型收入的其他确认条件时，予以确认。

(1) 证券经纪业务收入

证券经纪业务收入在证券买卖交易日确认。

(2) 期货经纪业务收入

- (i) 向客户收取的交易手续费、质押手续费、交割手续费等扣减应付期货交易所手续费后的净收入，按期货经纪合同约定及适用的费率计算，于交易完成时确认。
- (ii) 期货交易所返还、减免的手续费收入在收到交易所返还、减免的手续费时确认。

(3) 证券承销业务收入及保荐业务收入

证券承销业务收入及保荐业务收入于承销或保荐发行项目完成后，即在经济利益很可能流入本集团，以及相关的收入能够可靠地计量时确认。

(4) 财务顾问服务及投资咨询服务收入

财务顾问服务及投资咨询服务收入在服务完成时确认。

(5) 资产管理业务收入

资产管理业务收入于资产管理合同约定的受托投资管理义务完成时确认。

(6) 利息收入

利息收入是按借出货币资金的时间和实际利率计算确定的。

21 职工薪酬

(1) 短期薪酬

本集团在职工提供服务的会计期间，将实际发生或按规定的基准和比例计提的职工工资、奖金、医疗保险费、工伤保险费和生育保险费等社会保险费和住房公积金，确认为负债，并计入当期损益或相关资产成本。

(2) 离职后福利 - 设定提存计划

本集团所参与的设定提存计划是按照中国有关法规要求，本集团职工参加的由政府机构设立管理的社会保障体系中的基本养老保险和失业保险。基本养老保险和失业保险的缴费金额按国家规定的基准和比例计算。本集团在职工提供服务的会计期间，将应缴存的金额确认为负债，并计入当期损益或相关资产成本。

(3) 辞退福利

本集团在职工劳动合同到期之前解除与职工的劳动关系，或者为鼓励职工自愿接受裁减而提出给予补偿的建议，在下列两者孰早日，确认辞退福利产生的负债，同时计入当期损益：

- 本集团不能单方面撤回因解除劳动关系计划或裁减建议所提供的辞退福利时；
- 本集团有详细、正式的涉及支付辞退福利的重组计划；并且，该重组计划已开始实施，或已向受其影响的各方通告了该计划的主要内容，从而使各方形成了对本集团将实施重组的合理预期时。

(4) 其他长期职工福利

本集团的其他长期职工福利为报告期末 12 个月内不需支付的绩效年薪或递延发放奖金，本集团根据职工提供服务而获取的未来报告期间预计获得的福利金额，将其予以折现后的现值确认为负债，并计入当前损益或相关资产成本。

22 政府补助

政府补助是本集团从政府无偿取得的货币性资产或非货币性资产，但不包括政府以投资者身份向本集团投入的资本。

政府补助在能够满足政府补助所附条件，并能够收到时，予以确认。

政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量。

本集团取得的、用于购建或以其他方式形成长期资产的政府补助作为与资产相关的政府补助。本集团取得的与资产相关之外的其他政府补助作为与收益相关的政府补助。与资产相关的政府补助，本集团将其冲减相关资产的账面价值，或确认为递延收益，并在相关资产使用寿命内按照合理、系统的方法分期计入其他收益或营业外收入。与收益相关的政府补助，如果用于补偿本集团以后期间的相关成本费用或损失的，本集团将其确认为递延收益，并在确认相关成本费用或损失的期间，计入其他收益或营业外收入，或冲减相关成本；否则直接计入其他收益或营业外收入，或冲减相关成本。

23 所得税

除因企业合并和直接计入所有者权益 (包括其他综合收益) 的交易或者事项产生的所得税外，本集团将当期所得税和递延所得税计入当期损益。

当期所得税是按本期应税所得额，根据税法规定的税率计算的预期应交所得税，加上以往年度应付所得税的调整。

资产负债表日，如果本集团拥有以净额结算的法定权利并且意图以净额结算或取得资产、清偿负债同时进行，那么当期所得税资产及当期所得税负债以抵销后的净额列示。

递延所得税资产与递延所得税负债分别根据可抵扣暂时性差异和应纳税暂时性差异确定。暂时性差异是指资产或负债的账面价值与其计税基础之间的差额，包括能够结转以后年度的可抵扣亏损和税款抵减。递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异的应纳税所得额为限。

如果不属于企业合并交易且交易发生时既不影响会计利润也不影响应纳税所得额（或可抵扣亏损），则该项交易中产生的暂时性差异不会产生递延所得税。商誉的初始确认导致的暂时性差异也不产生相关的递延所得税。

资产负债表日，本集团根据递延所得税资产和负债的预期收回或结算方式，依据已颁布的税法规定，按照预期收回该资产或清偿该负债期间的适用税率计量该递延所得税资产和负债的账面金额。

资产负债表日，本集团对递延所得税资产的账面价值进行复核。如果未来期间很可能无法获得足够的应纳税所得额用以抵扣递延所得税资产的利益，则减记递延所得税资产的账面价值。在很可能获得足够的应纳税所得额时，减记的金额予以转回。

资产负债表日，递延所得税资产及递延所得税负债在同时满足以下条件时以抵销后的净额列示：

- 纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利；
- 递延所得税资产及递延所得税负债是与同一税收征管部门对同一纳税主体征收的所得税相关或者是对不同的纳税主体相关，但在未来每一具有重要性的递延所得税资产及负债转回的期间内，涉及的纳税主体意图以净额结算当期所得税资产和负债或是同时取得资产、清偿负债。

24 经营租赁、融资租赁

租赁分为融资租赁和经营租赁。融资租赁是指无论所有权最终是否转移但实质上转移了与资产所有权有关的全部风险和报酬的租赁。经营租赁是指除融资租赁以外的其他租赁。

(1) 经营租赁租入资产

经营租赁租入资产的租金费用在租赁期内按直线法确认为相关资产成本或费用。

(2) 经营租赁租出资产

经营租赁租出的除投资性房地产以外的固定资产按附注三、11(2) 所述的折旧政策计提折旧，按附注三、17 所述的会计政策计提减值准备。对于其他经营租赁租出资产，比照前述披露具体的会计政策。经营租赁的租金收入在租赁期内按直线法确认为收入。经营租赁租出资产发生的初始直接费用，金额较大时予以资本化，在整个租赁期内按照与确认租金收入相同的基础分期计入当期损益；金额较小时，直接计入当期损益。

(3) 融资租赁租入资产

于租赁期开始日，本集团融资租入资产按租赁开始日租赁资产公允价值与最低租赁付款额现值两者中较低者作为租入资产的入账价值，将最低租赁付款额作为长期应付款的入账价值，其差额确认为未确认融资费用。本集团将因融资租赁发生的初始直接费用计入租入资产价值。融资租赁租入资产按附注三、11(2) 所述的折旧政策计提折旧，按附注三、17 所述的会计政策计提减值准备。

对能够合理确定租赁期届满时取得租入资产所有权的，租入资产在使用寿命内计提折旧。否则，租赁资产在租赁期与租赁资产使用寿命两者中较短的期间内计提折旧。

本集团对未确认融资费用采用实际利率法在租赁期内各个期间进行分摊，并按照借款费用的原则处理。

资产负债表日，本集团将与融资租赁相关的长期应付款减去未确认融资费用的差额，在资产负债表内列示。

25 持有待售和终止经营

(1) 持有待售

本集团主要通过出售而非持续使用一项非流动资产或处置组收回其账面价值时，将该非流动资产或处置组划分为持有待售类别。

处置组，是指在一项交易中作为整体通过出售或其他方式一并处置的一组资产，以及在该交易中转让的与这些资产直接相关的负债。

本集团将同时满足下列条件的非流动资产或处置组划分为持有待售类别：

- 根据类似交易中出售此类资产或处置组的惯例，该非流动资产或处置组在其当前状况下即可立即出售；
- 出售极可能发生，即本集团已经就一项出售计划作出决议且已与其他方签订了具有法律约束力的购买协议，预计出售将在一年内完成。

本集团按账面价值与公允价值（参见附注三、18）减去出售费用后净额之孰低者对持有待售的非流动资产（不包括金融资产（参见附注三、9）及递延所得税资产（参见附注三、23）或处置组进行初始计量和后续计量，账面价值高于公允价值（参见附注三、18）减去出售费用后净额的差额确认为资产减值损失，计入当期损益。

(2) 终止经营

本集团将满足下列条件之一的、能够单独区分的组成部分，且该组成部分已被本集团处置或划分为持有待售类别的界定为终止经营：

- 该组成部分代表一项独立的主要业务或一个单独的主要经营地区；
- 该组成部分是拟对一项独立的主要业务或一个单独的主要经营地区进行处置的一项相关联计划的一部分；
- 该组成部分是专为转售而取得的子公司。

26 股利分配

资产负债表日后，经审议批准的利润分配方案中拟分配的股利或利润，不确认为资产负债表日的负债，在附注中单独披露。

27 一般风险准备

本公司及下属子公司中德证券有限责任公司（以下简称“中德证券”）根据财政部颁布的《金融企业财务规则》（中华人民共和国财政部令第 42 号）及其实施指南（财金[2007]23 号）的规定，以及证监会制定的《证券公司年报监管工作指引》的要求，按当年税后利润的 10%提取一般风险准备。当年税后利润弥补以前年度亏损后仍为亏损状态，可不予提取一般风险准备。

本公司下属子公司格林大华期货有限公司(以下简称“格林大华”)根据财政部颁布的《金融企业财务规则》(中华人民共和国财政部令第 42 号)及其实施指南(财金[2007] 23 号)的规定,按当年税后利润的 10%提取一般风险准备。当年税后利润弥补以前年度亏损后仍为亏损状态,可不予提取一般风险准备。

28 交易风险准备

本公司及下属子公司中德证券根据《中华人民共和国证券法》的规定及证监会制定的《证券公司年报监管工作指引》的要求,按当年税后利润的 10%提取交易风险准备用于弥补证券交易的损失。当年税后利润弥补以前年度亏损后仍为亏损状态,可不予提取交易风险准备。

29 关联方

一方控制、共同控制另一方或对另一方施加重大影响,以及两方或两方以上同受一方控制、共同控制的,构成关联方。关联方可为个人或企业。仅仅同受国家控制而不存在其他关联方关系的企业,不构成关联方。

此外,本公司同时根据证监会颁布的《上市公司信息披露管理办法》确定本集团或本公司的关联方。

30 分部报告

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部。如果两个或多个经营分部存在相似经济特征且同时在各单项产品或劳务的性质、生产过程的性质、产品或劳务的客户类型、销售产品或提供劳务的方式、生产产品及提供劳务受法律及行政法规的影响等方面具有相同或相似性的,可以合并为一个经营分部。本集团以经营分部为基础考虑重要性原则后确定报告分部。

本集团在编制分部报告时,分部间交易收入按实际交易价格为基础计量。编制分部报告所采用的会计政策与编制本集团财务报表所采用的会计政策一致。

31 主要会计估计及判断

编制财务报表时,本集团管理层需要运用估计和假设,这些估计和假设会对会计政策的应用及资产、负债、收入及费用的金额产生影响。实际情况可能与这些估计不同。本集团管理层对估计涉及的关键假设和不确定因素的判断进行持续评估,会计估计变更的影响在变更当期和未来期间予以确认。

(1) 主要会计估计

除固定资产及无形资产等资产的折旧及摊销 (参见附注三、11 和 13) 和各类资产减值 (参见附注五、3、5、6、11、12、13 和 18 以及附注十七、1 和 3) 涉及的会计估计外, 其他主要的会计估计如下:

- (i) 附注五、19 - 递延所得税资产的确认;
- (ii) 附注十一 - 金融工具公允价值估值;

(2) 主要会计判断

本集团在运用会计政策过程中做出的重要判断如下:

- (i) 附注七 - 披露对其他主体实施控制、共同控制或重大影响的重大判断和假设。

32 主要会计政策的变更

(1) 会计政策变更的内容及原因

本集团于 2019 年度执行了财政部于近年颁布的以下企业会计准则修订:

- 《企业会计准则第 22 号——金融工具确认和计量 (修订)》、《企业会计准则第 23 号——金融资产转移 (修订)》、《企业会计准则第 24 号——套期会计 (修订)》及《企业会计准则第 37 号——金融工具列报 (修订)》(统称“新金融工具准则”)
- 《企业会计准则第 7 号——非货币性资产交换 (修订)》
- 《企业会计准则第 12 号——债务重组 (修订)》
- 《关于修订印发 2018 年度金融企业财务报表格式的通知》(财会 [2018] 36 号)
- 《关于修订印发 2019 年度一般企业财务报表格式的通知》(财会 [2019] 6 号)
- 《关于修订印发合并财务报表格式 (2019 版) 的通知》(财会 [2019] 16 号)

(2) 会计政策变更的主要影响

(a) 新金融工具准则

新金融工具准则修订了财政部于 2006 年颁布的《企业会计准则第 22 号——金融工具确认和计量》、《企业会计准则第 23 号——金融资产转移》和《企业会计准则第 24 号——套期保值》以及财政部于 2014 年修订的《企业会计准则第 37 号——金融工具列报》(统称“原金融工具准则”)。

新金融工具准则将金融资产划分为三个基本分类：(1) 以摊余成本计量的金融资产；(2) 以公允价值计量且其变动计入其他综合收益的金融资产；及 (3) 以公允价值计量且其变动计入当期损益的金融资产。在新金融工具准则下，金融资产的分类是基于本集团管理金融资产的业务模式及该资产的合同现金流量特征而确定。

与新金融工具准则相关的会计政策请参见本财务报表附注三、公司重要会计政策、会计估计，与原金融工具准则相关的会计政策请参见本集团 2018 年度财务报表相关会计政策。新金融工具准则取消了原金融工具准则中规定的持有至到期投资、贷款和应收款项及可供出售金融资产三个分类类别。根据新金融工具准则，嵌入衍生工具不再从金融资产的主合同中分拆出来，而是将混合金融工具整体适用关于金融资产分类的相关规定。

新金融工具准则以“预期信用损失”模型替代了原金融工具准则中的“已发生损失”模型。“预期信用损失”模型要求持续评估金融资产的信用风险，因此在新金融工具准则下，本集团信用损失的确认时点早于原金融工具准则。

本集团按照新金融工具准则的衔接规定，对新金融工具准则施行日（即 2019 年 1 月 1 日）未终止确认的金融工具的分类和计量（含减值）进行追溯调整。本集团未调整比较财务报表数据，将金融工具的原账面价值和在新金融工具准则施行日的新账面价值之间的差额计入 2019 年年初留存收益或其他综合收益。

于 2019 年 1 月 1 日，新金融工具准则对本集团及本公司金融工具的分类及账面余额的影响如下：

本集团

修订前金融工具准则下的项目：	原金融工具准则计量类别	新金融工具准则计量类别 (项目)	原金融工具准则 2018 年 12 月 31 日	重新分类	重新计量	新金融工具准则 2019 年 1 月 1 日
融出资金	摊余成本	摊余成本	4,435,571,620	-	(13,818,719)	4,421,752,901
买入返售金融资产	摊余成本	摊余成本	3,976,462,481	-	(55,150,709)	3,921,311,772
应收款项	摊余成本	摊余成本	213,912,303	-	(1,267,954)	212,644,349
金融投资：						
- 以公允价值计量且其变动计入 当期损益的金融资产	以公允价值计量且其变动计入当期损益	以公允价值计量且其变动计入 当期损益 (交易性金融资产) 以公允价值计量且其变动计入 其他综合收益 (其他债权投资) 以公允价值计量且其变动计入 其他综合收益 (其他权益工具投资)	22,240,168,027	(22,240,168,027)	-	-
			-	22,033,488,219	-	22,033,488,219
			-	91,346,940	-	91,346,940
			-	115,332,868	-	115,332,868
- 可供出售金融资产	以公允价值计量且其变动计入 其他综合收益	以公允价值计量且其变动计入 当期损益 (交易性金融资产) 摊余成本 (债权投资) 以公允价值计量且其变动计入 其他综合收益 (其他债权投资) 以公允价值计量且其变动计入 其他综合收益 (其他权益工具投资)	6,159,863,661	(6,159,863,661)	-	-
			-	1,457,581,395	-	1,457,581,395
			-	28,351,272	4,280,339	32,631,611
			-	4,355,611,669	-	4,355,611,669
其他应收款	摊余成本	摊余成本	206,335,284	-	(1,766,482)	204,568,802
以公允价值计量且其变动计入 当期损益的金融负债	以公允价值计量且其变动计入当期损益	以公允价值计量且其变动计入 当期损益 (交易性金融负债)	1,712,809,520	(1,712,809,520)	-	-
递延所得税资产			-	1,712,809,520	-	1,712,809,520
其他综合收益			90,589,967	-	17,917,600	108,507,567
盈余公积			1,225,975	(20,576,640)	54,749,237	35,398,572
未分配利润			507,232,749	2,865,200	(10,083,120)	500,014,829
少数股东权益			1,289,250,284	17,711,440	(94,035,914)	1,212,925,810
			553,578,988	-	(436,128)	553,142,860

本公司

修订前金融工具准则下的项目：

融出资金

买入返售金融资产

应收款项

金融投资：

- 以公允价值计量且其变动计入
当期损益的金融资产

以公允价值计量且其变动计入当期损益

- 可供出售金融资产
其他综合收益

以公允价值计量且其变动计入
其他综合收益

其他应收款

以公允价值计量且其变动计入当期损益
的金融负债

递延所得税资产

其他综合收益

盈余公积

未分配利润

原金融工具准则计量类别

摊余成本

摊余成本

摊余成本

以公允价值计量且其变动计入当期损益

以公允价值计量且其变动计入当期损益
(交易性金融资产)
以公允价值计量且其变动计入其他综合
收益 (其他债权投资)
以公允价值计量且其变动计入其他综合
收益 (其他权益工具投资)

以公允价值计量且其变动计入
其他综合收益

以公允价值计量且其变动计入当期损益
(交易性金融资产)
以公允价值计量且其变动计入其他综合
收益 (其他债权投资)
以公允价值计量且其变动计入其他综合
收益 (其他权益工具投资)

摊余成本

以公允价值计量且其变动计入当期损益

以公允价值计量且其变动计入当期损益
(交易性金融负债)

新金融工具准则计量类别 (项目)

摊余成本

摊余成本

摊余成本

以公允价值计量且其变动计入当期损益
(交易性金融资产)
以公允价值计量且其变动计入其他综合
收益 (其他债权投资)
以公允价值计量且其变动计入其他综合
收益 (其他权益工具投资)

以公允价值计量且其变动计入
其他综合收益

以公允价值计量且其变动计入当期损益
(交易性金融资产)
以公允价值计量且其变动计入其他综合
收益 (其他债权投资)
以公允价值计量且其变动计入其他综合
收益 (其他权益工具投资)

摊余成本

以公允价值计量且其变动计入当期损益

以公允价值计量且其变动计入当期损益
(交易性金融负债)

原金融工具准则
2018 年 12 月 31 日

4,218,213,951

3,466,878,231

70,308,232

20,887,481,986

-

-

-

-

-

6,117,637,188

-

-

-

-

-

726,571,805

1,712,809,520

-

47,985,436

(20,313,379)

507,232,749

1,249,700,346

重新分类

-

-

-

(20,887,481,986)

-

-

-

-

-

(6,117,637,188)

-

-

-

-

-

256,654,468

(82,860)

-

1,712,809,520

-

-

2,865,200

25,786,801

重新计量

(13,818,719)

(55,150,709)

(331,228)

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

17,345,879

48,793,567

(10,083,120)

(90,748,084)

新金融工具准则
2019 年 1 月 1 日

4,204,395,232

3,411,727,522

69,977,004

-

-

-

-

-

-

-

-

-

-

-

-

256,654,468

726,488,945

-

1,712,809,520

-

65,331,315

(171,813)

500,014,829

1,184,739,063

将原金融工具减值准备期末金额调整为按照新金融工具准则的规定进行分类和计量的新损失准备的调节如下：

本集团

	原金融工具准则下 减值准备 2018 年 12 月 31 日	重新分类	重新计量	新金融工具准则下 减值准备 2019 年 1 月 1 日
融出资金	64,286,454	-	13,818,719	78,105,173
买入返售金融资产	7,906,436	-	55,150,709	63,057,145
应收款项	31,818,213	-	1,267,954	33,086,167
债权投资	-	-	1,644,492	1,644,492
其他债权投资	-	-	65,088,927	65,088,927
可供出售金融资产	46,328,195	(46,328,195)	-	-
其他应收款	8,564,034	-	1,766,482	10,330,516

本公司

	原金融工具准则下 减值准备 2018 年 12 月 31 日	重新分类	重新计量	新金融工具准则下 减值准备 2019 年 1 月 1 日
融出资金	8,453,335	-	13,818,719	22,272,054
买入返售金融资产	7,906,436	-	55,150,709	63,057,145
应收款项	20,818,213	-	331,228	21,149,441
其他债权投资	-	-	65,058,090	65,058,090
可供出售金融资产	68,748	(68,748)	-	-
其他应收款	7,589,997	-	82,860	7,672,857

(b) 《企业会计准则第 7 号——非货币性资产交换 (修订) 》

准则 7 号 (2019) 细化了非货币性资产交换准则的适用范围，明确了换入资产的确认时点和换出资产的终止确认时点并规定了两个时点不一致时的会计处理方法，修订了以公允价值为基础计量的非货币性资产交换中同时换入或换出多项资产时的计量原则，此外新增了对非货币资产交换是否具有商业实质及其原因的披露要求。

准则 7 号 (2019) 自 2019 年 6 月 10 日起施行，对 2019 年 1 月 1 日至准则施行日之间发生的非货币性资产交换根据该准则规定进行调整，对 2019 年 1 月 1 日之前发生的非货币性资产交换，不再进行追溯调整。采用该准则未对本集团的财务状况和经营成果产生重大影响。

(c) 《企业会计准则第 12 号——债务重组 (修订) 》

准则 12 号 (2019) 修改了债务重组的定义，明确了该准则的适用范围，并规定债务重组中涉及的金融工具的确认、计量和列报适用金融工具相关准则的规定。对于以资产清偿债务方式进行债务重组的，准则 12 号 (2019) 修改了债权人受让非金融资产初始确认时的计量原则，并对于债务人在债务重组中产生的利得和损失不再区分资产转让损益和债务重组损益两项损益进行列报。对于将债务转为权益工具方式进行债务重组的，准则 12 号 (2019) 修改了债权人初始确认享有股份的计量原则，并对于债务人初始确认权益工具的计量原则增加了指引。

准则 12 号 (2019) 自 2019 年 6 月 17 日起施行，对 2019 年 1 月 1 日至准则施行日之间发生的债务重组根据该准则规定进行调整，对 2019 年 1 月 1 日之前发生的债务重组，不再进行追溯调整。采用该准则未对本集团的财务状况和经营成果产生重大影响。

(d) 财会 [2018] 36 号、财会 [2019] 6 号及财会 [2019] 16 号

本集团按照财会 [2018] 36 号、财会 [2019] 6 号及财会 [2019] 16 号规定的财务报表格式，根据重要性原则并结合本集团实际情况对相关的财务报表项目进行了调整。上述调整未对本集团的财务状况和经营成果产生重大影响。

(3) 上述会计政策变更对 2019 年 1 月 1 日合并资产负债表及母公司资产负债表各项目的影响汇总如下：

集团	2018 年 12 月 31 日	2019 年 1 月 1 日	调整数
资产			
货币资金	12,681,464,251	12,709,385,843	27,921,592
结算备付金	2,323,843,791	2,324,963,723	1,119,932
融出资金	4,435,571,620	4,492,049,590	56,477,970
衍生金融资产	50,153,341	50,153,341	-
存出保证金	2,556,538,862	2,556,993,738	454,876
应收款项	213,912,303	212,644,349	(1,267,954)
应收利息	403,710,586	-	(403,710,586)
买入返售金融资产	3,976,462,481	3,938,889,455	(37,573,026)
金融投资			
以公允价值计量且其变动			
计入当期损益的金融资产	22,240,168,027	-	(22,240,168,027)
交易性金融资产	-	23,731,470,141	23,731,470,141
债权投资	-	33,230,428	33,230,428
可供出售金融资产	6,159,863,661	-	(6,159,863,661)
其他债权投资	-	4,492,299,079	4,492,299,079
其他权益工具投资	-	433,652,193	433,652,193
长期股权投资	61,616,403	61,616,403	-
固定资产	383,164,837	383,164,837	-
无形资产	114,708,680	114,708,680	-
商誉	476,939,901	476,939,901	-
递延所得税资产	90,589,967	108,507,567	17,917,600
其他资产	1,075,905,312	1,074,138,830	(1,766,482)
资产合计	57,244,614,023	57,194,808,098	(49,805,925)

集团	2018 年 12 月 31 日	2019 年 1 月 1 日	调整数
负债			
应付短期融资款	6,112,580,000	6,296,542,850	183,962,850
拆入资金	6,650,000,000	6,693,994,917	43,994,917
以公允价值计量且其变动计入			
当期损益的金融负债	1,712,809,520	-	(1,712,809,520)
交易性金融负债	-	1,760,824,960	1,760,824,960
衍生金融负债	84,039,710	84,039,710	-
卖出回购金融资产款	15,007,619,444	15,031,260,763	23,641,319
代理买卖证券款	8,376,478,762	8,376,919,342	440,580
应付职工薪酬	133,968,410	133,968,410	-
应交税费	110,104,124	110,104,124	-
应付款项	451,201,456	451,201,456	-
应付利息	409,466,345	-	(409,466,345)
应付债券	4,075,084,151	4,162,088,978	87,004,827
递延所得税负债	4,723,337	4,723,337	-
其他负债	1,119,678,364	1,142,084,776	22,406,412
负债合计	44,247,753,623	44,247,753,623	-
股东权益			
股本	2,828,725,153	2,828,725,153	-
资本公积	6,713,296,178	6,713,296,178	-
其他综合收益	1,225,975	35,398,572	34,172,597
盈余公积	507,232,749	500,014,829	(7,217,920)
一般风险准备	564,673,545	564,673,545	-
交易风险准备	538,877,528	538,877,528	-
未分配利润	1,289,250,284	1,212,925,810	(76,324,474)
少数股东权益	553,578,988	553,142,860	(436,128)
股东权益合计	12,996,860,400	12,947,054,475	(49,805,925)
负债及股东权益总计	57,244,614,023	57,194,808,098	(49,805,925)

本公司	2018 年 12 月 31 日	2019 年 1 月 1 日	调整数
资产			
货币资金	7,638,611,356	7,645,593,183	6,981,827
结算备付金	2,222,704,328	2,223,823,147	1,118,819
融出资金	4,218,213,951	4,269,115,871	50,901,920
存出保证金	1,184,333,696	1,184,785,721	452,025
应收款项	70,308,232	69,977,004	(331,228)
应收利息	356,542,938	-	(356,542,938)
买入返售金融资产	3,466,878,231	3,428,280,577	(38,597,654)
金融投资			
以公允价值计量且其变动			
计入当期损益的金融资产	20,887,481,986	-	(20,887,481,986)
交易性金融资产	-	22,421,128,274	22,421,128,274
可供出售金融资产	6,117,637,188	-	(6,117,637,188)
其他债权投资	-	4,469,744,879	4,469,744,879
其他权益工具投资	-	371,987,336	371,987,336
长期股权投资	3,862,380,851	3,862,380,851	-
固定资产	328,738,439	328,738,439	-
无形资产	103,657,795	103,657,795	-
商誉	49,096,844	49,096,844	-
递延所得税资产	47,985,436	65,331,315	17,345,879
其他资产	820,272,654	829,165,052	8,892,398
资产合计	51,374,843,925	51,322,806,288	(52,037,637)

<u>本公司</u>	<u>2018 年</u> <u>12 月 31 日</u>	<u>2019 年</u> <u>1 月 1 日</u>	<u>调整数</u>
负债			
应付短期融资款	6,112,580,000	6,296,542,850	183,962,850
拆入资金	6,650,000,000	6,693,994,917	43,994,917
以公允价值计量且其变动计入			
当期损益的金融负债	1,712,809,520	-	(1,712,809,520)
交易性金融负债	-	1,760,824,960	1,760,824,960
卖出回购金融资产款	14,878,425,579	14,901,933,461	23,507,882
代理买卖证券款	5,030,404,512	5,030,845,092	440,580
应付职工薪酬	12,202,750	12,202,750	-
应交税费	47,402,033	47,402,033	-
应付款项	13,800,736	13,800,736	-
应付利息	387,894,002	-	(387,894,002)
应付债券	4,069,388,187	4,156,393,014	87,004,827
其他负债	187,245,423	188,212,929	967,506
负债合计	<u>39,102,152,742</u>	<u>39,102,152,742</u>	<u>-</u>
股东权益			
股本	2,828,725,153	2,828,725,153	-
资本公积	6,692,880,816	6,692,880,816	-
其他综合收益	(20,313,379)	(171,813)	20,141,566
盈余公积	507,232,749	500,014,829	(7,217,920)
一般风险准备	507,232,749	507,232,749	-
交易风险准备	507,232,749	507,232,749	-
未分配利润	1,249,700,346	1,184,739,063	(64,961,283)
股东权益合计	<u>12,272,691,183</u>	<u>12,220,653,546</u>	<u>(52,037,637)</u>
负债及股东权益总计	<u>51,374,843,925</u>	<u>51,322,806,288</u>	<u>(52,037,637)</u>

四 税项

本集团适用的主要税种及税率如下：

税种	计税依据	税率及征收率
企业所得税 (1)	应纳税所得额	16.5% ~ 25%
增值税	按税法规定计算的应税收入为基础计算销项税额， 在扣除当期抵扣的进项税额后，差额部分为应交增 值税	1.5% ~ 16%
城市维护建设税	缴纳的增值税税额	5%或 7%
教育费附加	缴纳的增值税税额	3%
地方教育费附加	缴纳的增值税税额	2%

(1) 企业所得税

本公司及境内子公司企业所得税税率为 25% (2018 年：25%)，本公司位于香港的子公司 (参见附注七、1) 企业所得税 (即“利得税”) 税率为 16.5% (2018 年：16.5%)。

本公司总部及分支机构所得税的计算和缴纳按照国家税务总局公告 [2012] 57 号《国家税务总局关于印发<跨地区经营汇总纳税企业所得税征收管理办法>的公告》、国家税务总局公告 [2015] 6 号《国家税务总局关于 3 项企业所得税事项取消审批后加强后续管理的公告》及国家税务总局公告 [2018] 第 31 号《国家税务总局关于修改部分税收规范性文件的公告》的通知执行。

五 合并财务报表项目注释

1 货币资金

(1) 按类别列示

<u>项目</u>	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
银行存款	15,673,251,016	12,648,962,031
其中：客户资金	8,460,155,123	6,984,996,649
自有资金	7,211,542,333	5,662,465,186
结构化主体持有的银行存款	1,553,560	1,500,196
其他货币资金	60,759,609	32,502,220
合计	<u>15,734,010,625</u>	<u>12,681,464,251</u>

于 2019 年 12 月 31 日，本集团存放于香港的款项总额为人民币 553,044,817 元 (2018 年 12 月 31 日：人民币 613,998,090 元)。

于 2019 年 12 月 31 日，本集团受限的货币资金包括公募基金业务风险准备金存款人民币 23,464,469 元 (2018 年 12 月 31 日：人民币 16,604,465 元)，及本公司下属子公司暂存应付客户可交债股权分红款人民币 35,861,449 元 (2018 年 12 月 31 日：人民币 34,610,693 元)。

(2) 按币种列示

	2019 年 12 月 31 日			2018 年 12 月 31 日		
	外币金额	折算率	人民币金额	外币金额	折算率	人民币金额
客户资金存款						
人民币			7,764,952,058			6,292,400,097
美元	16,338,983	6.9762	111,632,721	12,572,647	6.8632	86,292,612
港币	110,359,802	0.8958	98,858,104	343,370,559	0.8762	300,861,283
其他币种 (注 1)			916,566			1,995,653
小计			7,976,359,449			6,681,549,645
客户信用资金存款						
人民币			483,795,674			303,447,004
小计			483,795,674			303,447,004
客户存款小计			8,460,155,123			6,984,996,649
公司自有资金存款						
人民币			6,804,442,937			4,690,590,712
美元	16,263,232	6.9762	113,455,562	88,164,748	6.8632	605,143,409
港币	139,318,181	0.8958	124,798,440	218,402,064	0.8762	191,363,889
其他币种 (注 1)			89,362			31,873
小计			7,042,786,301			5,487,129,883
公司信用资金存款						
人民币			168,756,032			175,335,303
小计			168,756,032			175,335,303
公司存款小计			7,211,542,333			5,662,465,186
结构化主体持有的银行存款						
人民币			1,553,560			1,500,196
银行存款小计			15,673,251,016			12,648,962,031
其他货币资金						
人民币			60,759,609			32,502,220
合计			15,734,010,625			12,681,464,251

注 1: 于 2019 年 12 月 31 日, 本集团其他外币包括欧元、英镑、日元、新加坡元等 (于 2018 年 12 月 31 日, 同)。

其中，融资融券业务：

	2019 年 12 月 31 日	2018 年 12 月 31 日
自有信用资金		
其中：人民币	168,756,032	175,335,303
客户信用资金		
其中：人民币	483,795,674	303,447,004
合计	<u>652,551,706</u>	<u>478,782,307</u>

2 结算备付金

(1) 按类别列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
客户备付金	1,281,863,152	996,866,389
公司备付金	1,337,530,081	1,324,728,799
结构化主体持有的结算备付金	968,483	2,248,603
合计	<u>2,620,361,716</u>	<u>2,323,843,791</u>

于 2019 年 12 月 31 日，本集团使用受限的结算备付金包括本集团子公司客户结算备付金人民币 208,489 元 (2018 年 12 月 31 日：人民币 208,489 元)。

(2) 按币种列示

	2019 年 12 月 31 日			2018 年 12 月 31 日		
	外币金额	折算率	人民币金额	外币金额	折算率	人民币金额
客户普通备付金						
人民币			1,014,750,381			728,258,646
美元	4,020,798	6.9762	28,049,891	4,464,349	6.8632	30,639,720
港币	5,988,201	0.8958	5,364,111	5,369,916	0.8762	4,705,120
小计			<u>1,048,164,383</u>			<u>763,603,486</u>
客户信用备付金						
人民币			233,698,769			233,262,903
小计			<u>233,698,769</u>			<u>233,262,903</u>
客户备付金小计			<u>1,281,863,152</u>			<u>996,866,389</u>
公司自有备付金						
人民币			1,337,324,231			1,324,327,806
港币	229,800	0.8958	205,850	457,650	0.8762	400,993
小计			<u>1,337,530,081</u>			<u>1,324,728,799</u>
公司备付金小计			<u>1,337,530,081</u>			<u>1,324,728,799</u>
结构化主体持有的结算备付金						
人民币			968,483			2,248,603
合计			<u>2,620,361,716</u>			<u>2,323,843,791</u>

3 融出资金

	2019 年 12 月 31 日	2018 年 12 月 31 日
融资融券业务融出资金	5,212,872,405	4,226,667,286
孖展业务融资	<u>358,568,593</u>	<u>273,190,788</u>
小计	5,571,440,998	4,499,858,074
减：减值准备	<u>(103,035,919)</u>	<u>(64,286,454)</u>
融出资金净值	<u>5,468,405,079</u>	<u>4,435,571,620</u>

(1) 按交易对手分析

	2019 年 12 月 31 日	2018 年 12 月 31 日
境内		
其中：个人	4,776,430,669	3,900,096,898
机构	436,441,736	326,570,388
减：减值准备	(26,949,203)	(8,453,335)
小计	<u>5,185,923,202</u>	<u>4,218,213,951</u>
境外		
其中：个人	96,668,780	49,779,535
机构	261,899,813	223,411,253
减：减值准备	(76,086,716)	(55,833,119)
小计	<u>282,481,877</u>	<u>217,357,669</u>
账面价值合计	<u>5,468,405,079</u>	<u>4,435,571,620</u>

(2) 担保物信息

	<u>担保物公允价值</u>	
	2019 年 12 月 31 日	2018 年 12 月 31 日
<u>担保物类别</u>		
股票	14,768,781,756	11,039,281,598
资金	411,057,475	543,447,004
债券	337,801,760	176,961,477
合计	<u>15,517,640,991</u>	<u>11,759,690,079</u>

于 2019 年 12 月 31 日，本公司对已违约融出资金计提减值准备人民币 76,967,234 元 (2018 年 12 月 31 日：人民币 55,833,119 元)。

(3) 用于设定质押的融出资金

于 2019 年 12 月 31 日，本集团融出资金中未为回购业务设定质押 (2018 年 12 月 31 日：人民币 165,450,929 元)。

4 衍生金融工具

	2019 年 12 月 31 日			2018 年 12 月 31 日		
	非套期工具			非套期工具		
	名义金额	公允价值		名义金额	公允价值	
		资产	负债		资产	负债
利率衍生工具						
利率互换	16,300,000,000	-	-	9,750,000,000	-	-
国债期货	1,951,692,800	-	-	1,412,585,350	-	-
货币衍生工具	213,604,610	-	-	-	-	-
权益衍生工具						
股指期货	883,311,864	-	-	519,898,041	-	-
股票期权	275,000,000	-	(1,165,213)	-	-	-
其他衍生工具						
商品期货	2,459,888,491	-	(98,750)	2,022,824,441	-	-
场外期权	120,010,890	18,351,897	(18,351,897)	510,150,145	47,438,954	(47,090,523)
收益互换	-	-	-	1,094,824,882	252,457	(14,876,303)
远期合约	-	-	-	591,739,200	-	(21,804,639)
场内期权	-	-	-	219,845	-	(165,585)
其他	360,206,627	-	-	316,145,318	2,461,930	(102,660)
合计		18,351,897	(19,615,860)		50,153,341	(84,039,710)

在当日无负债结算制度下，本集团的利率互换合约及期货合约每日结算，其产生的持仓损益金额已在本集团结算备付金以及利润表中体现，而并未反映在上述衍生金融工具科目中。

5 买入返售金融资产

(1) 按金融资产种类列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
债券	1,696,944,024	2,213,324,250
股票	990,211,471	1,583,548,000
票据	96,350,000	187,496,667
小计	2,783,505,495	3,984,368,917
减：减值准备	(41,078,851)	(7,906,436)
合计	2,742,426,644	3,976,462,481

(2) 按业务类别列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
债券买断式回购	893,315,676	-
债券质押式回购	803,628,348	2,213,324,250
股票质押式回购	911,126,096	1,577,896,000
约定购回式证券交易	79,085,375	5,652,000
票据买断式回购	96,350,000	187,496,667
小计	2,783,505,495	3,984,368,917
减：减值准备	(41,078,851)	(7,906,436)
合计	2,742,426,644	3,976,462,481

(3) 股票质押按剩余期限分析

	2019 年 12 月 31 日	2018 年 12 月 31 日
1 个月内 (含)	112,060,274	240,000,000
1 个月至 3 个月内 (含)	136,091,207	163,500,000
3 个月至 1 年内 (含)	587,765,026	940,052,000
1 年以上	75,209,589	234,344,000
小计	911,126,096	1,577,896,000
减：减值准备	(40,287,997)	(7,889,480)
合计	870,838,099	1,570,006,520

(4) 约定购回按剩余期限分析

	2019 年 12 月 31 日	2018 年 12 月 31 日
1 个月内 (含)	-	3,001,000
1 个月至 3 个月内 (含)	2,068,800	851,000
3 个月至 1 年内 (含)	77,016,575	1,800,000
小计	79,085,375	5,652,000
减：减值准备	(790,854)	(16,956)
合计	78,294,521	5,635,044

(5) 买入返售金融资产的担保物信息

	担保物公允价值	
	2019 年 12 月 31 日	2018 年 12 月 31 日
担保物类别		
担保物	5,534,085,393	6,651,895,986
其中：可供出售或再次抵押担保物	1,068,328,133	200,000,000
其中：已出售或再次抵押担保物	473,467,380	-

6 应收款项

	2019 年 12 月 31 日	2018 年 12 月 31 日
应收手续费及佣金收入	70,720,460	110,983,747
应收仓单销售款	27,446,813	86,565,725
应收交易款项	47,304,567	48,119,570
其他	5,958,253	61,474
小计	151,430,093	245,730,516
减：减值准备	(51,225,204)	(31,818,213)
账面价值合计	100,204,889	213,912,303

注： 上述应收款项中无应收持有本公司 5% (含 5%) 以上表决权股份的股东的款项。上述应收款项中应收关联方款项参见附注九、5。

7 应收利息

	2018 年 12 月 31 日
应收债券投资利息	255,939,548
应收融资融券利息	64,720,639
应收票据投资利息	30,400,266
应收存放同业利息	29,496,400
应收买入返售金融资产利息	23,153,733
其中：应收股票质押式回购利息	14,863,303
合计	403,710,586

8 存出保证金

	2019 年 12 月 31 日			2018 年 12 月 31 日		
	原币金额	折算率	折人民币金额	原币金额	折算率	折人民币金额
交易保证金						
其中：人民币			1,488,573,763			1,170,798,187
美元	22,030,482	6.9762	153,689,046	7,717,000	6.8632	52,963,311
港币	25,842,372	0.8958	23,149,080	10,448,876	0.8762	9,155,305
其他币种			624,707			815,950
信用保证金						
其中：人民币			277,853,969			344,190,451
履约保证金						
其中：人民币			996,782,335			978,615,658
合计			2,940,672,900			2,556,538,862

9 以公允价值计量且其变动计入当期损益的金融资产

	2018 年 12 月 31 日
交易性金融资产	
债券投资	10,665,692,309
其中：成本	10,687,685,589
公允价值变动	(21,993,280)
票据投资	9,631,932,859
其中：成本	9,631,932,859
股票投资	775,579,468
其中：成本	877,608,732
公允价值变动	(102,029,264)
基金投资	305,186,633
其中：成本	305,486,391
公允价值变动	(299,758)
理财产品投资	254,183,407
其中：成本	253,900,000
公允价值变动	283,407
小计	21,632,574,676

2018 年
12 月 31 日

指定为以公允价值计量且其变动计入当期损益的金融资产

股票投资	241,769,913
其中：成本	240,000,000
公允价值变动	1,769,913
资产管理计划投资	154,827,744
其中：成本	150,000,000
公允价值变动	4,827,744
信托计划投资	112,373,014
其中：成本	110,000,000
公允价值变动	2,373,014
债权投资	86,942,680
其中：成本	98,175,200
公允价值变动	(11,232,520)
股权投资	11,680,000
其中：成本	11,680,000
小计	607,593,351
合计	22,240,168,027

于 2018 年 12 月 31 日，本集团以公允价值计量且其变动计入当期损益的金融资产中无已融出证券。

于 2018 年 12 月 31 日，本集团以公允价值计量且其变动计入当期损益的金融资产用于卖出回购和债券借贷质押的债券账面价值分别为人民币 3,741,303,269 元和人民币 259,825,650 元，用于卖出回购金融资产的票据账面价值为人民币 8,211,170,561 元。

上述以公允价值计量且其变动计入当期损益的金融资产中无持有本公司 5% (含 5%) 以上表决权股份的股东作为发行人的金融资产，且无投资变现的重大限制。

10 交易性金融资产

	2019 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	公允价值合计	分类为以公允 价值计量且其变动 计入当期损益的 金融资产	指定为以公允 价值计量且其变动 计入当期损益的 金融资产	初始成本合计
债券	9,700,872,010	-	9,700,872,010	9,474,295,832	-	9,474,295,832
票据	7,907,426,414	-	7,907,426,414	7,899,811,462	-	7,899,811,462
股票	2,381,731,839	-	2,381,731,839	1,995,853,721	-	1,995,853,721
基金	720,480,641	-	720,480,641	710,010,891	-	710,010,891
资产管理计划	792,623,739	-	792,623,739	774,223,165	-	774,223,165
资产支持证券	380,619,374	-	380,619,374	360,925,422	-	360,925,422
理财产品	150,000,000	-	150,000,000	150,000,000	-	150,000,000
股权	123,172,654	-	123,172,654	152,444,508	-	152,444,508
债权	90,565,000	-	90,565,000	101,970,000	-	101,970,000
合计	22,247,491,671	-	22,247,491,671	21,619,535,001	-	21,619,535,001

于 2019 年 12 月 31 日，本集团交易性金融资产中已融出证券为人民币 51,908,847 元。

于 2019 年 12 月 31 日，本集团交易性金融资产用于卖出回购和债券借贷质押的债券账面价值分别为人民币 4,377,359,431 元和人民币 1,174,569,820 元。用于卖出回购金融资产的票据账面价值为人民币 7,441,387,313 元。存在流通受限的股票为人民币 518,848,544 元。

上述交易性金融资产中无持有本公司 5% (含 5%) 以上表决权股份的股东作为发行人的金融资产。

11 债权投资

项目	2019 年 12 月 31 日			
	初始成本	利息	减值准备	账面价值
企业债	34,827,783	642,213	(2,949,685)	32,520,311
合计	34,827,783	642,213	(2,949,685)	32,520,311

12 可供出售金融资产

(1) 按投资品种列示

	2018 年 12 月 31 日
以公允价值计量	
- 债券投资	4,883,962,939
其中：成本	4,809,508,323
利息调整	16,434,020
公允价值变动	58,020,596
- 股票投资	796,733,207
其中：成本	916,871,442
公允价值变动	(108,960,138)
减值准备	(11,178,097)
- 资产管理计划投资	207,423,478
其中：成本	205,418,392
公允价值变动	2,005,086
- 基金投资	13,172,092
其中：成本	9,162,104
公允价值变动	4,016,135
减值准备	(6,147)
- 信托计划投资	322,102
其中：成本	322,102
- 股权投资	143,527,107
其中：成本	175,787,008
公允价值变动	2,884,049
减值准备	(35,143,950)
- 其他	70,612,636
小计	6,115,753,561
以成本计量	
- 股权投资	44,110,100
合计	6,159,863,661

(2) 已融出证券情况

可供出售金融资产中已融出证券的公允价值分析如下：

	2018 年 12 月 31 日
基金投资	
其中：成本	2,092,655
公允价值变动	981,291
减：减值准备	(6,147)
合计	<u>3,067,799</u>

(3) 存在限售条件及用于设定质押的可供出售金融资产

	2018 年 12 月 31 日
存在限售条件的股票投资	
其中：成本	183,633,287
公允价值变动	(2,050,819)
小计	<u>181,582,468</u>
用于卖出回购业务设定质押的债券投资	
其中：成本	2,045,000,000
利息调整	11,153,076
公允价值变动	28,129,866
小计	<u>2,084,282,942</u>
用于债券借贷业务设定质押的债券投资	
其中：成本	2,087,000,000
利息调整	10,365,610
公允价值变动	29,777,225
小计	<u>2,127,142,835</u>
合计	<u>4,393,008,245</u>

于 2018 年 12 月 31 日，上述附有限售条件的股票的剩余锁定期均为 1 年以内，上述用于设定质押的债券投资剩余锁定期均在 1 个月以内。

(4) 于 2018 年 12 月 31 日按成本计量的可供出售金融资产

被投资单位	账面余额			减值准备			在被投资 单位持股 比例 (%)	本年 现金红利
	年初	本年增加	本年减少	年末	年初	本年增加		
证通股份有限公司	25,000,000	-	-	25,000,000	-	-	0.99%	-
山西股权交易中心有限公司	10,000,000	-	-	10,000,000	-	-	10.00%	-
中融联合投资管理有限公司	5,000,000	-	-	5,000,000	-	-	6.25%	-
期货会员资格投资	2,217,955	20,145	-	2,238,100	-	-	注	-
广发银行股份有限公司	1,872,000	-	-	1,872,000	-	-	0.01%	-
合计	44,089,955	20,145	-	44,110,100	-	-	-	-

注：期货会员资格投资是指本集团为取得会员制期货交易所有会员资格而交纳会员资格费所形成的对期货交易的投资。

13 其他债权投资

2019 年 12 月 31 日					
初始成本	利息	公允价值变动	累计减值准备	账面价值	
地方政府债	2,954,921	31,459,944	(126,090)	919,414,865	
企业债	(11,757,548)	(101,886,876)	(100,039,618)	194,307,173	
中期票据	-	15,864,962	(4,559,783)	52,023,070	
合计	1,229,109,705	(8,802,627)	(104,725,491)	1,165,745,108	

于 2019 年 12 月 31 日，本集团的其他债权投资中用于债券借贷的质押债券账面价值为人民币 919,414,865 元。

14 其他权益工具投资

	2019 年 12 月 31 日		
	<u>初始成本</u>	<u>本年末 公允价值</u>	<u>本年确认的 股利收入</u>
非交易性权益工具	435,592,257	239,373,750	377,242
合计	435,592,257	239,373,750	377,242

(1) 本年处置的其他权益工具投资

<u>项目类型</u>	<u>本年终止确认 时的公允价值</u>	<u>本年股利收入</u>	<u>终止确认时的 累计损失本年从 其他综合收益转入 留存收益的金额</u>
康得新股票	31,073,397	-	14,768,588
其他股票	4,735,859	-	3,216,149
合计	35,809,256	-	17,984,737

截至 2019 年 12 月 31 日止年度，本集团处置了部分其他权益工具投资，由此导致人民币 17,984,737 元的处置损失由其他综合收益转入留存收益。

15 固定资产

(1) 固定资产增减变动表

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
原值						
2018 年 1 月 1 日	434,701,509	258,310,061	3,356,288	38,080,168	31,784,717	766,232,743
本年增加	-	23,587,494	18,465	1,326,279	2,845,484	27,777,722
本年处置/报废	-	(7,318,479)	(6,760)	(2,830,169)	(892,698)	(11,048,106)
汇率变动影响	-	351,046	-	-	8,681	359,727
2018 年 12 月 31 日	434,701,509	274,930,122	3,367,993	36,576,278	33,746,184	783,322,086
本年增加	24,580,254	23,804,020	-	2,022,227	3,218,175	53,624,676
本年处置/报废	(7,181,720)	(18,770,597)	(18,465)	(4,175,313)	(2,390,064)	(32,536,159)
汇率变动影响	-	172,995	-	-	4,058	177,053
2019 年 12 月 31 日	452,100,043	280,136,540	3,349,528	34,423,192	34,578,353	804,587,656
累计折旧						
2018 年 1 月 1 日	137,893,718	167,738,270	3,256,535	32,799,033	24,564,284	366,251,840
本年计提	14,803,653	24,646,979	1,427	1,737,163	2,016,095	43,205,317
本年处置/报废	-	(6,032,426)	(757)	(2,644,574)	(750,177)	(9,427,934)
汇率变动影响	-	122,825	-	-	5,201	128,026
2018 年 12 月 31 日	152,697,371	186,475,648	3,257,205	31,891,622	25,835,403	400,157,249
本年计提	14,511,617	25,677,864	-	1,474,234	2,340,074	44,003,789
本年处置/报废	(831,129)	(17,075,615)	(1,103)	(3,885,628)	(2,193,145)	(23,986,620)
汇率变动影响	-	107,719	-	-	2,795	110,514
2019 年 12 月 31 日	166,377,859	195,185,616	3,256,102	29,480,228	25,985,127	420,284,932
账面净值						
2019 年 12 月 31 日	285,722,184	84,950,924	93,426	4,942,964	8,593,226	384,302,724
2018 年 12 月 31 日	282,004,138	88,454,474	110,788	4,684,656	7,910,781	383,164,837

(2) 于 2019 年 12 月 31 日，固定资产中包括：

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
以经营租赁租出的资产净值	76,665,209	-	-	-	-	76,665,209
尚未办妥房屋产权证的 资产净值	89,045,927	-	-	-	-	89,045,927
已提足折旧仍在继续使用的 资产净值	-	4,511,310	55,993	467,659	619,317	5,654,279

于 2018 年 12 月 31 日，固定资产中包括：

	房屋及建筑物	电子计算机	交通设备	电器及 通讯设备	办公设备	合计
以经营租赁租出的资产净值	59,863,804	-	-	-	-	59,863,804
尚未办妥房屋产权证的 资产净值	71,247,033	-	-	-	-	71,247,033
已提足折旧仍在继续使用的 资产净值	-	4,604,076	55,993	543,364	646,378	5,849,811

16 无形资产

项目	软件费	交易席位费	土地使用权	合计
原值				
2018 年 1 月 1 日	230,450,772	28,693,980	1,290,795	260,435,547
本年增加	41,635,863	-	-	41,635,863
本年减少	(4,444,579)	-	-	(4,444,579)
汇率变动影响	-	20,145	-	20,145
2018 年 12 月 31 日	267,642,056	28,714,125	1,290,795	297,646,976
本年增加	38,900,916	-	-	38,900,916
本年减少	(1,288,500)	-	-	(1,288,500)
汇率变动影响	-	19,581	-	19,581
2019 年 12 月 31 日	305,254,472	28,733,706	1,290,795	335,278,973
累计摊销				
2018 年 1 月 1 日	137,814,058	17,153,686	342,456	155,310,200
本年计提	32,034,408	-	34,158	32,068,566
本年减少	(4,440,470)	-	-	(4,440,470)
2018 年 12 月 31 日	165,407,996	17,153,686	376,614	182,938,296
本年计提	36,040,837	-	34,542	36,075,379
本年减少	(1,288,500)	-	-	(1,288,500)
2019 年 12 月 31 日	200,160,333	17,153,686	411,156	217,725,175
账面价值				
2019 年 12 月 31 日	105,094,139	11,580,020	879,639	117,553,798
2018 年 12 月 31 日	102,234,060	11,560,439	914,181	114,708,680

17 商誉

(1) 商誉变动情况

形成商誉的事项	年初余额	本年增加	本年处置	年末余额
账面原值				
重组商誉 (a)	49,096,844	-	-	49,096,844
格林期货商誉 (b)	427,843,057	-	-	427,843,057
小计	476,939,901	-	-	476,939,901
减值准备	-	-	-	-
商誉账面净额	476,939,901	-	-	476,939,901

(a) 重组商誉分别形成于本公司 1998 年的“银证分离、信证分离”重组、1999 年本公司收购北京农行信托投资公司证券交易营业部和 2001 年本公司与山西省五家信托投资公司所属证券类资产合并重组。上述重组并购形成的商誉于 2006 年 12 月 31 日停止摊销，以后每年年末进行减值测试。

(b) 本集团于 2013 年通过支付现金以及发行股份的方式收购格林期货 100%股权，同时格林期货吸收合并原大华期货有限公司 (以下简称“大华期货”) 并更名为格林大华。

格林期货于购买日的可辨认净资产的公允价值根据中联资产评估集团有限公司评估并出具的中联评报字 [2013] 第 984 号评估报告计算确定，合并对价超过格林期货于购买日的可辨认净资产公允价值的差额作为商誉。

(2) 商誉减值准备

分摊至本集团资产组和资产组组合的商誉根据经营分部汇总如下：

	2019 年 12 月 31 日	2018 年 12 月 31 日
证券经纪业务	49,096,844	49,096,844
期货经纪业务	427,843,057	427,843,057
合计	476,939,901	476,939,901

证券经纪业务资产组和资产组组合的可收回金额以预计未来现金流量现值的方法确定。本集团根据管理层批准的最近未来 5 年财务预算和 13%税前折现率预计该资产组的未来现金流量现值，超过 5 年财务预算之后年份的现金流量均保持稳定。对可收回金额的预计结果并没有导致确认减值损失。但预计该资产组未来现金流量现值所依据的关键假设可能会发生改变，如果关键假设发生负面变动，则可能会导致该资产组的账面价值超过其可收回金额。

期货经纪业务资产组和资产组组合的可回收金额是依据市场法评估的公允价值为基础计算，关键假设包括期货类公司近期公平交易中的交易成交价格、成交价格与相关经济指标的相关性分析及处置费用等参数。

18 其他资产

	2019 年 12 月 31 日	2018 年 12 月 31 日
其他应收款 (1)	425,200,157	206,335,284
存货 (2)	207,857,416	482,333,432
长期待摊费用 (3)	46,928,688	46,871,131
预付款项 (4)	17,007,417	232,436,753
其他	113,706,033	107,928,712
合计	<u>810,699,711</u>	<u>1,075,905,312</u>

(1) 其他应收款

	2019 年 12 月 31 日	2018 年 12 月 31 日
其他应收款余额	546,845,812	214,899,318
减：减值准备	<u>(121,645,655)</u>	<u>(8,564,034)</u>
其他应收款净额	<u>425,200,157</u>	<u>206,335,284</u>

注： 上述其他应收款中应收关联方款项参见附注九、5。

子公司格林大华资本管理有限公司 (以下简称“格林大华资本管理”) 应收客户款项金额人民币 36,703.70 万元，根据预期可收回金额低于账面价值的差额，计提减值准备人民币 11,011.11 万元。

(2) 存货

(a) 明细项目

	2019 年 12 月 31 日		
	账面原值	跌价准备	账面净值
库存商品	209,836,575	(1,979,159)	207,857,416

	2018 年 12 月 31 日		
	账面原值	跌价准备	账面净值
库存商品	502,254,492	(19,921,060)	482,333,432

(b) 存货跌价准备

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
库存商品跌价准备	19,921,060	1,979,159	(19,921,060)	1,979,159

	2018 年 1 月 1 日余额	本年增加	本年减少	2018 年 12 月 31 日余额
库存商品跌价准备	33,166,299	19,921,062	(33,166,301)	19,921,060

(3) 长期待摊费用

	装修及 工程费用	经营性 租赁租金	其他	合计
2019 年 1 月 1 日	34,637,558	7,678,241	4,555,332	46,871,131
本年增加额	15,341,001	-	1,468,292	16,809,293
本年摊销额	(12,042,491)	(1,749,380)	(992,827)	(14,784,698)
本年处置额	(1,237,259)	-	(729,779)	(1,967,038)
2019 年 12 月 31 日	36,698,809	5,928,861	4,301,018	46,928,688

(4) 预付款项

	2019 年 12 月 31 日		2018 年 12 月 31 日	
	金额	占总额比例	金额	占总额比例
预付软件购买款	8,068,888	47.44%	721,552	0.31%
预付购房及工程款	2,020,742	11.88%	26,404,122	11.36%
预付租金	2,201,996	12.95%	2,743,321	1.18%
预付资讯信息费	1,664,723	9.79%	220,422	0.09%
预付投资款	-	-	150,000,000	64.53%
预付仓单采购款	-	-	50,339,947	21.66%
其他	3,051,068	17.94%	2,007,389	0.86%
合计	17,007,417	100.00%	232,436,753	100.00%

上述预付款项中无预付持有本公司 5% (含 5%) 以上表决权股份的股东的款项。上述预付款项中预付关联方款项参见附注九、5。

19 递延所得税资产和递延所得税负债

(1) 未经抵销的递延所得税资产

	2019 年 12 月 31 日		2018 年 12 月 31 日	
	递延 所得税资产	可抵扣 暂时性差异	递延 所得税资产	可抵扣 暂时性差异
公允价值变动	83,235,032	332,940,128	50,142,328	200,569,312
- 交易性金融资产	12,964,235	51,856,940	-	-
- 以公允价值计量且其变动计入 当期损益的金融资产	-	-	31,372,443	125,489,772
- 衍生金融工具	7,320,137	29,280,548	7,982,284	31,929,136
- 其他债权投资	13,588,372	54,353,488	-	-
- 其他权益工具投资	46,863,006	187,452,024	-	-
- 可供出售金融资产	-	-	7,596,361	30,385,444
- 交易性金融负债	2,499,282	9,997,128	-	-
- 以公允价值计量且其变动计入 当期损益的金融负债	-	-	3,191,240	12,764,960
可抵扣亏损	29,042,513	116,170,052	-	-
资产减值准备	-	-	27,756,986	111,027,944
信用资产减值准备	56,999,461	227,997,844	-	-
其他资产减值准备	494,790	1,979,159	-	-
已计提尚未支付的工资及奖金	11,044,569	44,178,276	14,757,829	59,031,316
未实现的投资收益	6,632,857	26,531,428	4,317,145	17,268,580
其他	2,970,628	11,882,513	3,804,972	15,219,888
合计	190,419,850	761,679,400	100,779,260	403,117,040

(2) 未经抵销的递延所得税负债

	2019 年 12 月 31 日		2018 年 12 月 31 日	
	递延 所得税负债	应纳税 暂时性差异	递延 所得税负债	应纳税 暂时性差异
公允价值变动	40,244,483	160,977,932	6,784,296	27,137,184
- 交易性金融资产	40,244,483	160,977,932	-	-
- 以公允价值计量且其变动计入 当期损益的金融资产	-	-	1,989,374	7,957,496
- 衍生金融工具	-	-	4,558,407	18,233,628
- 可供出售金融资产	-	-	236,515	946,060
未实现的投资收益	3,393,384	13,573,536	3,112,428	12,449,712
评估增值	4,042,507	16,170,028	4,441,107	17,764,428
其他	826,770	3,307,080	574,799	2,299,196
合计	48,507,144	194,028,576	14,912,630	59,650,520

(3) 递延所得税资产和递延所得税负债互抵金额

	2019 年 12 月 31 日	2018 年 12 月 31 日
递延所得税资产	15,458,088	10,189,293
递延所得税负债	15,458,088	10,189,293

抵销后的递延所得税资产和递延所得税负债净额列示如下：

	2019 年 12 月 31 日		2018 年 12 月 31 日	
	递延 所得税资产 或负债净额	互抵后的 可抵扣或 应纳税 暂时性差额	递延 所得税资产 或负债净额	互抵后的 可抵扣或 应纳税 暂时性差额
递延所得税资产	174,961,762	699,847,048	90,589,967	362,359,868
递延所得税负债	33,049,056	132,196,224	4,723,337	18,893,348

(4) 未确认递延所得税资产明细

按照附注三、(23) 所载的会计政策，由于本集团部分纳入合并范围的企业不是很可能获得可用于抵扣有关亏损的未来应税利润，因此本集团于 2019 年 12 月 31 日尚未就该些企业共计人民币 140,637,997 元 (2018 年 12 月 31 日：人民币 114,587,562 元) 的累积可抵扣亏损确认递延所得税资产。

20 资产减值准备

(1) 各项减值准备的变动情况：

	原金融工具 准则下的余额	首次执行 新金融工具 准则的调整金额	调整后的 年初余额	本年减少		汇率 变动的影晌	2019 年 12 月 31 日
				本年增加	本年转回	本年核销或转出	
融出资金减值准备	64,286,454	13,818,719	78,105,173	23,683,072	-	-	103,035,919
买入返售金融资产减值准备	7,906,436	55,150,709	63,057,145	-	(21,978,294)	-	41,078,851
应收款项减值准备	31,818,213	1,267,954	33,086,167	22,591,677	(1,195,004)	(3,257,636)	51,225,204
债权投资减值准备	-	1,644,492	1,644,492	1,254,582	-	-	2,949,685
可供出售金融资产减值准备	46,328,195	(46,328,195)	-	-	-	-	-
其他债权投资减值准备	-	65,088,927	65,088,927	39,648,902	(167)	(12,171)	104,725,491
其他应收款坏账准备	8,564,034	1,766,482	10,330,516	112,540,021	-	(1,224,882)	121,645,655
金融工具及其他项目 信用减值准备小计	158,903,332	92,409,088	251,312,420	199,718,254	(23,173,465)	(4,494,689)	424,660,805
存货减值准备	19,921,060	-	19,921,060	-	(17,941,901)	-	1,979,159
其他资产减值准备小计	19,921,060	-	19,921,060	-	(17,941,901)	-	1,979,159
合计	178,824,392	92,409,088	271,233,480	199,718,254	(41,115,366)	(4,494,689)	426,639,964

	2018 年 1 月 1 日	本年增加	本年减少		汇率 变动的的影响	2018 年 12 月 31 日
			本年转回	核销或转出		
融出资金减值准备	53,381,806	10,792,821	(2,201,547)	-	2,313,374	64,286,454
应收款项减值准备	3,615,531	29,552,682	-	(1,350,000)	-	31,818,213
买入返售金融资产减值准备	15,137,015	-	(7,230,579)	-	-	7,906,436
可供出售金融资产减值准备	22,691,856	78,347,012	(414,849)	(54,295,824)	-	46,328,195
其他资产减值准备	41,717,431	19,933,964	(33,166,301)	-	-	28,485,094
合计	136,543,639	138,626,479	(43,013,276)	(55,645,824)	2,313,374	178,824,392

(2) 按阶段划分的预期信用损失减值准备：

	2019 年 12 月 31 日			合计
	未来 12 个月 预期信用损失	整个存续期 预期信用损失 (未发生信用减值)	整个存续期预期 信用损失 (已发生信用减值)	
融出资金减值准备	26,068,685	-	76,967,234	103,035,919
买入返售金融资产 减值准备	6,919,868	6,488,290	27,670,693	41,078,851
应收款项坏账准备	910,293	-	50,314,911	51,225,204
债权投资减值准备	-	2,949,685	-	2,949,685
其他债权投资减值准备	603,707	-	104,121,784	104,725,491
其他资产坏账准备	1,169,119	-	120,476,536	121,645,655
合计	35,671,672	9,437,975	379,551,158	424,660,805

21 短期借款

	2019 年 12 月 31 日	2018 年 12 月 31 日
信用借款	183,832,245	-
合计	183,832,245	-

22 应付短期融资款

	2019 年 12 月 31 日	2018 年 12 月 31 日
应付收益凭证 (a)	4,323,301,803	3,112,580,000
应付短期公司债券 (b)	-	3,000,000,000
合计	4,323,301,803	6,112,580,000

(a) 应付收益凭证

		2019 年 1 月 1 日 未付本金			2019 年 12 月 31 日 未付本金	2019 年 12 月 31 日 应计利息
	固定年利率		本年发行	本年兑付		
收益凭证	2.8% - 7%	3,112,580,000	23,084,630,000	(21,910,950,000)	4,286,260,000	37,041,803

本公司于 2019 年度共发行若干期限小于一年的收益凭证，未到期收益凭证的年利率为 3% 至 6%。

(b) 应付短期公司债券

				2019 年 1 月 1 日 未付本金			2019 年 12 月 31 日 未付本金
债券名称	发行日期	到期日期	票面 利率		本年发行	本年兑付	
山证 1801	2018-02-06	2019-02-06	6.00%	2,000,000,000		- (2,000,000,000)	-
山证 1802	2018-05-10	2019-05-10	5.50%	1,000,000,000		- (1,000,000,000)	-

23 拆入资金

	2019 年 12 月 31 日	2018 年 12 月 31 日
转融通融入资金 (a)	3,731,229,861	2,700,000,000
银行及其他金融机构拆入资金 (b)	1,780,554,200	3,950,000,000
合计	5,511,784,061	6,650,000,000

(a) 转融通融入资金

剩余期限	2019 年 12 月 31 日		2018 年 12 月 31 日	
	余额	利率区间	余额	利率区间
1 至 3 个月 (含)	1,923,508,333	3.5%	2,200,000,000	5.10%
3 至 12 个月 (含)	1,807,721,528	3.25-3.50%	500,000,000	4.30%
合计	3,731,229,861		2,700,000,000	

(b) 银行及其他金融机构拆入资金

剩余期限	2019 年 12 月 31 日		2018 年 12 月 31 日	
	余额	利率区间	余额	利率区间
1 个月以内	1,780,554,200	3.00% - 3.60%	3,950,000,000	2.86% - 10.00%
合计	1,780,554,200		3,950,000,000	

24 以公允价值计量且其变动计入当期损益的金融负债

项目	2018 年 12 月 31 日
交易性金融负债	
卖出的借入债券	1,712,809,520
其中：成本	1,700,044,560
公允价值变动	12,764,960
合计	1,712,809,520

25 交易性金融负债

	2019 年 12 月 31 日					
	公允价值			初始成本		
	分类为以公允价值计量且其变动计入当期损益的金融负债	指定为以公允价值计量且其变动计入当期损益的金融负债	公允价值合计	分类为以公允价值计量且其变动计入当期损益的金融负债	指定为以公允价值计量且其变动计入当期损益的金融负债	初始成本合计
卖出的借入债券	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290
合计	2,132,321,710	-	2,132,321,710	2,093,853,290	-	2,093,853,290

26 卖出回购金融资产款

(1) 按金融资产种类列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
债券	4,613,363,707	6,659,382,815
银行承兑汇票	7,587,279,587	8,198,236,629
信用业务债权收益权	-	150,000,000
合计	<u>12,200,643,294</u>	<u>15,007,619,444</u>

(2) 按业务类别列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
票据质押式回购	6,205,549,739	8,198,236,629
债券质押式回购	4,582,511,601	6,461,223,864
票据买断式回购	1,381,729,848	-
债券买断式回购	30,852,106	198,158,951
融资融券债权收益权	-	150,000,000
合计	<u>12,200,643,294</u>	<u>15,007,619,444</u>

(3) 卖出回购金融资产款的担保物信息

	<u>担保物公允价值</u>	
	2019 年 12 月 31 日	2018 年 12 月 31 日
<u>担保物类别</u>		
债券	4,853,397,709	6,889,807,801
银行承兑汇票	7,441,387,313	8,211,170,561
融资融券债权收益权	-	165,450,929
合计	<u>12,294,785,022</u>	<u>15,266,429,291</u>

27 代理买卖证券款

	2019 年 12 月 31 日	2018 年 12 月 31 日
<u>普通经纪业务</u>		
个人	7,718,586,226	6,058,074,018
机构	1,377,357,693	1,438,328,104
<u>信用业务</u>		
个人	1,006,436,991	820,457,946
机构	46,705,457	59,618,694
合计	<u>10,149,086,367</u>	<u>8,376,478,762</u>

28 应付职工薪酬

(1) 应付职工薪酬列示如下：

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
短期薪酬	134,568,862	940,589,000	(924,108,170)	151,049,692
离职后福利－设定提存计划	(600,452)	78,829,571	(79,010,815)	(781,696)
辞退福利	-	42,935	(42,935)	-
合计	<u>133,968,410</u>	<u>1,019,461,506</u>	<u>(1,003,161,920)</u>	<u>150,267,996</u>
	2018 年 1 月 1 日余额	本年增加	本年减少	2018 年 12 月 31 日余额
短期薪酬	208,607,619	802,232,524	(876,271,281)	134,568,862
离职后福利－设定提存计划	(1,801,787)	91,778,454	(90,577,119)	(600,452)
辞退福利	-	2,788,745	(2,788,745)	-
合计	<u>206,805,832</u>	<u>896,799,723</u>	<u>(969,637,145)</u>	<u>133,968,410</u>

于 2019 年 12 月 31 日，本集团共有员工 2,517 人(2018 年 12 月 31 日：2,337 人)，其中包括本公司高级管理人员 5 人 (2018 年 12 月 31 日：6 人)。

2019 年度，本公司向高级管理人员实际支付的薪酬总额为人民币 1,998.78 万元 (2018 年度：人民币 2,067.33 万元)。

(2) 短期薪酬

	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
工资、奖金、津贴和补贴	130,564,246	835,345,230	(816,394,960)	149,514,516
职工福利费	5,201	6,141,421	(6,158,241)	(11,619)
社会保险费	(1,471,119)	44,821,345	(43,165,764)	184,462
其中：医疗保险费	(1,378,636)	41,426,739	(39,847,537)	200,566
工伤保险费	(32,079)	924,147	(916,049)	(23,981)
生育保险费	(60,404)	2,470,459	(2,402,178)	7,877
工会经费和职工教育经费	5,374,888	9,855,701	(13,720,524)	1,510,065
住房公积金	95,646	44,416,066	(44,659,444)	(147,732)
其他社保金	-	9,237	(9,237)	-
合计	134,568,862	940,589,000	(924,108,170)	151,049,692

	2018 年 1 月 1 日	本年增加	本年减少	2018 年 12 月 31 日
工资、奖金、津贴和补贴	210,446,522	703,015,461	(782,897,737)	130,564,246
职工福利费	5,201	4,789,693	(4,789,693)	5,201
社会保险费	(1,782,504)	41,510,742	(41,199,357)	(1,471,119)
其中：医疗保险费	(1,613,220)	37,925,513	(37,690,929)	(1,378,636)
工伤保险费	(90,006)	987,692	(929,765)	(32,079)
生育保险费	(79,278)	2,597,537	(2,578,663)	(60,404)
工会经费和职工教育经费	161,262	11,318,611	(6,104,985)	5,374,888
住房公积金	(216,567)	41,580,468	(41,268,255)	95,646
其他社保金	(6,295)	17,549	(11,254)	-
合计	208,607,619	802,232,524	(876,271,281)	134,568,862

(3) 离职后福利 - 设定提存计划

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
基本养老保险	(609,905)	75,625,353	(75,801,563)	(786,115)
失业保险费	9,453	2,483,380	(2,488,414)	4,419
公积金	-	720,838	(720,838)	-
合计	(600,452)	78,829,571	(79,010,815)	(781,696)

	2018 年 1 月 1 日余额	本年增加	本年减少	2018 年 12 月 31 日余额
基本养老保险	(1,805,716)	88,227,916	(87,032,105)	(609,905)
失业保险费	3,929	3,067,287	(3,061,763)	9,453
强积金	-	483,251	(483,251)	-
合计	<u>(1,801,787)</u>	<u>91,778,454</u>	<u>(90,577,119)</u>	<u>(600,452)</u>

(4) 辞退福利

	2019 年 1 月 1 日余额	本年增加	本年减少	2019 年 12 月 31 日余额
遣散费	<u>-</u>	<u>42,935</u>	<u>(42,935)</u>	<u>-</u>

	2018 年 1 月 1 日余额	本年增加	本年减少	2018 年 12 月 31 日余额
遣散费	<u>-</u>	<u>2,788,745</u>	<u>(2,788,745)</u>	<u>-</u>

29 应交税费

	2019 年 12 月 31 日	2018 年 12 月 31 日
应交企业所得税	64,681,141	83,058,933
应交代扣代缴个人所得税	14,021,386	16,799,881
应交增值税	10,826,909	7,312,178
应交城市维护建设税	317,379	429,593
应交教育费附加及地方教育费附加	225,222	209,245
其他	<u>2,999,274</u>	<u>2,294,294</u>
合计	<u>93,071,311</u>	<u>110,104,124</u>

30 应付款项

	2019 年 12 月 31 日	2018 年 12 月 31 日
应付经纪人风险金	8,531,677	9,688,605
应付客户款项	8,000,000	15,219,886
应付仓单采购款	4,269,696	616,015
应付手续费及佣金支出	4,088,028	4,122,218
应付信用证	-	420,182,900
其他	297,239	1,371,832
合计	25,186,640	451,201,456

31 应付利息

	2018 年 12 月 31 日
应付短期融资款利息	183,962,850
应付债券利息	87,004,827
应付交易性金融负债利息	48,015,440
应付拆入资金利息	46,066,833
其中：应付转融通融入资金利息	41,016,667
应付卖出回购金融资产款利息	23,641,319
应付结构化主体其他受益人收益	19,366,989
债券借贷应付利息	967,507
应付客户资金利息	440,580
合计	409,466,345

32 应付债券

	2019 年 12 月 31 日	2018 年 12 月 31 日
应付公司债券 (1)	3,115,713,443	1,999,764,151
应付次级债券 (1)	3,054,591,998	2,000,000,000
应付一年期以上的收益凭证	81,612,222	75,320,000
合计	6,251,917,663	4,075,084,151

(1) 应付债券的增减变动:

债券名称	面值	发行日期	债券期限	票面利率	发行金额	2019 年			
						1 月 1 日未付本金	本年发行	本年折溢价摊销	2019 年 12 月 31 日未付本金
								本年偿还	2019 年 12 月 31 日未付本金
									应计利息
17 山证 01 (a)	100	2017-03-15	3 年	4.76%	1,500,000,000	1,499,909,513	-	-	1,499,909,513
17 山证 02 (b)	100	2017-03-15	5 年	5.10%	500,000,000	499,854,638	-	-	499,854,638
18 山证 C1 (c)	100	2018-12-04	3 年	4.85%	2,000,000,000	2,000,000,000	-	-	2,000,000,000
19 山证 C1 (d)	100	2019-01-11	3 年	4.85%	1,000,000,000	-	1,000,000,000	-	1,000,000,000
19 山证 01 (e)	100	2019-01-22	3 年	4.10%	1,000,000,000	-	1,000,000,000	-	1,000,000,000
合计					6,000,000,000	3,999,764,151	2,000,000,000	-	5,999,764,151
									170,541,290

- (a) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2017 年 3 月 15 日完成发行公司债券 “17 山证 01”, 发行总额为人民币 1,500,000,000 元, 债券期限为 3 年, 票面利率为 4.76%, 每年付息一次。
- (b) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2017 年 3 月 15 日完成发行公司债券 “17 山证 02”, 发行总额为人民币 500,000,000 元, 债券期限为 5 年, 票面利率为 5.10%, 每年付息一次。
- (c) 经深圳证券交易所深证函 [2018] 598 号文核准公开发行, 本公司于 2018 年 12 月 4 日发行次级债券 “18 山证 C1”, 发行总额为人民币 2,000,000,000 元, 债券期限为 3 年, 票面利率为 4.85%, 每年付息一次。
- (d) 经深圳证券交易所深证函 [2018] 598 号文核准公开发行, 于 2019 年 1 月 11 日完成发行次级债券 “19 山证 C1”, 发行总额为人民币 1,000,000,000 元, 债券期限为 3 年, 票面利率为 4.85%, 每年付息一次。
- (e) 经证监会证监许可 [2017] 251 号文核准公开发行, 于 2019 年 1 月 22 日完成发行公司债券 “19 山证 01”, 发行总额为人民币 1,000,000,000 元, 债券期限为 3 年, 票面利率为 4.10%, 每年付息一次。

33 其他负债

	2019 年 12 月 31 日	2018 年 12 月 31 日
其他应付款 (1)	476,823,489	425,233,980
应付结构化主体其他受益人款项 (2)	513,697,700	430,161,521
应付并表有限合伙企业其他受益人款项	287,116,675	83,500,000
期货风险准备金 (3)	80,290,997	76,149,521
预收账款	2,500,000	65,994,020
应付股利	750,758	31,635,000
其他	44,778,950	7,004,322
合计	1,405,958,569	1,119,678,364

(1) 其他应付款

(a) 按款项性质列示

	2019 年 12 月 31 日	2018 年 12 月 31 日
应付基金公司客户认购款	122,940,888	96,531,753
应付互换保证金及收益	45,328,750	82,930,725
应付期权费	38,744,940	72,977,462
应付仓单质押金	28,789,600	45,819,600
应付德意志银行香港分行款项	27,820,241	27,933,437
应付软件开发费	18,878,200	14,377,747
应付房屋租赁费	14,001,042	7,432,880
应付证券投资者保护基金	4,100,989	7,609,977
应付合作套保款项	-	48,899,750
其他	176,218,839	20,720,649
合计	476,823,489	425,233,980

(b) 上述其他应付款中无应付持有本公司 5% (含 5%) 以上表决权股份的股东的款项。

(c) 上述其他应付款中应付关联方款项参见附注九、5。

(2) 应付结构化主体其他受益人款项

应付结构化主体其他受益人款项为本集团纳入合并范围内结构化主体产生的应付其他份额持有人持有的权益。纳入合并范围的结构化主体信息参见附注七、2

(3) 期货风险准备金

本公司下属子公司格林大华根据财政部《商品期货交易财务管理暂行规定》按商品和金融期货经纪业务手续费收入的 5%计提期货风险准备金并计入当期损益，动用期货风险准备金弥补因自身原因造成的损失或是按规定核销难以收回的垫付风险损失款时，冲减期货风险准备金余额。

34 股本

	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
无限售条件股份：人民币普通股	2,828,725,153	-	-	2,828,725,153

35 资本公积

	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
股本溢价	6,713,296,178	-	-	6,713,296,178

36 其他综合收益

项目	本年发生额					
	2018 年 12 月 31 日 归属于母公司股东 的其他综合收益	会计政策变更 调整金额	2019 年 1 月 1 日 归属于母公司股东 的其他综合收益	本年所得 税前发生额	减：前期计入其他 综合收益当期 转入损益	减：所得税影响
不能重分类进损益的其他综合收益						
其中：其他权益工具投资公允价值变动	-	(43,366,217)	(43,366,217)	(157,191,486)	-	39,133,122
小计	-	(43,366,217)	(43,366,217)	(157,191,486)	-	39,133,122
以后将重分类进损益的其他综合收益						
其中：权益法下可转损益的其他综合收益	109,193	-	109,193	-	-	-
其他债权投资公允价值变动	-	(3,344,729)	(3,344,729)	14,068,018	(64,207,455)	12,667,667
其他债权投资信用减值准备	-	48,824,405	48,824,405	40,317,338	(668,603)	(9,912,225)
外币报表折算差额	33,175,920	-	33,175,920	17,112,181	-	-
可供出售金融资产公允价值变动	(32,059,138)	32,059,138	-	-	-	-
小计	1,225,975	77,538,814	78,764,789	71,497,537	(64,876,058)	2,755,442
合计	1,225,975	34,172,597	35,398,572	(85,693,949)	(64,876,058)	41,888,564

37 盈余公积

	2019 年 12 月 31 日	2018 年 12 月 31 日
上年末盈余公积	507,232,749	478,801,939
加：会计政策变更调整金额	(7,217,920)	-
提取盈余公积	58,523,719	28,430,810
其他综合收益结转留存收益	(1,798,474)	-
本年末盈余公积	<u>556,740,074</u>	<u>507,232,749</u>

38 一般风险准备及交易风险准备

	2019 年 1 月 1 日	本年增加	本年减少	2019 年 12 月 31 日
一般风险准备	564,673,545	64,045,575	-	628,719,120
交易风险准备	538,877,528	60,342,793	-	599,220,321
合计	<u>1,103,551,073</u>	<u>124,388,368</u>	<u>-</u>	<u>1,227,939,441</u>

39 未分配利润

	2019 年 12 月 31 日	2018 年 12 月 31 日
上年末未分配利润	1,289,250,284	1,416,490,777
加：会计政策变更调整金额	(76,324,474)	-
加：本年归属于母公司股东的净利润	510,183,708	221,763,054
减：提取盈余公积	(58,523,719)	(28,430,810)
提取一般风险准备	(64,045,575)	(37,490,492)
提取交易风险准备	(60,342,793)	(28,496,981)
对股东的分配 (1)	(141,436,258)	(254,585,264)
加：其他综合收益结转留存收益	(16,186,263)	-
本年末未分配利润 (2)	<u>1,382,574,910</u>	<u>1,289,250,284</u>

(1) 对股东的分配

经 2018 年 4 月 28 日召开的 2017 年度股东大会审议批准，本公司以 2017 年末总股本 2,828,725,153 股为基数，向全体股东每股派发现金股利人民币 0.09 元，共派发现金股利人民币 254,585,264 元。

经 2019 年 5 月 17 日召开的 2018 年度股东大会审议批准，本公司以 2018 年末总股本 2,828,725,153 股为基数，向全体股东每股派发现金股利人民币 0.05 元，共派发现金股利人民币 141,436,258 元。

(2) 年末未分配利润的说明

于 2019 年 12 月 31 日，本集团归属于母公司的未分配利润中包含了本公司的子公司提取的盈余公积人民币 91,713,932 元 (2018 年 12 月 31 日，人民币：77,404,231 元)。

40 少数股东权益

归属于各子公司少数股东的少数股东权益

	2019 年 <u>12 月 31 日</u>	2018 年 <u>12 月 31 日</u>
中德证券	374,649,994	367,307,274
山证投资	<u>186,614,057</u>	<u>186,271,714</u>
合计	<u><u>561,264,051</u></u>	<u><u>553,578,988</u></u>

41 手续费及佣金净收入

	2019 年	2018 年
证券经纪业务净收入		
- 证券经纪业务收入	481,543,391	397,309,538
- 代理买卖证券业务	455,179,077	353,460,842
- 交易单元席位租赁	11,951,853	16,918,248
- 代销金融产品业务	14,412,461	26,930,448
- 证券经纪业务支出	(133,892,044)	(109,826,514)
- 代理买卖证券业务	(133,892,044)	(109,826,514)
期货经纪业务净收入		
- 期货经纪业务收入	85,853,019	93,701,916
- 期货经纪业务支出	(2,011,676)	-
投资银行业务净收入		
- 投资银行业务收入	587,960,257	313,055,570
- 证券承销业务	377,718,857	130,913,865
- 证券保荐业务	15,543,396	20,358,491
- 财务顾问业务 (1)	194,698,004	161,783,214
- 投资银行业务支出	(15,499,428)	(4,993,181)
- 证券承销业务	(15,202,598)	(4,749,975)
- 财务顾问业务 (1)	(296,830)	(243,206)
资产管理业务净收入		
- 资产管理业务收入	91,085,810	84,458,791
基金管理业务		
- 基金管理业务收入	65,479,841	52,063,963
- 基金管理业务支出	(2,561,024)	(2,112,661)
投资咨询业务		
- 投资咨询业务收入	15,958,590	4,069,898
手续费及佣金净收入	1,173,916,736	827,727,320
其中：手续费及佣金收入合计	1,327,880,908	944,659,676
手续费及佣金支出合计	(153,964,172)	(116,932,356)

(1) 财务顾问业务净收入按性质分类如下:

	<u>2019 年</u>	<u>2018 年</u>
并购重组财务顾问净收入		
- 境内上市公司	39,783,019	63,947,170
- 其他	3,413,208	400,000
其他财务顾问业务净收入	<u>151,204,947</u>	<u>97,192,838</u>
财务顾问服务净收入	<u><u>194,401,174</u></u>	<u><u>161,540,008</u></u>

42 利息净支出

	2019 年	2018 年
利息收入		
其中：货币资金及结算备付金利息收入	372,058,577	422,532,612
融出资金利息收入	372,761,527	363,128,526
买入返售金融资产利息收入	178,440,578	261,254,415
其中：约定购回利息收入	2,027,777	2,113,521
股权质押回购利息收入	97,869,250	163,896,173
债权投资利息收入	2,992,056	-
其他债权投资利息收入	139,524,287	-
其他按实际利率法计算的金融资产产生的利息收入	16,992,331	19,408,492
利息收入小计	1,082,769,356	1,066,324,045
利息支出		
其中：短期借款利息支出	(6,074,152)	-
应付短期融资款利息支出	(189,695,829)	(368,374,487)
拆入资金利息支出	(249,346,738)	(280,090,080)
其中：转融通利息支出	(141,825,833)	(178,320,222)
卖出回购金融资产款利息支出	(353,112,086)	(419,920,717)
代理买卖证券款利息支出	(21,612,914)	(19,905,082)
应付债券利息支出	(283,853,492)	(107,192,327)
结构化主体优先级受益人利息支出	(83,027,479)	(31,878,199)
其他利息支出	(38,618,742)	(32,063,701)
利息支出小计	(1,225,341,432)	(1,259,424,593)
利息净支出	(142,572,076)	(193,100,548)

43 投资收益

	<u>2019 年</u>	<u>2018 年</u>
权益法核算的长期股权投资损益	138,292	(529,188)
金融工具投资收益	1,063,431,117	1,396,380,269
其中：持有期间取得的收益	934,643,174	964,110,137
其中：交易性金融工具	931,865,932	-
以公允价值计量且其变动计入		
当期损益的金融工具	-	877,034,322
其他权益工具投资	377,242	-
可供出售金融资产	-	87,075,815
衍生金融工具	2,400,000	-
处置金融工具取得的收益	128,787,943	432,270,132
其中：交易性金融工具	275,173,247	-
以公允价值计量且其变动计入		
当期损益的金融工具	-	48,240,722
可供出售金融资产	-	23,245,206
其他债权投资	84,313,942	-
衍生金融工具	(230,699,246)	360,784,204
处置子公司产生的投资收益	-	102,769,514
合计	<u>1,063,569,409</u>	<u>1,498,620,595</u>

44 公允价值变动损益

	<u>2019 年</u>	<u>2018 年</u>
交易性金融资产	247,569,421	-
交易性金融负债	2,767,830	-
衍生金融工具	6,600,219	(16,969,286)
以公允价值计量且其变动计入当期损益的金融资产	-	(112,501,201)
以公允价值计量且其变动计入当期损益的金融负债	-	(7,605,081)
合计	<u>256,937,470</u>	<u>(137,075,568)</u>

45 其他业务收入

	<u>2019 年</u>	<u>2018 年</u>
仓单业务收入	2,700,826,481	4,805,479,249
固定资产出租收入	9,565,988	12,039,090
其他	15,578,738	23,419,229
合计	<u>2,725,971,207</u>	<u>4,840,937,568</u>

46 其他收益

与收益相关的政府补助

	<u>2019 年</u>	<u>2018 年</u>
政府奖励金	23,120,644	11,905,881
税收返还收入	4,362,723	1,623,277
稳岗补贴	1,193,420	377,709
其他收入	1,672,084	-
合计	<u>30,348,871</u>	<u>13,906,867</u>

其中：计入非经常性损益的金额	30,348,871	13,906,867

47 资产处置收益 / (损失)

	<u>2019 年</u>	<u>2018 年</u>
资产处置收益 / (损失)	<u>3,876,061</u>	<u>(342,574)</u>
其中：计入非经常性损益的金额	3,876,061	(342,574)

48 税金及附加

	<u>2019 年</u>	<u>2018 年</u>
城市维护建设税	8,907,880	6,325,708
教育费附加及地方教育费附加	6,235,601	4,505,639
其他	7,461,169	7,476,473
合计	22,604,650	18,307,820

49 业务及管理费

	<u>2019 年</u>	<u>2018 年</u>
职工薪酬 (附注五、28)	1,019,461,506	896,799,723
租赁费及物业费用	157,949,404	149,512,439
营销及管理费用	127,074,437	112,954,579
无形资产及长期待摊费用摊销	50,860,077	47,548,747
固定资产折旧	44,003,789	43,205,317
系统运转及维护费	45,361,239	28,392,445
资讯信息费及专业服务费	56,208,441	37,729,978
证券投资者保护基金	16,373,802	14,069,821
其他	50,093,686	76,733,068
合计	1,567,386,381	1,406,946,117

50 资产减值损失

	<u>2018 年度</u>
计提可供出售金融资产减值准备	77,932,163
计提融出资金减值准备	8,591,274
转回买入返售金融资产减值准备	(7,230,579)
计提应收款项减值准备	29,552,682
转回计提其他资产减值准备	(13,232,337)
合计	95,613,203

51 信用减值损失

	<u>2019 年度</u>
计提融出资金减值损失	23,683,072
转回买入返售金融资产减值准备	(21,978,294)
计提应收款项减值损失	21,396,673
计提债权投资减值损失	1,254,582
计提其他债权投资减值损失	39,648,735
计提其他应收款减值损失	112,540,021
合计	<u>176,544,789</u>

52 其他资产减值损失转回

	<u>2019 年度</u>
转回存货跌价准备	17,941,901
合计	<u>17,941,901</u>

53 其他业务成本

	<u>2019 年</u>	<u>2018 年</u>
仓单业务成本	2,685,981,550	5,044,402,096
合计	<u>2,685,981,550</u>	<u>5,044,402,096</u>

54 营业外收入

	<u>2019 年</u>	<u>2018 年</u>
政府补助	2,360,000	4,000,000
其他	750,431	274,891
合计	<u>3,110,431</u>	<u>4,274,891</u>

55 营业外支出

	<u>2019 年</u>	<u>2018 年</u>
捐赠支出	2,618,571	3,090,475
滞纳金、违约金	1,838,352	64,657
罚没支出	1,345	-
其他	479,126	329,152
合计	<u>4,937,394</u>	<u>3,484,284</u>

56 所得税费用

(1) 本年所得税费用

	<u>2019 年</u>	<u>2018 年</u>
当期所得税费用	148,090,653	112,404,277
递延所得税费用	(2,234,824)	(44,981,883)
合计	<u>145,855,829</u>	<u>67,422,394</u>

(2) 所得税费用与会计利润的关系

将基于合并利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	<u>2019 年</u>	<u>2018 年</u>
税前利润	<u>665,778,305</u>	<u>286,657,997</u>
按税率 25%计算的预期所得税	166,444,576	71,664,499
非应税收入的影响	(37,164,213)	(16,507,747)
不可抵扣的成本、费用和损失的影响	5,146,747	6,375,395
其他	11,428,719	5,890,247
本年所得税费用	<u>145,855,829</u>	<u>67,422,394</u>

57 基本及稀释每股收益

(1) 基本每股收益

基本每股收益以归属于母公司普通股股东的合并净利润除以本公司发行在外普通股的加权平均数计算：

	<u>2019 年</u>	<u>2018 年</u>
归属于母公司普通股股东的合并净利润	510,183,708	221,763,054
本公司发行在外普通股的加权平均数	2,828,725,153	2,828,725,153
基本每股收益 (元 / 股)	0.18	0.08

(2) 稀释每股收益

稀释每股收益以归属于母公司普通股股东的合并净利润 (稀释) 除以母公司发行在外普通股的加权平均数 (稀释) 计算。2019 年度, 本公司不存在具有稀释性的潜在普通股 (2018 年度: 同), 因此, 稀释每股收益等于基本每股收益。

58 现金流量表项目

(1) 收到的其他与经营活动有关的现金

	<u>2019 年</u>	<u>2018 年</u>
买卖其他债权投资收到的现金净额	3,308,483,584	-
销售仓单收到的现金	2,661,305,890	4,795,159,308
合并结构化主体增加的现金净额	37,388,739	-
存出保证金净减少额	-	1,542,462,133
应收款项类投资净减少额	-	185,000,000
其他	113,293,546	142,730,541
合计	6,120,471,759	6,665,351,982

(2) 支付其他与经营活动有关的现金

	<u>2019 年</u>	<u>2018 年</u>
采购仓单支付的现金	3,022,260,461	4,824,244,419
存出保证金净增加额	384,134,038	-
买卖非交易性金融资产支付的现金	288,398,436	-
支付的租赁及物业费	150,972,976	149,512,439
应付仓单质押金净减少额	17,030,000	230,415,400
应付基金公司客户认购款净减少额	-	93,843,986
其他	468,137,832	464,668,808
合计	<u>4,330,933,743</u>	<u>5,762,685,052</u>

59 现金流量表相关情况

(1) 现金流量表补充资料

(a) 将净利润调节为经营活动现金流量

	<u>2019 年</u>	<u>2018 年</u>
净利润	519,922,476	219,235,603
加：资产减值损失	-	95,613,203
信用减值损失	176,544,789	-
其他资产减值损失转回	(17,941,901)	-
固定资产折旧	44,003,789	43,205,317
无形资产摊销	36,075,379	32,068,566
长期待摊费用摊销	14,784,698	15,480,181
处置固定资产、无形资产和 其他长期资产的损益	(3,876,061)	342,574
公允价值变动 (收益) / 损失	(282,959,657)	149,237,536
投资活动利息收入	(5,750,945)	-
融资活动利息支出	479,623,473	475,566,814
汇兑损失 / (收益)	9,866,941	(462,966)
投资收益	(515,534)	(108,787,548)
递延所得税费用	(2,234,824)	(44,981,883)
经营性应收项目的减少 / (增加)	5,267,813,472	(7,651,625,930)
经营性应付项目的 (减少) / 增加	(2,277,109,829)	2,989,707,478
经营活动产生 / (使用) 的现金流量净额	<u>3,958,246,266</u>	<u>(3,785,401,055)</u>

(b) 现金及现金等价物净变动情况

	2019 年	2018 年
现金及现金等价物的年末余额	18,136,083,250	14,853,884,395
减：现金及现金等价物的年初余额	(14,853,884,395)	(16,422,136,088)
现金及现金等价物净增加 / (减少) 额	3,282,198,855	(1,568,251,693)

(2) 现金及现金等价物的构成

	2019 年 12 月 31 日	2018 年 12 月 31 日
货币资金	15,734,010,625	12,681,464,251
其中：银行存款	15,673,251,016	12,648,962,031
其他货币资金	60,759,609	32,502,220
结算备付金	2,620,361,716	2,323,843,791
小计	18,354,372,341	15,005,308,042
减：三个月以上的定期存款	-	(100,000,000)
减：使用受限的货币资金和结算备付金	(59,534,406)	(51,423,647)
减：应计利息	(158,754,685)	-
现金及现金等价物余额	18,136,083,250	14,853,884,395

六 合并范围的变更

1 非同一控制下企业合并

(1) 本年发生的非同一控制下企业合并

	股权 取得时点	股权 取得成本	股权 取得比例 (%)	股权 取得方式	购买日	自购买日至 2019 年 12 月 31 日被购买方		
						收入	净利润	净现金流入
北京山证并购资本 投资合伙企业 (有限合伙)	2019 年 7 月 1 日	227,532,000	47.62%	现金 购入	2019 年 7 月 1 日	100,797,047	42,485,352	42,485,352

北京山证并购资本投资合伙企业(有限合伙)(以下简称“山证并购”)是于 2014 年 8 月 12 日在北京市成立的公司,主要从事投资管理。

(2) 合并成本及商誉

合并成本	山证并购	
	账面价值	公允价值
现金	227,532,000	227,532,000
合并成本合计	227,532,000	227,532,000
减:取得的可辨认净资产公允价值份额	227,532,000	227,532,000
商誉	不适用	-

(3) 被购买方于购买日可辨认资产和负债的情况

	山证并购	
	公允价值	账面价值
资产:		
货币资金	12,623,085	12,623,085
交易性金融资产	469,415,551	469,415,551
负债:		
其他负债	4,270,000	4,270,000
净资产	477,768,636	477,768,636
减:少数股东权益	(250,236,636)	(250,236,636)
取得的净资产	227,532,000	227,532,000

上述可辨认资产存在活跃市场的,根据活跃市场中的报价确定其公允价值;不存在活跃市场,但同类或类似资产存在活跃市场的,参照同类或类似资产的市场价格确定其公允价值。

七 在其他主体中的权益

1 在子公司中的权益

(1) 企业集团的构成

(a) 通过设立或投资等方式取得的子公司

子公司名称	注册地及 营业地	注册资本 / 认缴出资	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
中德证券	北京市	人民币 100,000 万元	投资银行业务	人民币 100,000 万元	66.70%	-	66.70%	-
格林大华资本管理	上海市	人民币 30,000 万元	资本管理业务	人民币 30,000 万元	40.00%	60.00%	40.00%	60.00%
山证投资	北京市	人民币 100,000 万元	投资与资产管理	人民币 100,000 万元	100.00%	-	100.00%	-
山证基金管理有限公司 (以下简称“山证基金”)	太原市	人民币 5,000 万元	投资与资产管理	人民币 12,000 万元	-	100.00%	-	100.00%
山西中小企业创业投资基金 (有限合伙) (以下简称“中小创投基金”)	太原市	人民币 40,000 万元	投资与资产管理	人民币 17,867.5 万元	-	50.00%	-	注 1
山证资本管理 (北京) 有限公司	北京市	人民币 3,000 万元	投资与资产管理	人民币 3,000 万元	-	100.00%	-	100.00%
北京山证投资管理合伙企业 (有限合伙) (以下简称“北京山证投资”)	北京市	人民币 5,680 万元	投资与资产管理	人民币 5,680 万元	-	49.15%	-	注 1
杭州山证双子座股权投资基金合伙企业 (有限合伙) (以下简称“杭州双子”)	杭州市	人民币 3,900 万元	投资与资产管理	人民币 3,900 万元	-	48.72%	-	注 1
新余市合盛锦禾投资管理中心 (有限合伙) (以下简称“合盛锦禾”)	新余市	人民币 7,156.24 万元	投资与资产管理	人民币 7,156.24 万元	-	99.30%	-	注 2
运城山证中小企业创业投资合伙企业 (有限合伙) (以下简称“运城山证”)	运城市	人民币 10,000 万元	股权投资、基金管理	人民币 10,000 万元	-	50.00%	-	注 1

子公司名称	注册地及 营业地	注册资本 / 认缴出资	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
珠海龙华启富一号投资基金合伙企业(有限合伙) (以下简称“珠海启富一号”)	珠海市	人民币 4,300 万元	投资与资产管理	-	-	20.00%	-	注 1
宁波龙华治合投资管理合伙企业(有限合伙) (以下简称“龙华治合”)	宁波市	人民币 2,000 万元	投资与资产管理	-	-	20.00%	-	注 1
舟山龙华海水股权投资投资基金合伙企业(有限合伙) (以下简称“舟山海水”)	舟山市	人民币 1,520 万元	租赁和商务服务业	人民币 1,520 万元	-	19.74%	-	注 1
珠海山证天安投资基金合伙企业(有限合伙) (以下简称“山证天安”)	珠海市	人民币 1,910 万元	租赁和商务服务业	人民币 1,910 万元	-	19.90%	-	注 1
山证国际期货有限公司	香港	港币 5,000 万元	期货合约交易	港币 5,000 万元	-	100.00%	-	100.00%
山证国际证券有限公司	香港	港币 35,000 万元	证券交易	港币 35,000 万元	-	100.00%	-	100.00%
山证国际资产管理有限公司 (以下简称“山证国际资管”)	香港	港币 3,000 万元	资产管理	港币 3,000 万元	-	100.00%	-	100.00%
山证国际融资有限公司 (以下简称“山证国际融资”)	香港	港币 2,500 万元	资本业务	港币 2,500 万元	-	100.00%	-	100.00%
山证国际投资有限公司 (以下简称“山证国际投资”)	香港	港币 1,000 万元	借贷业务	港币 1,000 万元	-	100.00%	-	100.00%
山证国际投资管理有限公司	香港	港币 20,000 万元	投资业务	港币 20,000 万元	-	100.00%	-	100.00%
汇通商品有限公司 (以下简称“汇通商品”)	香港	港币 10,000 万元	贸易业务	港币 20,000 万元	-	100.00%	-	100.00%
宁波龙华浩合投资管理合伙企业(有限合伙) (以下简称“龙华浩合”)	宁波市	人民币 5,000 万元	投资与资产管理	-	-	20.00%	-	注 1
宁波龙华显合投资管理合伙企业(有限合伙) (以下简称“龙华显合”)	宁波市	人民币 6,000 万元	投资与资产管理	-	-	20.00%	-	注 1
山证创新投资有限公司 (以下简称“山证创新”)	上海市	人民币 100,000 万元	投资与资产管理	人民币 33,000 万元	100.00%	-	100.00%	-

注 1： 本公司下属子公司山证投资作为中小创投基金、北京山证投资、杭州双子、运城山证、珠海启富一号、龙华治合、舟山海水、山证天安、龙华浩合和龙华显合的普通合伙人全权管理这些有限合伙企业，负责执行合伙企业的合伙事务，并且本集团享有的可回报重大，能够对上述合伙企业实施控制。因此本集团将上述有限合伙企业纳入合并财务报表范围。

注 2： 根据《新余市合盛锦禾投资管理中心（有限合伙）合伙协议》，本公司下属子公司山证基金为合盛锦禾有限合伙人，出资比例 99.30%，以出资额为限承担亏损，普通合伙人不承担投资收益，不承担亏损。因此，本集团对其拥有控制权，同时本集团享有的可回报的影响重大，故将其纳入本集团合并财务报表的范围。

(b) 非同一控制下企业合并取得的子公司

子公司名称	注册地及 营业地	注册资本	业务性质	年末实际出资额	本公司持有权益比例		本公司表决权比例	
					直接	间接	直接	间接
格林大华	北京市	人民币 80,000 万元	期货经纪业务	人民币 80,000 万元	100.00%	-	100.00%	-
山证国际金融控股有限公司 (以下简称“山证国际金控”)	香港	港币 100,000 万元	投资控股	港币 100,000 万元	100.00%	-	100.00%	-
山证并购	北京市	人民币 21,000 万元	租赁和商务服务业	人民币 21,000 万元	-	47.62%	-	注 1

注 1： 本公司下属子公司山证投资作为山证并购的普通合伙人全权管理这些有限合伙企业，负责执行合伙企业的合伙事务，并且本集团享有的可回报重大，能够对上述合伙企业实施控制。因此本集团将上述有限合伙企业纳入合并财务报表范围。

(2) 重要的非全资子公司

子公司名称	少数股东的 持股比例	本年归属于少数 股东的收益	本年向少数股东 宣告分派的股利	年末少数股东 权益余额
中德证券	33.30%	7,778,848	-	374,649,994

(3) 重要非全资子公司的主要财务信息

下表列示了上述子公司的主要财务信息，这些子公司的主要财务信息是集团内部交易抵销前的金额：

	中德证券	
	2019 年 12 月 31 日	2018 年 12 月 31 日
资产合计	1,342,067,096	1,327,149,816
负债合计	162,752,038	174,124,968
	中德证券	
	2019 年	2018 年
营业收入	384,066,296	302,481,006
净收益 / (亏损)	27,272,480	(992,075)
综合收益 / (亏损) 总额	27,272,480	(992,075)
经营活动产生 / (使用)的现金流量净额	85,389,216	(141,465,827)

2 纳入合并财务报表范围的结构化主体

结构化主体名称	2019 年 12 月 31 日	2018 年 12 月 31 日
	实际持有份额	实际持有份额
证券行业支持民企发展系列之山西证券 FOF		
单一资产管理计划	500,000,000	500,000,000
山西证券启元 3 号集合资产管理计划	22,794,398	18,253,913
山西证券启元 2 号集合资产管理计划	19,792,661	11,446,957
格林大华灵感 1 号资产管理计划	-	6,000,000
格林大华灵感 2 号资产管理计划	-	4,000,000
合计	542,587,059	539,700,870

本集团作为上述资产管理计划管理人考虑对该等结构化主体是否存在控制，并基于本集团作为资产管理人的决策范围、资产管理计划其他方的权力和面临的可变动收益风险敞口等因素来判断本集团是主要责任人还是代理人。对于上述纳入合并范围的资产管理计划，本集团作为主要责任人身份行使投资决策权，且本集团所享有的总收益在资产管理计划总收益中占比较大，因此将其纳入合并范围。

于 2019 年 12 月 31 日，上述资产管理计划应付其他持有人的本金为人民币 489,544,207 元 (2018 年 12 月 31 日：人民币 430,161,521 元)，收益为人民币 24,153,493 元 (2018 年 12 月 31 日：人民币 19,366,989 元)。

3 在联营企业中的权益

被投资单位	年初余额	本年增减变动			年末余额
		新增投资	权益法下确认的投资收益	其他综合收益	
杭州龙华股融股权投资基金合伙企业 (有限合伙)	9,646,646	-	440,422	-	10,087,068
汾西启富扶贫引导基金合伙企业 (有限合伙)	1,986,839	-	-	-	1,986,839
山西国投创新绿色能源股权投资合伙企业 (有限合伙)	49,982,918	150,000,000	(345,944)	-	199,636,974
山西交通产业基金合伙企业 (有限合伙)	-	200,000,000	-	-	200,000,000
深圳烨华资源集团有限公司	-	10,000,000	43,814	-	10,043,814
合计	61,616,403	360,000,000	138,292	-	421,754,695

上述联营企业的基本信息如下：

公司名称	注册地及 营业地	业务性质	注册资本/认缴出资	年末实际出资额	本集团 出资比例
杭州龙华股融股权投资基金合伙企业 (有限合伙)	杭州市	私募股权投资	人民币 5,000 万元	人民币 5,000 万元	20.00%
汾西启富扶贫引导基金合伙企业 (有限合伙)	临汾市	私募股权投资	人民币 1,200 万元	人民币 1,200 万元	16.67%
山西国投创新绿色能源股权投资合伙企业 (有限合伙)	太原市	私募股权投资	人民币 100,100 万元	人民币 100,100 万元	19.98%
山西交通产业基金合伙企业 (有限合伙)	太原市	私募股权投资	人民币 1,000,000 万元	人民币 100,000 万元	20.00%
深圳烨华资源集团有限公司	深圳市	私募股权投资	人民币 10,000 万元	人民币 10,000 万元	10.00%

4 在未纳入合并财务报表范围的结构化主体中的权益

(1) 在第三方机构发起设立的结构化主体中享有的权益

本集团通过直接持有投资而在第三方机构发起设立的结构化主体中享有权益。这些结构化主体未纳入本集团的合并财务报表范围，主要包括资产管理计划、信托计划、基金及银行理财产品。这些结构化主体的性质和目的主要是管理投资者的资产并赚取管理费，其融资方式是向投资者发行投资产品。

截至 2019 年 12 月 31 日，本集团通过直接持有投资而在第三方机构发起设立的结构化主体中享有的权益在本集团合并资产负债表中的相关资产负债项目及其账面价值 / 最大损失敞口列示如下：

	<u>交易性金融资产</u>
基金	392,907,319
资产管理计划	339,396,043
理财产品	<u>150,000,000</u>
合计	<u><u>882,303,362</u></u>

2018 年度，本集团通过直接持有投资而在第三方机构发起设立的结构化主体中享有的权益在本集团合并资产负债表中的相关资产负债项目及其账面价值 / 最大损失敞口列示如下：

	以公允价值 计量且其变动 计入当期损益 的金融资产	可供出售 金融资产	<u>合计</u>
资产管理计划	154,827,744	7,920,000	162,747,744
信托计划	112,373,014	322,102	112,695,116
理财产品	254,183,407	-	254,183,407
基金	<u>25,675,275</u>	<u>13,172,092</u>	<u>38,847,367</u>
合计	<u><u>547,059,440</u></u>	<u><u>21,414,194</u></u>	<u><u>568,473,634</u></u>

本集团因投资上述资产管理计划、信托计划、基金及银行理财产品的最大损失敞口是上述投资于资产负债表日的账面价值。

(2) 在本集团作为发起人但未纳入合并财务报表范围的结构化主体中享有的权益

本集团发起设立的未纳入合并财务报表范围的结构化主体，主要包括本集团发行的资产管理计划及基金。这些结构化主体的性质和目的主要是管理投资者的资产并收取管理费，其融资方式是向投资者发行投资产品。本集团在这些未纳入合并财务报表范围的结构化主体中享有的权益主要包括直接持有投资或通过管理这些结构化主体收取管理费收入。

于 2019 年 12 月 31 日，本集团在上述资产管理计划及基金中直接持有投资而在合并资产负债表中反映在交易性金融资产的账面价值金额共计人民币 780,801,018 元 (于 2018 年 12 月 31 日，本集团在上述资产管理计划及基金中直接持有投资而在合并资产负债表中反映在以公允价值计量且其变动计入当期损益的金融资产的账面价值金额共计人民币 279,511,358 元，可供出售金融资产的账面价值金额共计人民币 199,503,478 元)。上述资产管理计划及基金投资的最大损失敞口与其账面价值相近。

于 2019 年 12 月 31 日，本集团发起设立但未纳入本集团合并财务报表范围的结构化主体的受托资产总额为人民币 48,172,011,435 元 (2018 年 12 月 31 日：人民币 48,483,890,759 元)。

2019 年度，本集团自上述结构化主体获取的管理费收入为人民币 156,565,651 元 (2018 年度：人民币 136,522,754 元)。

八 分部报告

本集团根据内部组织结构、管理要求及内部报告制度确定了证券经纪业务分部、投资银行业务分部、固定收益业务、股票等其他自营投资业务分部、受托资产管理业务分部、期货经纪业务分部及大宗商品交易及风险管理业务分部共七个报告分部。每个报告分部为单独的业务分部，提供不同的劳务，由于每个分部需要不同的技术及市场策略而需要进行单独的管理。本集团管理层将会定期审阅不同分部的财务信息以决定向其配置资源、评价业绩。

本集团七个分部业务介绍如下：

- 证券经纪业务分部

该分部为个人以及机构客户提供代理买卖证券服务。

- 投资银行业务分部

该分部业务包括股票承销业务、债券承销业务、场外市场业务及收购兼并业务等。

- 固定收益业务

该分部运用自有资金，从事债券、票据等投资活动，并持有相关金融资产。

- 股票等其他自营投资业务分部

该分部运用自有资金，从事证券投资、收益权投资等投资活动，并持有相关金融资产。

- 受托资产管理业务分部

该分部对委托人的资产进行管理，并开展基金管理和销售，以及专户资产管理业务。

- 期货经纪业务分部

该分部为个人以及机构客户提供期货经纪服务。

- 大宗商品交易及风险管理业务分部

该分部参与提供仓单购买和转售、期货套利和套期保值服务。

编制分部报告所采用的会计政策与编制本集团财务报表所采用的会计政策一致。

分部间转移价格参照向第三方销售所采用的价格确定。

资产根据分部的经营以及资产的所在位置进行分配，负债根据分部的经营进行分配，间接归属于各分部的费用按照收入比例在分部之间进行分配。

本集团在中国内地和香港地区提供服务，全部的对外交易收入均来源于中国内地和香港地区，本集团金融资产及递延所得税资产之外的非流动资产均位于中国内地和香港地区。

由于本集团业务并不向特定客户开展，因此不存在对单一客户的重大依存。

下述披露的本集团各个报告分部的信息是本集团管理层在计量报告分部利润(亏损)、资产和负债时运用了下列数据, 或者未运用下列数据但定期提供给本集团管理层的:

(a) 截至 2019 年度及 2019 年 12 月 31 日分部信息

	证券经纪业务	投资银行业务	固定收益业务	股票等其他 自营投资业务	受托资产 管理业务	期货经纪业务	大宗商品交易及 风险管理业务	未分配项目 及其他	分部间抵销	合计
对外交易收入	695,714,106	415,116,970	708,622,058	141,275,500	170,002,837	193,296,342	2,677,641,090	100,511,834	-	5,102,180,737
其中: 手续费及佣金净收入	365,343,427	376,547,072	194,180,267	-	154,004,627	83,841,343	-	-	-	1,173,916,736
利息净收入/(支出)	325,385,997	32,744,176	(398,214,951)	(101,875,510)	(14,309,392)	87,258,887	1,256,403	(74,817,686)	-	(142,572,076)
投资损益	-	3,177,000	963,004,600	85,285,459	33,751,568	12,900,700	(83,177,111)	48,627,193	-	1,063,569,409
公允价值变动										
(损失)/收益	-	-	(50,347,858)	157,865,551	(3,346,969)	3,790,860	51,909,079	97,066,807	-	256,937,470
其他	4,984,682	2,648,722	-	-	(96,997)	5,504,552	2,707,652,719	29,635,520	-	2,750,329,198
分部间交易收入/(支出)	3,235,125	12,756,321	-	50,000,000	3,658,638	-	(22,075,491)	17,875,526	(65,450,119)	-
其中: 手续费及佣金净收入	3,235,125	12,756,321	-	-	14,899,661	-	-	-	(30,891,107)	-
利息净收入/(支出)	-	-	-	-	(20,963,239)	-	(22,075,491)	17,875,526	25,163,204	-
投资损益	-	-	-	50,000,000	9,722,216	-	-	-	(59,722,216)	-
营业支出	(494,854,668)	(369,776,007)	(242,022,268)	(41,989,028)	(96,844,119)	(152,051,119)	(2,833,477,182)	(219,011,197)	15,450,119	(4,434,575,469)
其中: 折旧费和摊销费	(45,555,722)	(4,119,623)	(6,378,899)	(2,083,865)	(6,542,109)	(8,553,556)	(299,468)	(21,330,624)	-	(94,863,866)
信用减值转回/(损失)	(9,505,166)	(4,343,215)	(40,722,385)	815,003	-	(18,056,603)	(104,732,589)	166	-	(176,544,789)
其他资产减值转回	-	-	-	-	-	17,941,901	-	-	-	17,941,901
利润/(亏损)总额	202,784,764	52,233,398	466,599,789	149,286,381	76,777,114	43,673,723	(179,190,973)	(96,385,891)	(50,000,000)	665,778,305
所得税费用	(46,239,494)	(16,674,173)	(79,939,624)	(16,863,042)	(25,453,168)	(12,099,953)	46,596,419	4,817,206	-	(145,855,829)
净利润/(亏损)	156,545,270	35,559,225	386,660,165	132,423,339	51,323,946	31,573,770	(132,594,554)	(91,568,685)	(50,000,000)	519,922,476
资产总额	16,217,279,926	1,342,067,096	20,288,549,894	3,072,172,112	2,269,701,698	4,586,047,751	1,015,754,311	12,303,855,009	(5,399,650,616)	55,695,777,181
负债总额	15,597,267,672	165,425,333	16,069,073,931	304,430,633	179,772,329	3,812,390,800	650,441,451	6,250,237,281	(549,002,855)	42,480,036,575
长期股权投资以外的其他非										
流动资产净增加/(减少)额	4,073,829	(3,227,502)	56,584,665	(19,855,549)	(538,375)	(7,392,199)	47,494,943	(37,189,764)	(692,091)	39,257,957

(b) 2018 年度及 2018 年 12 月 31 日分部信息

	证券经纪业务	投资银行业务	固定收益业务	股票等其他 自营投资业务	受托资产 管理业务	期货经纪业务	大宗商品交易及 风险管理业务	未分配项目 及其他	分部间抵消	合计
对外交易收入 / (支出)	627,408,804	362,418,346	456,557,338	(185,603,264)	144,749,772	253,101,173	5,136,729,331	55,775,126	-	6,851,136,626
其中：手续费及佣金净收入	291,552,922	308,062,389	-	-	134,410,093	93,701,916	-	-	-	827,727,320
利息净收入 / (支出)	332,267,455	48,080,308	(570,034,526)	(40,591,938)	(27,324,650)	138,057,673	4,478,405	(78,033,275)	-	(193,100,548)
投资收益	-	4,896,391	1,056,773,017	(138,040,550)	34,154,541	16,392,912	377,893,490	146,550,794	-	1,498,620,595
公允价值变动 (损失) / 收益	-	-	(30,181,153)	(6,970,776)	3,706,797	-	(45,672,646)	(57,957,790)	-	(137,075,568)
其他	3,588,427	1,379,258	-	-	(197,009)	4,948,672	4,800,030,082	45,215,397	-	4,854,964,827
分部间交易收入 / (支出)	2,631,819	3,895,317	-	143,352,738	2,734,193	-	(21,503,685)	20,255,596	(151,365,978)	-
其中：手续费及佣金净收入	2,631,819	4,000,000	-	-	2,734,193	-	-	-	(9,366,012)	-
利息净 (支出) / 收入	-	(104,683)	-	-	-	-	(21,503,685)	20,255,596	1,352,772	-
投资收益	-	-	-	143,352,738	-	-	-	-	(143,352,738)	-
折旧费和摊销费	(36,339,526)	(4,887,912)	(8,223,493)	(782,355)	(5,048,620)	(10,624,246)	(98,720)	(24,749,192)	-	(90,754,064)
资产减值转回 / (损失)	9,436,727	(1,350,000)	-	(58,362,682)	-	(12,904)	2,245,240	(47,569,584)	-	(95,613,203)
营业支出	(426,276,721)	(342,488,241)	(159,512,304)	(78,418,524)	(98,184,353)	(197,917,478)	(5,061,348,953)	(206,488,674)	5,366,012	(6,565,269,236)
利润 / (亏损) 总额	204,003,994	23,490,158	297,045,035	(120,669,051)	48,603,761	59,180,782	53,876,693	(132,873,409)	(145,999,966)	286,657,997
所得税费用	(59,867,690)	(7,980,957)	(26,031,193)	35,034,866	(14,058,487)	(16,502,162)	(14,026,636)	36,009,865	-	(67,422,394)
净利润 / (亏损)	144,136,304	15,509,201	271,013,842	(85,634,185)	34,545,274	42,678,620	39,850,057	(96,863,544)	(145,999,966)	219,235,603
资产总额	13,814,591,583	1,327,149,816	26,658,892,196	3,973,891,928	957,993,092	4,145,369,205	1,962,779,768	9,345,582,193	(4,941,635,758)	57,244,614,023
负债总额	11,463,956,600	177,202,764	20,487,457,963	159,517,351	30,919,047	3,355,350,016	1,480,618,581	7,662,840,946	(570,109,645)	44,247,753,623
长期股权投资以外的其他非流动 资产净 (减少) / 增加额	(106,806,444)	(9,275,285)	(91,431)	(15,023,304)	(18,071,913)	(598,313)	8,996,952	174,383,651	(18,141,732)	15,372,181

九 关联方及关联交易

1 本公司的母公司情况

公司名称	注册地	业务性质	注册资本	母公司 对本公司的 持股比例	母公司 对本公司的 表决权比例	本公司 最终控制方
			人民币			
山西金控	山西省	投资管理	1,064,670 万元	30.59%	30.59%	山西省财政厅

本公司的母公司的变动情况参见附注一。

于 2019 年 12 月 31 日，山西金控持有本公司股权比例为 30.59% (2018 年 12 月 31 日：30.59%)。

于 2019 年 12 月 31 日，山西金控所属子公司山西信托股份有限公司 (以下简称“山西信托”) 持有本公司股权比例为 0.42% (2018 年 12 月 31 日：0.42%)，山西金控及所属子公司合计持有本公司股权比例为 31.01% (2018 年 12 月 31 日：31.01%)。

2 本公司的子公司情况

本公司子公司的情况参见附注七、1。

3 持有本公司 5% 以上 (含 5%) 股份的其他股东

作为关联方的持本公司 5%以上 (含 5%) 股份的其他股东名称及持股情况列示如下：

	2019 年 12 月 31 日		2018 年 12 月 31 日	
	股份	持股比例	股份	持股比例
太原钢铁(集团)有限公司 (以下简称“太钢集团”)	282,605,635	9.99%	282,605,635	9.99%
山西国际电力集团有限公司 (以下简称“山西国电”)	199,268,856	7.04%	199,268,856	7.04%

4 其他关联方

于 2019 年 12 月 31 日，除上述 1、2、3 中提及的关联方外，与本集团发生关联交易的关联方还包括：

单位名称	与本企业关系
山西国信	受山西金控控制
山西省融资再担保集团有限公司 (以下简称“山西再担保”)	受山西金控控制
山西博爱医院	受山西金控控制
山西光信地产有限公司 (以下简称“山西光信地产”)	受山西金控控制
上海万方投资管理有限公司 (以下简称“上海万方”)	受山西金控控制
山西国贸物业管理服务有限公司 (以下简称“国贸物业”)	受山西金控控制
山西省国贸投资集团有限公司 (以下简称“山西国贸”)	受山西金控控制
山西国贸大饭店管理有限公司 (以下简称“国贸大饭店”)	受山西金控控制
山西环境能源交易中心有限公司 (以下简称“环境能源交易中心”)	受山西金控控制
山西省国有投融资管理有限公司 (以下简称“国有投融资”)	受山西金控控制
山西国信文旅房地产开发有限公司 (以下简称“国信文旅”)	受山西金控控制
山西国信医疗投资管理有限公司 (以下简称“国信医投”)	受山西金控控制
中合盛资本管理有限公司 (以下简称“中合盛”)	受山西金控控制
山西股权交易中心有限公司 (以下简称“股权交易中心”)	受山西金控控制
山西省产权交易中心股份有限公司 (以下简称“产权交易中心”)	受山西金控控制
山西省金融资产交易中心 (有限公司) (以下简称“晋金所”)	受山西金控控制
山西卓融投资有限公司 (以下简称“山西卓融”)	受山西金控控制
北京卓融投资管理有限公司 (以下简称“北京卓融”)	受山西金控控制
深圳市义信利资产管理有限公司 (以下简称“义信利”)	受山西金控控制
汇丰晋信基金管理有限公司 (以下简称“汇丰晋信”)	受山西金控共同控制
山西省国有资本投资运营有限公司 (以下简称“国有资本投资”)	太钢集团控股股东
山西太钢投资有限公司 (以下简称“太钢投资”)	受太钢集团控制
太钢集团财务有限公司 (以下简称“太钢财务”)	受太钢集团控制
山西地方电力有限公司 (以下简称“山西地方电力”)	受山西国电控制
山西天桥水电有限公司 (以下简称“天桥水电”)	受山西国电控制
吕梁国投集团有限公司 (以下简称“吕梁国投”)	公司监事任职企业

单位名称	与本企业关系
长治市经济建设投资服务中心 (以下简称“长治投资”)	公司监事任职企业
山西省旅游投资控股集团有限公司 (以下简称“山西旅投”)	持股 5%以上股东一致行动人
山西省科技基金发展有限公司 (以下简称“科技基金”)	本公司股东， 并向本公司委派监事
山西省杏花村汾酒集团有限责任公司 (以下简称“山西汾酒”)	本公司股东， 并向本公司委派监事
山西国投创新绿色能源股权投资合伙企业 (有限合伙) (以下简称“绿色能源”)	联营企业
杭州龙华股融股权投资基金合伙企业 (有限合伙) (以下简称“龙华股融”)	联营企业
汾西启富扶贫引导基金合伙企业 (有限合伙) (以下简称 “汾西扶贫”)	联营企业
山西交通产业基金合伙企业 (有限合伙) (以下简称“交通产 业”)	联营企业
山西国投体育产业集团有限公司 (以下简称“国投体育”)	于 2018 年，过去十二个月内 公司董事任职企业
山西焦化集团有限公司 (以下简称“焦化集团”)	于 2018 年，过去十二个月内 公司监事任职企业
长治市行政事业单位国有资产管理中心 (以下简称 “长治国资”)	于 2018 年，过去十二个月内 公司监事任职企业
山西西山煤电股份有限公司 (以下简称“西山煤电”)	于 2018 年，过去十二个月内 本公司独立董事担任其独立 董事

5 关联交易及关联方款项余额情况

(a) 定价政策

本集团与关联方的交易主要参考市场价格经双方协商后确定。

(b) 代理买卖证券

(1) 代理买卖证券款余额

	2019 年 12 月 31 日	2018 年 12 月 31 日
山西信托	42,209,897	11,623,612
太钢投资	20,620,224	39,923
北京卓融	9,408,216	29,545
山西旅投	921,326	-
上海万方	570,435	55,172
山西再担保	278,075	-
科技基金	139,096	1,359
焦化集团	127,797	11
山西国信	63,362	73,239
吕梁国投	42,448	11,112,586
山西国电	28,567	26,590
国信文旅	6,981	-
太钢财务	5,608	14,670
山西卓融	2,083	32,938
山西博爱医院	1,763	1,758
太钢集团	1,043	849
长治投资	583	-
股权交易中心	500	500
中合盛	334	1,931
产权交易中心	296	296
义信利	268	108
环境能源交易中心	198	3,243
国有投融资	84	84
山西金控	-	598
西山煤电	-	1,319,683
长治国资	-	283
合计	74,429,184	24,338,978

(2) 经纪业务手续费及佣金收入

	<u>2019 年</u>	<u>2018 年</u>
山西信托	272,884	321,771
太钢投资	37,600	44,922
山西卓融	21,247	12,885
科技基金	15,935	19,923
长治投资	13,365	-
北京卓融	12,058	2,619
义信利	3,839	-
山西国信	1,425	-
中合盛	825	1,035
山西旅投	728	-
上海万方	306	8,077
长治国资	-	77,314
山西金控	-	13,749
合计	<u>380,212</u>	<u>502,295</u>

(3) 利息支出

	<u>2019 年</u>	<u>2018 年</u>
山西信托	67,509	179,683
国信文旅	21,478	-
太钢财务	13,089	14,037
吕梁国投	11,512	1,242
太钢投资	9,578	20,972
山西国信	6,383	3,886
山西卓融	5,582	9,266
北京卓融	4,757	3,462
科技基金	3,166	1,732
山西国电	1,977	62,257
山西旅投	1,825	-
上海万方	1,230	8,144
股权交易中心	1,046	3,792
太钢集团	944	849
山西再担保	608	-
中合盛	336	2,484
长治投资	284	-
焦化集团	172	-
义信利	160	-
环境能源交易中心	39	664
山西博爱医院	5	5
产权交易中心	1	303
国有投融资	-	84
长治国资	-	8,698
西山煤电	-	4,006
山西金控	-	1,024
合计	<u>151,681</u>	<u>326,590</u>

(c) 投资银行业务手续费及佣金收入

(1) 证券承销业务手续费及佣金收入

	<u>2019 年</u>	<u>2018 年</u>
山西省财政厅	<u>37,736</u>	<u>182,547</u>

(2) 财务顾问业务收入

	<u>2019 年</u>	<u>2018 年</u>
山西汾酒	10,641,509	4,594,340
中合盛	1,132,075	-
太钢集团	1,063,188	-
产权交易中心	664,493	-
山西国信	660,377	-
西山煤电	-	1,179,245
合计	<u>14,161,642</u>	<u>5,773,585</u>

(3) 应收财务顾问款项

	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
山西汾酒	8,740,000	4,800,000
产权交易中心	<u>537,468</u>	<u>-</u>
合计	<u>9,277,468</u>	<u>4,800,000</u>

(4) 预收财务顾问款项

	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
山西汾酒	<u>-</u>	<u>1,350,000</u>

(d) 代销汇丰晋信管理的基金及出租交易单元

(1) 应收手续费及佣金收入

	2019 年 12 月 31 日	2018 年 12 月 31 日
汇丰晋信	-	271,520

(2) 手续费及佣金净收入

	2019 年	2018 年
汇丰晋信	206,766	301,775

(e) 向国贸物业支付物业管理费

	2019 年	2018 年
物业管理费	3,526,847	3,712,683

(f) 房屋租赁、物业管理及机房托管

(1) 支付的房屋租赁费、物业管理费及机房托管费

	2019 年	2018 年
山西国贸	13,131,595	13,667,850
国贸物业	74,000	-
山西地方电力	-	36,290
产权交易中心	-	24,500
	13,205,595	13,728,640

(2) 预付山西国贸机房租赁费

	2019 年 12 月 31 日	2018 年 12 月 31 日
预付款项	132,382	132,382

(g) 支付的会议费、招待费及其他费用

	2019 年 <u>12 月 31 日</u>	2018 年 <u>12 月 31 日</u>
国贸物业	1,066,424	897,201
国贸大饭店	204,878	564,525
山西国贸	-	24,800
	<u>1,271,302</u>	<u>1,486,526</u>

(h) 支付的年费及监管费

	<u>2019 年</u>	<u>2018 年</u>
股权交易中心	<u>354,906</u>	<u>566,038</u>

(i) 收益凭证交易

(1) 应付短期融资款

	2019 年 <u>12 月 31 日</u>	2018 年 <u>12 月 31 日</u>
太钢财务	112,000,000	100,000,000
股权交易中心	3,000,000	-
山西国信	-	40,000,000
长治国资	-	33,000,000
环境能源交易中心	-	730,000
合计	<u>115,000,000</u>	<u>173,730,000</u>

(2) 应付利息

	2019 年 12 月 31 日	2018 年 12 月 31 日
太钢财务	1,479,534	66,667
股权交易中心	7,866	-
山西国信	-	130,889
长治国资	-	120,461
环境能源交易中心	-	2,596
合计	<u>1,487,400</u>	<u>320,613</u>

(3) 利息支出

	2019 年	2018 年
太钢财务	6,049,315	3,592,361
国信文旅	2,930,055	-
山西国信	478,685	137,733
股权交易中心	198,110	335,586
吕梁国投	154,604	70,000
环境能源交易中心	6,916	39,740
长治国资	-	2,830,263
合计	<u>9,817,685</u>	<u>7,005,683</u>

(j) 持有澳坤生物可转债

(1) 交易性金融资产

	2019 年 12 月 31 日	2018 年 12 月 31 日
澳坤生物	<u>7,000,000</u>	<u>7,000,000</u>

(2) 公允价值变动损失

	<u>2019 年度</u>	<u>2018 年度</u>
澳坤生物	-	7,000,000

(k) 处置山证并购受益权

(1) 投资收益

	<u>2019 年度</u>	<u>2018 年度</u>
国投体育	-	102,769,514

(2) 应收交易款项

	<u>2019 年 12 月 31 日</u>	<u>2018 年 12 月 31 日</u>
国投体育	-	20,147,000

(l) 预付绿色能源投资款

	<u>2019 年 12 月 31 日</u>	<u>2018 年 12 月 31 日</u>
绿色能源	-	150,000,000

(m) 山证投资管理费相关

(1) 管理费收入

	<u>2019 年 12 月 31 日</u>	<u>2018 年 12 月 31 日</u>
绿色能源	3,668,312	-
龙华股融	1,000,000	1,000,000
汾西扶贫	120,000	90,000
交通产业	79,532	-
合计	<u>4,867,844</u>	<u>1,090,000</u>

(2) 应收管理费

	<u>2019 年</u>	<u>2018 年</u>
绿色能源	498,000	-
汾西扶贫	90,000	-
交通产业	79,532	-
	<u>667,532</u>	<u>-</u>

(n) 购买山西信托发行的信托计划

	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
投资收益	-	3,278,144

(o) 其他应收款

	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
山西国贸	461,580	461,580
龙华股融	10,000	-
山西地方电力	2,000	32,000
	<u>473,580</u>	<u>493,580</u>

(p) 其他应付款

	2019 年 12 月 31 日	2018 年 12 月 31 日
国贸物业	1,042,840	-
焦化集团	6,850	-
山西国贸	-	39,000
国贸大饭店	-	7,600
合计	1,049,690	46,600

(q) 高级管理人员薪酬

参见附注五、28。

十 与金融工具相关的风险

本集团在日常活动中面临各种金融工具的风险，主要包括：

- 信用风险
- 流动性风险
- 利率风险
- 汇率风险
- 其他价格风险

下文主要论述上述风险敞口及其形成原因以及在本年发生的变化、风险管理目标、政策和程序以及计量风险的方法及其在本年发生的变化等。

本集团从事风险管理的目标是在风险和收益之间取得适当的平衡，力求降低金融风险对本集团财务业绩的不利影响。基于该风险管理目标，本集团已制定风险管理政策以辨别和分析本集团所面临的风险，设定适当的风险可接受水平并设计相应的内部控制程序，以监控本集团的风险水平。本集团会定期审阅这些风险管理政策及有关内部控制系统，以适应市场情况或本集团经营活动的改变。

1 信用风险

信用风险，是指金融工具的一方不能履行义务，造成另一方发生财务损失的风险。本集团的信用风险敞口主要分布在经纪业务、融资业务（主要包括融资融券、约定购回式证券以及股票质押式回购业务）以及自营固定收益业务等领域。

本集团除现金以外的货币资金主要存放于国有商业银行或大型股份制商业银行，结算备付金存放在中国证券登记结算有限责任公司等机构，现金及现金等价物面临的信用风险相对较低。

本集团经纪业务所产生的信用风险包括代理客户买卖证券及进行期货交易，若本集团没有提前要求客户依法缴足交易保证金，在结算当日客户的资金不足以支付交易所需的情况下，或客户资金由于其他原因出现缺口，本集团有责任代客户进行结算而造成信用损失。为了控制经纪业务产生的信用风险，本集团代理客户进行证券交易均以全额保证金结算方式进行风险规避；代理客户进行期货交易通过严格筛选客户、逐日盯市来控制信用风险。

对于融资业务所产生的信用风险，本集团制定了融资融券、约定购回式证券以及股票质押式回购业务的授信审批、维持担保比例等一系列制度。本集团采用分级授权审批的方式，严格对融资融券、约定购回式证券以及股票质押式回购客户进行授信额度审批；同时对客户维持担保比例、履约担保比例等指标进行实时监控，必要时将采取强制平仓、违约处置等措施。

为了控制自营业务产生的信用风险，本集团在银行间市场和交易所市场进行的交易均与中央债券登记结算有限公司、上海清算所以及中国证券登记结算有限责任公司完成证券结算交收和款项清算，因此违约风险发生的可能性极小；在进行市场交易前均对交易对手进行信用评估，并选择信用等级良好的对手方进行交易，以控制相应的信用风险。本集团建立了完善的信用风险管理流程，通过对投资品种信用等级评估来控制证券发行人的信用风险，且通过分散化投资等策略以分散信用风险。本集团债券投资的信用评级情况按《中国人民银行信用评级管理指导意见》设定的标准统计及汇总。

下表列示了于资产负债表日本集团债券投资的信用评级情况。其中，未评级的债券投资主要包括国债和地方政府债等。

	2019 年 12 月 31 日	2018 年 12 月 31 日
A-1	-	19,399,720
AAA	5,055,497,436	6,036,109,462
AA+	920,121,822	1,286,597,001
AA	1,194,585,355	3,393,522,575
BBB	32,069,910	-
CCC	32,520,311	-
C	81,176,930	34,041,770
D	-	8,285,270
未评级	3,963,785,039	4,771,699,450
合计	<u>11,279,756,803</u>	<u>15,549,655,248</u>

在不考虑担保物或其他信用增级措施的情况下，于资产负债表日最大信用风险敞口是指金融资产的账面价值。本集团最大信用风险敞口金额列示如下：

	2019 年 12 月 31 日	2018 年 12 月 31 日
货币资金	15,734,010,625	12,681,464,251
结算备付金	2,620,361,716	2,323,843,791
融出资金	5,468,405,079	4,435,571,620
买入返售金融资产	2,742,426,644	3,976,462,481
应收账款	100,204,889	213,912,303
应收利息	-	403,710,586
存出保证金	2,940,672,900	2,556,538,862
以公允价值计量且其变动计入当期损益的金融资产	-	20,384,567,848
交易性金融资产	19,022,106,537	-
债权投资	32,520,311	-
可供出售金融资产	-	4,883,962,939
其他债权投资	1,165,745,108	-
其他金融资产	425,200,157	206,335,284
最大信用风险敞口合计	<u>50,251,653,966</u>	<u>52,066,369,965</u>

2 流动性风险

流动性风险，是指企业在履行以交付现金或其他金融资产的方式结算的义务时发生资金短缺的风险，而流动性是指资产在不受价值损失的前提下是否具有迅速变现的能力。资金的流动性影响到本集团偿还到期债务的能力。本集团建立了以流动性覆盖率和净稳定资金率为核心的流动性风险指标监测体系。

本集团内各子公司负责其自身的现金流量预测。本公司财务部门在汇总各子公司现金流量预测的基础上，在集团层面持续监控短期和长期的资金需求，以确保维持充裕的现金储备和可供随时变现的有价证券，以满足日常营运以及偿付有关到期债务的资金需求。

本集团于资产负债表日的金融负债按未折现的合同现金流量 (包括按合同利率 (如果是浮动利率则按资产负债表日的现行利率) 计算的利息) 的剩余合约期限或被要求支付的最早日期分析如下:

2019 年 12 月 31 日	即期偿还	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	合计	资产负债表日 账面价值
金融负债								
短期借款	-	184,404,723	-	-	-	-	184,404,723	183,832,245
应付短期融资券	-	1,488,516,325	605,157,395	2,284,372,850	-	-	4,378,046,570	4,323,301,803
拆入资金	-	1,780,950,483	1,933,619,444	1,830,206,944	-	-	5,544,776,871	5,511,784,061
交易性金融负债	-	2,133,153,490	-	-	-	-	2,133,153,490	2,132,321,710
衍生金融负债	19,615,860	-	-	-	-	-	19,615,860	19,615,860
卖出回购金融资产	-	12,205,390,374	-	-	-	-	12,205,390,374	12,200,643,294
代理买卖证券款	10,149,086,367	-	-	-	-	-	10,149,086,367	10,149,086,367
应付款项	16,816,640	-	-	8,370,000	-	-	25,186,640	25,186,640
应付债券	-	8,869,701	1,604,628,904	156,212,576	4,602,252,565	327,000,000	6,698,963,746	6,251,917,663
其他金融负债	420,283,734	18,391	900	29,691,772	828,393,825	-	1,278,388,622	1,278,388,622
金融负债合计	10,605,802,601	17,801,303,487	4,143,406,643	4,308,854,142	5,430,646,390	327,000,000	42,617,013,263	42,076,078,265

2018 年 12 月 31 日	即期偿还	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	合计	资产负债表日 账面价值
金融负债								
应付短期融资券	-	2,528,277,999	2,184,793,291	1,637,390,579	-	-	6,350,461,869	6,112,580,000
拆入资金	-	3,953,910,861	2,256,723,333	510,869,444	-	-	6,721,503,638	6,650,000,000
以公允价值计量且其变动计入当期 损益的金融负债	-	1,302,023,850	458,800,200	-	-	-	1,760,824,050	1,712,809,520
衍生金融负债	84,039,710	-	-	-	-	-	84,039,710	84,039,710
卖出回购金融资产	-	14,866,255,517	164,749,056	-	-	-	15,031,004,573	15,007,619,444
代理买卖证券款	8,376,478,762	-	-	-	-	-	8,376,478,762	8,376,478,762
应付债券	-	-	110,453,390	124,631,418	4,387,812,565	-	4,622,897,373	4,075,084,151
应付款项	56,087,260	193,324,139	178,798,946	22,991,111	-	-	451,201,456	451,201,456
其他金融负债	552,302,954	43,200,000	-	17,200,000	27,580,000	341,651,869	981,934,823	977,534,823
金融负债合计	9,068,908,686	22,886,992,366	5,354,318,216	2,313,082,552	4,415,392,565	341,651,869	44,380,346,254	43,447,347,866

3 利率风险

固定利率和浮动利率的带息金融工具分别使本集团面临公允价值利率风险及现金流量利率风险。本集团根据市场环境来决定固定利率与浮动利率工具的比例，并通过定期审阅与监察维持适当的固定利率和浮动利率工具组合。

(1) 利率重定价风险

本集团的利率重定价风险主要来自生息资产和付息负债结构不匹配的风险。

下表列示资产负债表日本集团金融资产与负债按预计下一个重新定价日期 (或到期日, 以较早者为准) 的分析:

2019 年 12 月 31 日	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	不计息	合计
金融资产							
货币资金	14,834,482,232	867,573,529	-	-	-	31,954,864	15,734,010,625
结算备付金	2,443,135,215	-	-	-	-	177,226,501	2,620,361,716
融出资金	528,671,010	1,508,282,572	3,358,529,189	-	-	72,922,308	5,468,405,079
衍生金融资产	-	-	-	-	-	18,351,897	18,351,897
买入返售金融资产	1,711,126,435	278,626,231	641,587,863	74,247,904	-	36,838,211	2,742,426,644
应收款项	-	-	-	-	-	100,204,889	100,204,889
存出保证金	1,526,590,686	-	-	-	-	1,414,082,214	2,940,672,900
交易性金融资产	883,615,888	1,224,730,937	5,294,150,124	8,040,863,754	2,614,013,538	4,190,117,430	22,247,491,671
债权投资	-	-	32,520,311	-	-	-	32,520,311
其他债权投资	19,000,000	13,330,933	50,513,970	82,308,410	919,414,865	81,176,930	1,165,745,108
其他权益工具投资	-	-	-	-	-	239,373,750	239,373,750
其他金融资产	-	-	-	-	-	425,200,157	425,200,157
金融资产合计	21,946,621,466	3,892,544,202	9,377,301,457	8,197,420,068	3,533,428,403	6,787,449,151	53,734,764,747
金融负债							
短期借款	(183,832,245)	-	-	-	-	-	(183,832,245)
应付短期融资券	(1,468,830,000)	(591,830,000)	(2,225,600,000)	-	-	(37,041,803)	(4,323,301,803)
拆入资金	(1,780,000,000)	(1,900,000,000)	(1,800,000,000)	-	-	(31,784,061)	(5,511,784,061)
交易性金融负债	(2,103,850,420)	-	-	-	-	(28,471,290)	(2,132,321,710)
衍生金融负债	-	-	-	-	-	(19,615,860)	(19,615,860)
卖出回购金融资产款	(12,195,813,993)	-	-	-	-	(4,829,301)	(12,200,643,294)
代理买卖证券款	(6,969,687,484)	-	-	-	-	(3,179,398,883)	(10,149,086,367)
应付款项	-	-	-	-	-	(25,186,640)	(25,186,640)
应付债券	(8,490,000)	(1,513,792,028)	(55,040,000)	(4,499,502,122)	-	(175,093,513)	(6,251,917,663)
其他金融负债	-	-	-	(735,207,039)	-	(543,181,583)	(1,278,388,622)
金融负债合计	(24,710,504,142)	(4,005,622,028)	(4,080,640,000)	(5,234,709,161)	-	(4,044,602,934)	(42,076,078,265)
利率敏感度敞口总计	(2,763,882,676)	(113,077,826)	5,296,661,457	2,962,710,907	3,533,428,403	2,742,846,217	11,658,686,482

2018 年 12 月 31 日	1 个月内	1 个月至 3 个月	3 个月至 1 年	1 年至 5 年	5 年以上	不计息	合计
金融资产							
货币资金	11,833,864,251	747,600,000	100,000,000	-	-	-	12,681,464,251
结算备付金	2,323,843,791	-	-	-	-	-	2,323,843,791
融出资金	589,369,574	1,255,926,767	2,590,275,279	-	-	-	4,435,571,620
以公允价值计量且其变动计入当期损益的金融资产	793,301,099	1,925,355,763	13,376,444,715	2,767,779,884	1,749,930,490	1,627,356,076	22,240,168,027
衍生金融资产	-	-	-	-	-	50,153,341	50,153,341
买入返售金融资产	2,642,612,914	247,453,227	1,016,746,340	69,650,000	-	-	3,976,462,481
应收款项	-	-	-	-	-	213,912,303	213,912,303
存出保证金	2,556,538,862	-	-	-	-	-	2,556,538,862
可供出售金融资产	-	59,399,720	256,692,071	3,474,690,477	1,082,589,614	1,286,491,779	6,159,863,661
其他金融资产	-	-	-	-	-	314,263,996	314,263,996
金融资产合计	20,739,530,491	4,235,735,477	17,340,158,405	6,312,120,361	2,832,520,104	3,492,177,495	54,952,242,333
金融负债							
应付短期融资券	(2,490,860,000)	(2,061,540,000)	(1,560,180,000)	-	-	-	(6,112,580,000)
拆入资金	(3,950,000,000)	(2,200,000,000)	(500,000,000)	-	-	-	(6,650,000,000)
以公允价值计量且其变动计入当期损益的金融负债	(1,262,061,620)	(450,747,900)	-	-	-	-	(1,712,809,520)
衍生金融负债	-	-	-	-	-	(84,039,710)	(84,039,710)
卖出回购金融资产款	(14,850,122,042)	(157,497,402)	-	-	-	-	(15,007,619,444)
代理买卖证券款	(5,233,900,574)	-	-	-	-	(3,142,578,188)	(8,376,478,762)
应付款项	-	-	-	-	-	(451,201,456)	(451,201,456)
应付债券	-	(12,860,000)	(26,220,000)	(4,036,004,151)	-	-	(4,075,084,151)
其他金融负债	(40,000,000)	-	(16,000,000)	-	(341,605,211)	(579,929,612)	(977,534,823)
金融负债合计	(27,826,944,236)	(4,882,645,302)	(2,102,400,000)	(4,036,004,151)	(341,605,211)	(4,257,748,966)	(43,447,347,866)
利率敏感度敞口总计	(7,087,413,745)	(646,909,825)	15,237,758,405	2,276,116,210	2,490,914,893	(765,571,471)	11,504,894,467

(2) 利率敏感性分析

于资产负债表日，在其他变量不变的情况下，假定利率上升或下降 25 个基点，将对本集团该期间净利润和股东权益产生的影响如下：

	2019 年	2018 年
净利润变动	(减少) / 增加	(减少) / 增加
收益率曲线平行上移 25 个基点	约 (6,255) 万元	约 (7,189) 万元
收益率曲线平行下移 25 个基点	约 6,406 万元	约 7,294 万元
	2019 年	2018 年
	12 月 31 日	12 月 31 日
股东权益变动	(减少) / 增加	(减少) / 增加
收益率曲线平行上移 25 个基点	约 (9,120) 万元	约 (12,374) 万元
收益率曲线平行下移 25 个基点	约 9,447 万元	约 12,557 万元

上述敏感性分析仅反映一定利率变动对各资产负债表日持有的债券资产进行重估价所产生的对本集团净利润和股东权益的影响。上述敏感度分析基于以下假设：

- (i) 资产负债表日利率变动仅适用于本集团的债券资产；
- (ii) 资产负债表日利率变动 25 个基点是假定自资产负债表日起每一个完整年度的利率变动；
- (iii) 收益率曲线随利率变化而平行移动；
- (iv) 资产和负债组合并无其他变化；
- (v) 其他变量 (包括汇率) 保持不变；及
- (vi) 该分析不考虑管理层进行的风险管理措施的影响。

由于基于上述假设，利率变动导致本集团净利润和股东权益出现的实际变化可能与此敏感性分析的结果不同。

4 汇率风险

汇率风险是指本集团进行的外币业务因外汇汇率变动所产生的风险。本集团除了境外子公司持有以港币为主的资产及负债外，其他外币资产及负债主要为 B 股业务交易手续费等佣金费用，且占整体资产及负债的比重不重大。对于不是以记账本位币计价的货币资金、结算备付金、存出保证金、应收款项、代理买卖证券款、应付款项等外币资产和负债，如果出现短期的失衡情况，本集团会在必要时按市场汇率买卖外币，以确保将净风险敞口维持在可接受的水平。

于资产负债表日，本集团境外子公司的资产占集团总资产比例 (以下简称“资产占比”) 和负债占集团总负债比例 (以下简称“负债占比”) 分别如下：

	2019 年 12 月 31 日	2018 年 12 月 31 日
资产占比	2.12%	2.76%
负债占比	1.01%	1.87%

本集团境外子公司实体记账本位币为港币，相关外币财务报表的折算方法参见附注三、8，编制合并财务报表时，折算外币财务报表所采用的资产负债表日的即期汇率和交易发生日的即期汇率的近似汇率分别为：

	资产负债表日的即期汇率		交易发生日的即期汇率的近似汇率	
	2019 年 12 月 31 日	2018 年 12 月 31 日	2019 年	2018 年
港币	0.8958	0.8762	0.8860	0.8561

由于外币业务在本集团资产和负债结构中占比较低，因此本集团面临的外汇风险不重大。2019 年度及 2018 年度，本集团未签署任何远期外汇合约或货币互换合约。

5 其他价格风险

其他价格风险是指本集团所持有的权益类金融工具的公允价值或未来现金流量因除市场利率和外汇汇率以外的市场价格因素变动而发生波动的风险。本集团主要投资于证券交易所上市的股票、基金等，所面临的最大市场价格风险由所持有的金融工具的公允价值决定。

假设权益工具的市价上升或下降 10%，其他变量不变的情况下，基于资产负债表日的上述资产对本集团净利润和股东权益的影响如下：

	2019 年	2018 年
<u>净利润变动</u>	增加 / (减少)	增加 / (减少)
市场价格上升 10%	约 24,190 万元	约 13,917 万元
市场价格下降 10%	约 (24,190) 万元	约 (13,917) 万元
	2019 年	2018 年
	<u>12 月 31 日</u>	<u>12 月 31 日</u>
<u>股东权益变动</u>	增加 / (减少)	增加 / (减少)
市场价格上升 10%	约 25,986 万元	约 23,155 万元
市场价格下降 10%	约 (25,986) 万元	约 (23,155) 万元

十一 公允价值的披露

1 以公允价值计量的金融工具

下表列示了本集团在每个资产负债表日持续和非持续以公允价值计量的资产和负债于本报告期末的公允价值信息及其公允价值计量的层次。公允价值计量结果所属层次取决于对公允价值计量整体而言具有重要意义的最低层次的输入值。三个层次输入值的定义如下：

第一层次输入值：在计量日能够取得的相同资产或负债在活跃市场上未经调整的报价；

第二层次输入值：除第一层次输入值外相关资产或负债直接或间接可观察的输入值；

第三层次输入值：相关资产或负债的不可观察输入值。

(a) 以公允价值计量的资产和负债的年末公允价值

2019 年 12 月 31 日					
项目	附注	第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	合计
持续以公允价值计量的资产：					
- 交易性金融资产	五、10	7,003,926,019	14,917,536,961	326,028,691	22,247,491,671
- 债券		4,229,597,963	5,456,094,047	15,180,000	9,700,872,010
- 票据		-	7,907,426,414	-	7,907,426,414
- 股票		1,754,009,869	517,192,818	110,529,152	2,381,731,839
- 资产管理计划		-	782,623,739	10,000,000	792,623,739
- 基金		678,627,692	41,852,949	-	720,480,641
- 资产支持证券		168,272,380	212,346,994	-	380,619,374
- 理财产品		150,000,000	-	-	150,000,000
- 股权		23,418,115	-	99,754,539	123,172,654
- 债权		-	-	90,565,000	90,565,000
- 其他债权投资	五、13	127,620,740	1,038,124,368	-	1,165,745,108
- 其他权益工具投资	五、14	15,640	50,734,965	188,623,145	239,373,750
- 衍生金融资产	五、4	-	18,351,897	-	18,351,897
持续以公允价值计量的资产总额		7,131,562,399	16,024,748,191	514,651,836	23,670,962,426
持续以公允价值计量的负债：					
- 交易性金融负债	五、25	-	(2,132,321,710)	-	(2,132,321,710)
- 卖出的借入债券		-	(2,132,321,710)	-	(2,132,321,710)
- 衍生金融负债	五、4	-	(19,615,860)	-	(19,615,860)
持续以公允价值计量的负债总额		-	(2,151,937,570)	-	(2,151,937,570)

对于持有的附有限售条件的股票，本集团于限售期内将相关股票公允价值所属层级列入第二层次，并于限售期满后从第二层次转入第一层次（2018 年度：同）。

2019 年度及 2018 年度，本集团上述持续以公允价值计量的资产和负债的各层次之间没有发生重大转换。本集团是在发生转换当年的报告期末确认各层次之间的转换。

项目	附注	2018 年 12 月 31 日			合计
		第一层次 公允价值计量	第二层次 公允价值计量	第三层次 公允价值计量	
以公允价值计量且变动计入当期损益的金融资产	五、9	6,045,838,874	15,644,781,221	549,547,932	22,240,168,027
- 交易性金融资产		6,045,838,874	15,135,810,550	450,925,252	21,632,574,676
- 债券投资		5,226,124,601	5,439,567,708	-	10,665,692,309
- 票据投资		-	9,631,932,859	-	9,631,932,859
- 股票投资		516,395,024	-	259,184,444	775,579,468
- 基金投资		303,319,249	1,867,384	-	305,186,633
- 理财产品投资		-	62,442,599	191,740,808	254,183,407
- 指定为以公允价值计量且其变动计入当期损益的金融资产		-	508,970,671	98,622,680	607,593,351
- 股票投资		-	241,769,913	-	241,769,913
- 资产管理计划投资		-	154,827,744	-	154,827,744
- 信托计划投资		-	112,373,014	-	112,373,014
- 债权投资		-	-	86,942,680	86,942,680
- 股权投资		-	-	11,680,000	11,680,000
可供出售金融资产	五、12	668,048,870	5,222,614,680	225,090,011	6,115,753,561
- 债券投资		50,354,205	4,833,608,734	-	4,883,962,939
- 股票投资		576,878,679	181,582,468	38,272,060	796,733,207
- 股权投资		27,643,894	-	115,883,213	143,527,107
- 资产管理计划投资		-	207,423,478	-	207,423,478
- 收益权投资		-	-	70,612,636	70,612,636
- 基金投资		13,172,092	-	-	13,172,092
- 信托计划投资		-	-	322,102	322,102
衍生金融资产	五、4	-	50,153,341	-	50,153,341
持续以公允价值计量的资产总额		<u>6,713,887,744</u>	<u>20,917,549,242</u>	<u>774,637,943</u>	<u>28,406,074,929</u>
以公允价值计量且变动计入当期损益的金融负债	五、24	-	(1,712,809,520)	-	(1,712,809,520)
- 交易性金融负债		-	(1,712,809,520)	-	(1,712,809,520)
- 卖出的借入债券		-	(1,712,809,520)	-	(1,712,809,520)
衍生金融负债	五、4	-	(84,039,710)	-	(84,039,710)
持续以公允价值计量的负债总额		<u>-</u>	<u>(1,796,849,230)</u>	<u>-</u>	<u>(1,796,849,230)</u>

(b) 持续第一层次公允价值计量项目市价的确定依据

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。

(c) 持续第二层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

交易性金融资产及其他债权投资中的债券的公允价值是采用相关债券登记结算机构估值系统的报价。相关报价机构在形成报价过程中采用了反映市场状况的可观察输入值。

交易性金融资产及其他权益工具投资中的权益工具投资的限售股股票公允价值是采用同一上市公司同类流通股票交易价格确定，并对其流动性进行折价调整。

交易性金融资产中不存在活跃市场的资产管理计划投资、信托计划投资及理财产品投资，如管理人定期对相应结构性主体的净值进行报价，则其公允价值以资产负债表日净值的方法确定。

(d) 持续和非持续第三层次公允价值计量项目，采用的估值技术和重要参数的定性及定量信息

本集团制定了相关流程来确定持续的第三层次公允价值计量中合适的估值技术和输入值。本集团风险管理部门定期复核相关流程以及公允价值确定的合适性。

第三层次公允价值计量的量化信息如下：

		2019 年 12 月 31 日 的公允价值	估值技术	不可观察输入值	对公允价值的影响
			净资产法 / 上市公司比较法 / 参考最近交易价格	流动性折价	折扣越高， 公允价值越低 风险调整折现率
股权及股票投资	注	398,906,836			
债券及债权投资		105,745,000	现金流量折现法	风险调整折现率	越高，公允价值越低 风险调整折现率
资产管理计划		10,000,000	现金流量折现法	风险调整折现率	越高，公允价值越低
		2018 年 12 月 31 日 的公允价值	估值技术	不可观察输入值	对公允价值的影响
			净资产法 / 上市公司比较法 / 参考最近交易价格	流动性折价	折扣越高， 公允价值越低 风险调整折现率
股权及股票投资	注	425,019,717			
理财产品投资		191,740,808	现金流量折现法	风险调整折现率	越高，公允价值越低 风险调整折现率
债权投资		157,555,316	现金流量折现法	风险调整折现率	越高，公允价值越低 风险调整折现率
信托计划投资		322,102	现金流量折现法	风险调整折现率	越高，公允价值越低

注：主要包括未上市股权及交易不活跃的新三板股票投资。

上述持续第三层次公允价值计量的资产和负债的公允价值的估值技术并未发生变更。

2 不以公允价值计量的金融资产与金融负债的公允价值情况

于 2019 年 12 月 31 日及 2018 年 12 月 31 日，本集团不以公允价值计量的金融资产和金融负债主要包括货币资金、结算备付金、融出资金、买入返售金融资产、应收款项、存出保证金、债权投资、应付短期融资款、拆入资金、代理买卖证券款及应付债券等，除债权投资和应付债券外，其他金融资产和金融负债的账面价值与公允价值之间无重大差异。

于 2019 年 12 月 31 日债权投资的公允价值约为人民币 1,985 万元，应付债券的公允价值约为人民币 62.33 亿元 (2018 年 12 月 31 日：人民币 40.08 亿元)。

十二 资本管理

本集团资本管理的主要目标是满足法律和监管要求，同时保障本集团的持续经营，能够通过制定与风险水平相当的产品和服务价格，并确保以合理融资成本获得融资的方式，持续为股东提供回报。

本集团按照监管机构的规定计算监管资本，该规定可能与其他司法管辖区的相关规定有显著差异。本公司按照证监会于 2016 年 6 月 16 日发布的《证券公司风险控制指标计算标准规定》(证监会公告 [2016] 10 号) 计算净资本。于相关报告期内，本公司的净资本金额满足证监会规定的最低净资本要求。

本公司下属子公司中德证券和格林大华亦按照证监会的相关监管要求计算监管资本，并确保净资本满足证监会规定的净资本要求。

基于战略发展计划、业务拓展需求以及风险敞口变化趋势的影响，本集团通过情景分析及压力测试对监管资本进行预测、计划及管理。

十三 或有事项—未决诉讼

于 2019 年 12 月 31 日，本公司下属子公司中德证券存在一项由于劳动争议引起的未决诉讼，案件标的金额共计人民币 16,314,667 元。该案件于 2019 年 9 月 17 日和 2019 年 12 月 2 日于北京市朝阳区人民法院进行了一审开庭审理。截止本财务报表批准日，尚未有判决结果。经考虑律师专业意见后，本集团管理层认为该未决诉讼未来不是很可能导致经济利益的流出，未就此计提预计负债。

于 2019 年 12 月 31 日，本公司下属子公司格林大华存在一项由于 DF20191141 号金融衍生品交易协议争议案引起的未决诉讼，案件标的金额共计人民币 16,066,929 元。该案件已于 2019 年 10 月 24 日开庭审理，暂未作出判决，预计于 2020 年 6 月 12 日进行判决，截止本财务报表批准日，尚未有裁决结果。经考虑律师专业意见后，本集团管理层认为该未决诉讼未来不是很可能导致经济利益的流出，未就此计提预计负债。

十四 承诺事项

1 资本承担

以下为本集团于资产负债表日，已签约但未在资产负债表上列示的资本性支出承诺：

	2019 年 12 月 31 日	2018 年 12 月 31 日
股权出资(a)	2,470,000,000	1,021,000,000
软件费	5,293,850	10,804,902
其他	35,288,162	23,146,356
合计	<u>2,510,582,012</u>	<u>1,054,951,258</u>

(a) 本公司于 2018 年 12 月 28 日注册成立山证创新投资有限公司，注册地为中国（上海）自由贸易试验区罗山路 1502 弄 14 号，注册资本为人民币 10 亿元，经营范围为投资管理与资产管理。截至 2019 年 12 月 31 日，本公司已经对山证创新实缴出资 3.3 亿元，剩余人民币 6.7 亿元尚未缴付。

(b) 山西交通产业基金合伙企业（有限合伙）于 2018 年 8 月 22 日注册成立，注册地位于山西省太原市，经营范围为投资管理与资产管理，注册资本为人民币 100 亿元，其中本公司认缴出资人民币 20 亿元。截至 2019 年 12 月 31 日，本公司实缴出资人民币 2 亿元，剩余人民币 18 亿元尚未缴付。

2 经营租赁承担

根据不可撤销的有关房屋及办公设备经营租赁协议，本集团于资产负债表日以后应支付的最低租赁付款额如下：

	2019 年 12 月 31 日	2018 年 12 月 31 日
1 年以内 (含 1 年)	100,363,315	107,174,257
1 年至 2 年 (含 2 年)	49,697,270	82,849,123
2 年至 3 年 (含 3 年)	17,703,552	35,940,067
3 年以上	16,771,906	18,228,315
合计	<u>184,536,043</u>	<u>244,191,762</u>

十五 资产负债表日后事项

新型冠状病毒感染的肺炎疫情于 2020 年 1 月在全国爆发以来，各项防控工作持续进行，国内防控形势逐步向好。本集团将切实贯彻落实由中国人民银行、财政部、银保监会、证监会和国家外汇管理局共同发布的《关于进一步强化金融支持防控新型冠状病毒感染的肺炎疫情的通知》的各项要求，强化金融对疫情防控工作的支持。

肺炎疫情将对包括湖北省在内的部分省市和部分行业的企业经营、以及整体经济运行造成一定影响，从而可能在一定程度上影响本集团证券经纪业务和投资资产质量或资产收益水平，影响程度将取决于疫情防控的情况、持续时间以及各项调控政策的实施。本集团将继续密切关注肺炎疫情发展情况，评估和积极应对其对本集团财务状况、经营成果等方面的影响。截至本报告报出日，该评估工作尚在进行当中。

十六 其他重要事项说明

1 债券借贷业务

于 2019 年 12 月 31 日，本集团通过债券借贷业务借入债券的公允价值为人民币 3,224,153,000 元 (2018 年 12 月 31 日，人民币 3,454,976,840 元)。本集团为开展债券借贷业务用于抵押的债券公允价值为人民币 2,806,895,485 元 (2018 年 12 月 31 日，人民币 2,386,968,485 元)。

2 金融工具计量基础分类表

本集团金融资产项目

2019 年 12 月 31 日账面价值						
		以公允价值计量且其		以公允价值计量且其变动		
		变动计入其他综合收益		计入当期损益		
		分类为以公允 价值计量且其变动 计入其他综合 收益的金融资产	指定为以公允 价值计量且其变动 计入其他综合 收益的非交易性 权益工具投资	分类为以公允 价值计量且其 变动计入当期 损益的金融资产	按照《金融工具确 认和计量》准则指 定为以公允价值计 量且其变动计入当 期损益的金融资产	按照《套期会计》 准则指定为以公允 价值计量且其 变动计入当期 损益的金融资产
货币资金	15,734,010,625	-	-	-	-	-
结算备付金	2,620,361,716	-	-	-	-	-
融出资金	5,468,405,079	-	-	-	-	-
买入返售金融资产	2,742,426,644	-	-	-	-	-
应收账款	100,204,889	-	-	-	-	-
存出保证金	2,940,672,900	-	-	-	-	-
衍生金融资产	-	-	-	18,351,897	-	-
金融投资						
交易性金融资产	-	-	-	22,247,491,671	-	-
债权投资	32,520,311	-	-	-	-	-
其他债权投资	-	1,165,745,108	-	-	-	-
其他权益工具投资	-	-	239,373,750	-	-	-
其他金融资产	425,200,157	-	-	-	-	-
合计	30,063,802,321	1,165,745,108	239,373,750	22,265,843,568	-	-

2019 年 1 月 1 日账面价值						
		以公允价值计量且其		以公允价值计量且其变动		
		变动计入其他综合收益		计入当期损益		
		分类为以公允 价值计量且其变动 计入其他综合 收益的金融资产	指定为以公允 价值计量且其变动 计入其他综合 收益的非交易性 权益工具投资	分类为以公允 价值计量且其 变动计入当期 损益的金融资产	按照《金融工具确 认和计量》准则指 定为以公允价值计 量且其变动计入当 期损益的金融资产	按照《套期会计》 准则指定为以公允 价值计量且其 变动计入当期 损益的金融资产
货币资金	12,709,385,843	-	-	-	-	-
结算备付金	2,324,963,723	-	-	-	-	-
融出资金	4,492,049,590	-	-	-	-	-
买入返售金融资产	3,938,889,455	-	-	-	-	-
应收账款	212,644,349	-	-	-	-	-
存出保证金	2,556,993,738	-	-	-	-	-
衍生金融资产	-	-	-	50,153,341	-	-
金融投资						
交易性金融资产	-	-	-	23,731,470,141	-	-
债权投资	33,230,428	-	-	-	-	-
其他债权投资	-	4,492,299,079	-	-	-	-
其他权益工具投资	-	-	433,652,193	-	-	-
其他金融资产	204,568,802	-	-	-	-	-
合计	26,472,725,928	4,492,299,079	433,652,193	23,781,623,482	-	-

本集团金融负债项目

2019 年 12 月 31 日账面价值				
	以摊余成本计量的金融负债	以公允价值计量且其变动计入当期损益		
		按照《金融工具确认和	按照《套期会计》	
		分类为以公允价值计量且其变动计入当期损益的金融负债	计量》准则指定为以公允价值计量且其变动计入当期损益的金融负债	准则指定为以公允价值计量且其变动计入当期损益的金融负债
短期借款	183,832,245	-	-	-
应付短期融资券	4,323,301,803	-	-	-
拆入资金	5,511,784,061	-	-	-
交易性金融负债	-	2,132,321,710	-	-
衍生金融负债	-	19,615,860	-	-
卖出回购金融资产款	12,200,643,294	-	-	-
代理买卖证券款	10,149,086,367	-	-	-
应付债券	6,251,917,663	-	-	-
应付款项	25,186,640	-	-	-
其他金融负债	1,278,388,622	-	-	-
合计	39,924,140,695	2,151,937,570	-	-

2019 年 1 月 1 日账面价值				
	以摊余成本计量的金融负债	以公允价值计量且其变动计入当期损益		
		按照《金融工具确认和	按照《套期会计》	
		分类为以公允价值计量且其变动计入当期损益的金融负债	计量》准则指定为以公允价值计量且其变动计入当期损益的金融负债	准则指定为以公允价值计量且其变动计入当期损益的金融负债
应付短期融资券	6,296,542,850	-	-	-
拆入资金	6,696,066,833	-	-	-
交易性金融负债	-	1,760,824,960	-	-
衍生金融负债	-	84,039,710	-	-
卖出回购金融资产款	15,031,260,763	-	-	-
代理买卖证券款	8,376,919,342	-	-	-
应付债券	4,162,088,978	-	-	-
应付款项	451,201,456	-	-	-
其他金融负债	977,534,823	-	-	-
合计	41,991,615,045	1,844,864,670	-	-

十七 公司财务报表附注

1 应收款项

	2019 年 12 月 31 日	2018 年 12 月 31 日
应收交易款项	47,304,567	48,119,570
应收手续费及佣金收入	35,706,303	43,006,875
减：减值准备	(28,134,826)	(20,818,213)
应收款项净额	<u>54,876,044</u>	<u>70,308,232</u>

2 长期股权投资

	2019 年 12 月 31 日	2018 年 12 月 31 日
子公司 (a)	4,192,380,851	3,862,380,851
减：减值准备	<u>-</u>	<u>-</u>
合计	<u>4,192,380,851</u>	<u>3,862,380,851</u>

本公司不存在长期股权投资变现的重大限制。

(a) 子公司

	核算方法	投资成本	2019 年 1 月 1 日	本年 增减变动	2019 年 12 月 31 日	持股比例	表决权比例	减值准备	本年计提 减值准备	本年 现金红利
格林大华	成本法	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
中德证券	成本法	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	-
山证投资	成本法	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	-
山证国际金控	成本法	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
格林大华资本管理	成本法	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	-
山证创新	成本法	330,000,000	-	330,000,000	330,000,000	100.00%	100.00%	-	-	-
			3,862,380,851	330,000,000	4,192,380,851			-	-	
	核算方法	投资成本	2018 年 1 月 1 日	本年 增减变动	2018 年 12 月 31 日	持股比例	表决权比例	减值准备	本年计提 减值准备	本年 现金红利
格林大华	成本法	1,273,930,851	1,273,930,851	-	1,273,930,851	100.00%	100.00%	-	-	50,000,000
中德证券	成本法	667,000,000	667,000,000	-	667,000,000	66.70%	66.70%	-	-	66,700,000
山证投资	成本法	1,000,000,000	1,000,000,000	-	1,000,000,000	100.00%	100.00%	-	-	15,000,000
山证国际金控	成本法	801,450,000	801,450,000	-	801,450,000	100.00%	100.00%	-	-	-
格林大华资本管理	成本法	120,000,000	120,000,000	-	120,000,000	100.00%	100.00%	-	-	10,000,000
			3,862,380,851	-	3,862,380,851			-	-	

3 其他资产

	2019 年 12 月 31 日	2018 年 12 月 31 日
其他应收款	692,492,324	726,571,805
应收股利	60,000,000	10,000,000
长期待摊费用	43,154,072	42,564,391
预付款项	12,563,665	28,710,713
其他	44,346,928	12,425,745
合计	<u>852,556,989</u>	<u>820,272,654</u>

4 手续费及佣金净收入

	2019 年	2018 年
证券经纪业务净收入		
- 证券经纪业务收入	472,594,713	387,354,479
- 代理买卖证券业务	446,230,399	354,188,376
- 交易单元席位租赁	11,951,853	16,918,248
- 代销金融产品业务	14,412,461	16,247,855
- 证券经纪业务支出	(131,540,353)	(109,718,835)
- 代理买卖证券业务	(131,540,353)	(109,718,835)
投资银行业务净收入		
- 投资银行业务收入	232,114,726	63,490,251
- 证券承销业务	100,202,135	-
- 财务顾问业务	131,912,591	63,490,251
资产管理业务净收入		
- 资产管理业务收入	105,523,592	86,430,694
基金管理业务		
- 基金管理业务收入	65,479,841	52,063,963
- 基金管理业务支出	(2,561,024)	(2,112,661)
投资咨询业务		
- 投资咨询业务收入	10,509,726	4,057,319
合计	<u>752,121,221</u>	<u>481,565,210</u>

5 投资收益

	2019 年	2018 年
成本法核算的长期股权投资收益 (a)	50,000,000	141,700,000
金融工具投资收益		
其中：持有期间取得的收益	845,595,095	878,867,306
其中：交易性金融工具	845,417,853	-
以公允价值计量且其变动计入		
当期损益的金融工具	-	826,391,814
其他权益工具投资	177,242	-
可供出售金融资产	-	52,475,492
处置金融工具取得的收益	155,083,710	41,517,899
其中：交易性金融工具	220,430,240	-
以公允价值计量且其变动计入		
当期损益的金融工具	-	47,986,185
衍生金融工具	(147,134,173)	(22,615,474)
其他债权投资	81,787,643	-
可供出售金融资产	-	16,147,188
合计	<u>1,050,678,805</u>	<u>1,062,085,205</u>

(a) 2019 年度，本公司成本法核算的长期股权投资收益为子公司格林大华的分红金额为人民币 5,000 万元 (2018 年度：本公司成本法核算的长期股权投资收益为子公司中德证券、格林大华、山证投资及格林大华资本管理的分红，金额分别为人民币 6,670 万元、人民币 5,000 万元、人民币 1,500 万元以及人民币 1,000 万元)。

(b) 2019 年度，本公司无联营企业和合营企业的投资收益 (2018 年度：同)。

6 业务及管理费

	<u>2019 年</u>	<u>2018 年</u>
职工薪酬	592,007,688	493,602,785
租赁费及物业费用	92,122,425	85,758,196
无形资产及长期待摊费用摊销	45,816,791	40,517,644
办公及后勤事务费用	48,068,759	47,402,454
固定资产折旧	35,426,398	34,212,276
营销及管理费用	39,083,025	41,803,286
系统运转及维护费	32,893,738	20,945,257
证券投资者保护基金	9,514,876	11,216,132
其他	31,191,337	25,849,368
合计	<u>926,125,037</u>	<u>801,307,398</u>

7 现金流量表补充资料

(1) 将净利润调节为经营活动现金流量

	<u>2019 年</u>	<u>2018 年</u>
净利润	585,237,185	284,308,100
加：资产减值损失	-	48,925,955
信用减值损失	30,406,625	-
固定资产折旧	35,426,398	34,212,276
无形资产摊销	32,905,587	28,496,896
长期待摊费用摊销	12,911,204	12,020,748
资产处置 (收益) / 损失	(3,876,061)	342,574
公允价值变动 (收益) / 损失	(87,601,429)	65,589,408
融资活动利息支出	477,749,286	476,382,371
汇兑收益	(441,455)	(1,168,755)
投资收益	(50,177,242)	(141,700,000)
递延所得税费用	3,244,463	(7,938,149)
经营性应收项目减少 / (增加)	5,681,890,081	(9,002,144,263)
经营性应付项目的 (减少) / 增加	(1,765,548,916)	5,348,938,135
经营活动产生 / (使用) 的现金流量净额	<u>4,952,125,726</u>	<u>(2,853,734,704)</u>

(2) 现金及现金等价物净变动情况

	<u>2019 年</u>	<u>2018 年</u>
现金及现金等价物的年末余额	13,936,063,999	9,844,711,219
减：现金及现金等价物的年初余额	<u>(9,844,711,219)</u>	<u>(10,637,046,309)</u>
现金及现金等价物净增加 / (减少) 额	<u><u>4,091,352,780</u></u>	<u><u>(792,335,090)</u></u>

(3) 现金及现金等价物的构成

	<u>2019 年</u> <u>12 月 31 日</u>	<u>2018 年</u> <u>12 月 31 日</u>
银行存款	11,413,358,584	7,638,611,356
结算备付金	<u>2,579,273,485</u>	<u>2,222,704,328</u>
小计	13,992,632,069	9,861,315,684
减：使用受限的货币资金	(23,464,469)	(16,604,465)
减：应计利息	<u>(33,103,601)</u>	<u>-</u>
现金及现金等价物余额	<u><u>13,936,063,999</u></u>	<u><u>9,844,711,219</u></u>

十八 非经常性损益明细表

	<u>2019 年</u>	<u>2018 年</u>
非流动资产处置收益 / (损失)	3,876,061	(342,574)
计入当期损益的政府补助及税收返还	32,708,871	17,906,867
除上述各项之外的其他营业外收支净额	<u>(4,186,963)</u>	<u>(3,209,393)</u>
小计	32,397,969	14,354,900
所得税影响额	(9,081,104)	(3,650,644)
少数股东权益影响额 (税后)	<u>(635,408)</u>	<u>(385,459)</u>
合计	<u><u>22,681,457</u></u>	<u><u>10,318,797</u></u>

非经常性损益明细表编制基础:

根据证监会《公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益 (2008)》的规定, 非经常性损益是指与公司正常经营业务无直接关系, 以及虽与正常经营业务相关, 但由于其性质特殊和偶发性, 影响报表使用人对公司经营业绩和盈利能力作出正确判断的各项交易和事项产生的损益。

十九 净资产收益率及每股收益

本集团按照证监会颁布的《公开发行证券的公司信息披露编报规则第 9 号——净资产收益率和每股收益的计算及披露》(2010 年修订) 以及会计准则相关规定计算的净资产收益率和每股收益如下:

	加权平均		每股收益			
	净资产收益率%		基本每股收益		稀释每股收益	
	2019 年	2018 年	2019 年	2018 年	2019 年	2018 年
归属于母公司普通股股东	4.08%	1.78%	0.18	0.08	0.18	0.08
扣除非经常性损益后归属于 母公司普通股股东	3.90%	1.70%	0.17	0.07	0.17	0.07

基本每股收益以归属于母公司普通股股东的合并净利润除以本公司发行在外普通股的加权平均数计算。

稀释每股收益以根据稀释性潜在普通股调整后的归属于母公司普通股股东的合并净利润除以调整后的本公司发行在外普通股的加权平均数计算。2019 年度, 本公司不存在具有稀释性的潜在普通股, 因此, 稀释每股收益等于基本每股收益 (2018 年度: 同)。

山西证券股份有限公司
2019 年度
财务报表补充资料

- 重要财务报表科目重大变动情况分析

一、重要财务报表科目重大变动情况分析

1 资产负债表科目

于 2019 年 12 月 31 日合并资产负债表中，占资产总额 5% 以上且较上期间比较数据变动幅度大于 30% 的科目变动情况及变动原因分析列示如下：

	2019 年 12 月 31 日	2018 年 12 月 31 日	增减比例	注释
交易性金融资产	22,247,491,671	-	-	(1)
交易性金融负债	2,132,321,710	-	-	(1)
应付债券	6,251,917,663	4,075,084,151	53.42%	(2)

(1) 2019 年末交易性金融资产及交易性金融负债增加较 2018 年末上升的主要原因为本集团自 2019 年 1 月 1 日起实施新金融工具准则，金融资产和金融负债科目调整所致。

(2) 2019 年末应付债券较 2018 年末上升的主要原因为本公司新发行了债券。

2 利润表科目

2019 年度合并利润表中，占利润总额 10% 以上且较 2018 年度财务报表比较数据变动幅度大于 30% 的科目变动情况及变动原因分析列示如下：

	2019 年	2018 年	增减比例	注释
手续费及佣金净收入	1,173,916,736	827,727,320	41.82%	(1)
公允价值变动损益	256,937,470	(137,075,568)	287.44%	(2)
其他业务收入	2,725,971,207	4,840,937,568	43.69%	(3)
其他业务成本	(2,685,981,550)	(5,044,402,096)	46.75%	(4)
所得税费用	(145,855,829)	(67,422,394)	116.33%	(5)

(1) 2019 年度手续费及佣金净收入较 2018 年度上升的主要原因是本期经纪业务及投资银行业务手续费及佣金净收入上升。

(2) 2019 年度公允价值变动损益较 2018 年度上升的主要原因是本期末持有的交易性金融资产及衍生金融工具公允价值上升。

(3) 2019 年度其他业务收入较 2018 年度下降的主要原因是仓单业务收入的下降。

(4) 2019 年度其他业务成本较 2018 年度下降的主要原因是仓单业务成本的下降。

(5) 2019 年度所得税费用较 2018 年度增长的主要原因是本期利润总额及应纳税所得额上升。

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