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國泰君安證券股份有限公司
Guotai Junan Securities Co., Ltd.

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

(Stock Code: 02611)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the “**Board**”) of Guotai Junan Securities Co., Ltd. (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2017. This announcement sets out the full text of 2017 Annual Report of the Company and complies with the relevant requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2017.

Publication of the Annual Results Announcement and Annual Report

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.gtja.com.

The 2017 Annual Report will be dispatched to holders of the Company's H shares in due course and will be published on the aforesaid websites of the Company and The Stock Exchange of Hong Kong Limited.

By order of the Board
Guotai Junan Securities Co., Ltd.
YANG Dehong
Chairman

Shanghai, the PRC
29 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. YANG Dehong, Mr. WANG Song and Mr. YU Jian; the non-executive directors are Mr. FU Fan, Ms. LIU Ying, Mr. ZHONG Maojun, Mr. ZHOU Lei and Mr. WANG Yongjian and the independent non-executive directors are Mr. XIA Dawei, Mr. SHI Derong, Mr. CHEN Guogang, Mr. LING Tao, Mr. JIN Qingjun and Mr. Lee Conway Kong Wai.

Important Notice

- I. The Board, Supervisory Committee, directors, supervisors and senior management of the Company warrant that the contents of this report are true, accurate and complete, without any misrepresentation, misleading statements or material omissions, and severally and jointly bear the legal responsibilities thereof.**
- II. All Directors attended the Board meeting.**
- III. Ernst & Young issued a standard unqualified audit report to the Company.**
- IV. YANG Dehong, the person in charge of the Company, and XIE Lebin, the person in charge of accounting affairs and the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.**
- V. The profit distribution proposal or the proposal on transfer of the capital reserve fund into capital, within the Reporting Period, was approved by the Board.**

The Company's profit distribution plan for the year of 2017 is as follows: based on the total share capital of the Company recorded on the date of the dividend distribution. The Company shall distribute cash dividends of RMB 4 (tax included) for every 10 shares to holders of A Shares and holders of H Shares. As the conversion period for A share convertible corporate bonds, issued by the Company in July 2017, began on 8 January 2018, the total share capital of the Company recorded on the date of dividend distribution for holders of A Share cannot be currently ascertained. Based on the total share capital of the Company, being 8,713,933,800 Shares on 31 December 2017, the total cash dividend distributed amounted to RMB3,485,573,520, accounting for 35.27% of net profit attributable to the shareholders of the parent company in combined calibers for 2017. The Company's profit distribution plan for 2017 has been approved at the seventh meeting of the fifth session of the Board, but will be subject to the approval of the Shareholders in a general meeting.

VI. Statement of the risks involved in forward-looking statements

☒ Applicable ☐ Not applicable

Forward-looking statements included in this report, including future plans and development strategies, do not constitute any substantial commitment of the Company to investors. Investors are advised to pay attention to the investment risks involved.

VII. Was there any appropriation of funds on a non-operating basis by controlling shareholders of the Company or their related parties?

No.

VIII. Did the Company provide any external guarantees in violation of the prescribed decision-making procedures?

No.

Important Notice

IX. Major risk warning

The operating results of the Company and the performance of the securities market are strongly correlated. The securities market is relatively cyclical and volatile as it may be affected by a number of factors, including macroeconomy, the level of market development, international economic situation and fluctuations in financial market and investors' actions. In 2018, there are signs for the recovery of the global economy to continue despite greater uncertainties. As the domestic economy is going through a critical period of changing development, China's securities market still faces greater uncertainties. This will have a direct impact on the operation and profitability of the Company. This kind of impact may also have a superimposed effect of magnifying the operation risk to the Company. In addition, the other risks faced by the Company in its operations mainly include policy risk, liquidity risk, credit risk and operational risk.

The Company has established an effective internal control system, compliance management system and a dynamic regulatory system based on risk control indicators to ensure that the operations of the Company are conducted within an extent of predictable, controllable and tolerable risks.

Investors are advised to read the "Directors' Report" as set out in Section IV of this report carefully for risks related to the operations of the Company.

X. Others

☐ Applicable ☒ Not applicable

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Section I Definitions

I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

Definitions of frequently-used terms

the Company/Company/Guotai Junan	Guotai Junan Securities Co., Ltd.
the Group/Group	Guotai Junan Securities Co., Ltd. and its subsidiaries
Articles of Association/Articles	the articles of association of Guotai Junan Securities Co., Ltd.
Share(s)	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
Shareholder(s)	holder(s) of the Share(s) of the Company
Board/Board of Directors	the board of Directors
Director(s)	director(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Supervisor(s)	the supervisor(s) of the Company
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Shanghai Bureau of the CSRC	Shanghai Office of the China Securities Regulatory Commission
SAC	Securities Association of China (中國證券業協會)
SSE/Shanghai Stock Exchange	Shanghai Stock Exchange
SZSE/Shenzhen Stock Exchange	Shenzhen Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
International Group	Shanghai International Group Co., Ltd. (上海國際集團有限公司)
Shanghai SA	Shanghai State-owned Assets Operation Co., Ltd. (上海國有資產經營有限公司)
Shenzhen Investment Holdings	Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司)
Guotai Junan Asset Management	Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)
Guotai Junan Futures	Guotai Junan Futures Co., Ltd. (國泰君安期貨有限公司)
Guotai Junan Financial Holdings	Guotai Junan Financial Holdings Co., Ltd. (國泰君安金融控股有限公司)

Section I Definitions

Hong Kong Subsidiaries	Guotai Junan Financial Holdings Co., Ltd. and its controlled subsidiaries
Guotai Junan International	Guotai Junan International Holdings Limited (國泰君安國際控股有限公司), controlled by Guotai Junan Financial Holdings Co., Ltd. and a public company listed on the Hong Kong Stock Exchange
Guotai Junan Innovation Investment	Guotai Junan Innovation Investment Co., Ltd. (國泰君安創新投資有限公司)
Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
GTJA Allianz Funds	GTJA Allianz Funds Management Co., Ltd. (國聯安基金管理有限公司)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司)
Hicend Futures	Hicend Futures Co., Ltd. (海證期貨有限公司)
Haiji Securities	Haiji Securities Co., Ltd. (海際證券有限責任公司)
HuaAn Funds	HuaAn Funds Management Co., Ltd. (華安基金管理有限公司)
Guoxiang Properties	Shanghai Guoxiang Properties Co., Ltd. (上海國翔置業有限公司)
Shanghai Trust	Shanghai International Trust Co., Ltd. (上海國際信託有限公司)
CIFM	China International Fund Management Co., Ltd. (上投摩根基金管理有限公司)
SPD Bank	Shanghai Pudong Development Bank (上海浦東發展銀行股份有限公司)
Shanghai Rural Commercial Bank	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)
Kechuang Fund Management	Shanghai Kechuang Center Equity Investment Fund Management Limited (上海科創中心股權投資基金管理有限公司)
Kechuang Parent Fund (Phase I)	Shanghai Kechuang Center Equity Investment Fund (Phase I) LLP (上海科創中心股權投資基金一期基金合夥企業(有限合夥))
Convertible Bonds	the convertible corporate bonds (which can be converted into the Company's A Shares) amounting to RMB7 billion issued by the Company on 7 July 2017 and listed on SSE on 24 July 2017
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

Section I Definitions

Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified otherwise from time to time
Reporting Period	the year of 2017
Yuan	RMB Yuan
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and are traded in RMB
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each , which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
ABS	Asset-backed Securities
FICC	Fixed income, currencies and commodities
PB	Prime Broker

Section II Company Profile and Key Financial Indicators

I. PROFILE

Name in Chinese	國泰君安證券股份有限公司
Abbreviation in Chinese	國泰君安、國泰君安證券
Name in English	Guotai Junan Securities Co., Ltd.
Abbreviation in English	GTJA, Guotai Junan Securities
Legal Representative	YANG Dehong
President	WANG Song
Authorized Representatives	YANG Dehong, YU Jian
Joint Company Secretaries	YU Jian, KWONG Yin Ping Yvonne

Registered Capital and Net Capital of the Company

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

	At the end of the Reporting Period	At the end of the last year
Registered Capital	8,713,934	7,625,000
Net Capital	<u>96,365,266</u>	<u>80,338,196</u>

Note: In April and May 2017 respectively, the Company issued 1,040,000,000 H Shares initially and issued 48,933,800 H Shares upon the exercise of the over-allotment option. The total share capital of the Company increased to 8,713,933,800 Shares. In December 2017, the registration of alteration in registered capital was completed.

Business Qualifications for Each Individual Business of the Company

√ Applicable □ Not applicable

Section II Company Profile and Key Financial Indicators

1. Individual Business Qualifications of the Company

No.	Approval Department	Qualification Name/Membership
1	The People's Bank of China	- Interbank Borrowing Qualification (Yin Huo Zheng [2000] No. 122, Yin Zong Bu Han [2016] No. 22) - First-class Dealer for Open Market Operations (Yin Huo Zheng [2004] No. 1, Open Market Operations Announcement [2016] No. 3) - Interbank Bonds Market Maker (Yin Fa [2004] No. 157) - Free Trade Accounting Business (August 2015)
2	CSRC and its local branches	- Operation license of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment related financial advisory; securities underwriting and sponsorship; securities proprietary trading; margin financing and securities lending; agency sale of securities investment fund; agency sale of financial products; stock option market making. (Number: 10270000) - Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No.3) - Entrusted Investment Management Business (Zheng Jian Ji Gou Zi [2002] No. 149) - Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2002] No. 31) - Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 124, Hu Zheng Jian Ji Gou Zi [2010] No. 103) - Participating in Stock Index Futures Transaction (Hu Zheng Jian Ji Gou Zi [2010] No. 253) - Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2011] No. 573, Shang Zheng Han [2013] No. 257) - Agreed Repurchase Securities Trading Business (Ji Gou Bu Bu Han [2012] No. 250) - Integrated Financial Services (Ji Gou Bu Bu Han [2012] No. 555) - Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2013] No.311) - Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 56)

Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
		- Comprehensive Custody Pilot Business for Private Equity Funds (Ji Gou Bu Bu Han [2013] No.173) - Pilot of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Gold Spot Contracts (Ji Gou Bu Bu Han [2014] No. 121) - Qualification for Securities Investment Fund Custody Business (Zheng Jian Xu Ke [2014] No. 511) - Foreign Exchange Business such as Proprietary Foreign Exchange Trading and Foreign Exchange Settlement and Sale on behalf of Customers, Proprietary Foreign Exchange Trading and Foreign Exchange Trading on behalf of Customers (Zheng Quan Ji Jin Ji Gou Jian Quan Bu Bu Han [2014] No. 1614) - Stock Options Market Making Business (Zheng Jian Xu Ke [2015] No. 154) - Proprietary Participation in Carbon Emissions Trading (Ji Gou Bu Han [2015] No. 862) - Conducting Cross-border Business at Pilot (Ji Gou Bu Han [2017] No. 3002)
3	SAC	- Qualification for Participating in Related Innovation Activities (February 2005) - Quotation Transfer Business (Zhong Zheng Xie [2006] No. 3) - Pilot of Underwriting Business of SME Private Placement Bonds (Zhong Zheng Xie Han [2012] No. 378) - OTC Trading Business (Zhong Zheng Xie Han [2012] No. 825) - Financial Derivatives Business (Zhong Zheng Xie Han [2013] No. 1224) - Internet Securities Business (Zhong Zheng Xie Han [2014] No. 155)
4	China Securities Depository and Clearing Corporation Limited	- Agency Registration Business (April 2002) - Clearing Participant (Zhong Gou Jie Suan Han Zi [2006] No. 67) - Class A Clearing Participant (Zhong Gou Jie Suan Han Zi [2008] No. 24)

Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
5	China Securities Finance Corporation Limited	- Pilot Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2012] No. 116) - Pilot Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 45)
6	Shanghai Stock Exchange/ Shenzhen Stock Exchange	- Treasury Bonds Outright Repo Business (December 2004) - Carrying out the Business of "SSE Fund Connect (上證基金通)" (July 2005) - First-class Dealer for SSE 180 Trading Open-ended Index Securities Investment Fund (March 2006) - Trader of Integrated Electronic Platform for Fixed Income Securities (Shang Zheng Hui Han [2007] No.90) - Qualified Investor of Block Trade System (No. A00001) - Stock Pledge Repo Business (Shang Zheng Hui Zi [2013] No. 64, Shen Zheng Hui [2013] No. 58) - Southbound Business (Shang Zheng Han [2014] No. 654) - Participant for Trading of Stock Options (Shang Zheng Han [2015] No. 66) - Trading Authorization for Southbound under Shenzhen-Hong Kong Stock Connect (Shen Zheng Hui [2016] No. 326)
7	State Administration of Foreign Exchange	- Securities Brokerage and Underwriting Business of Foreign Currency (Hui Zi Zi No. SC201221) - Transactions of Spot Sale and Purchase of Foreign Exchange and RMB and Foreign Exchange Related Derivative Business (Hui Fu [2014] No. 325) - Filling for Businesses, such as Quanto Product Settlement and Sale, Foreign Exchange Settlement and Sale for QFII Custody Customer, Foreign Exchange Trading on behalf of Customers (Hui Zong Bian Han [2016] No. 505)
8	National Association of Financial Market Institutional Investors	Main Underwriting Business of Debt Financing Instruments for Non-Financial Businesses (Announcement of National Association of Financial Market Institutional Investors [2012] No. 19)

Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
9	Shanghai Gold Exchange	- Special Membership Qualification International Membership (Class A) Qualification (Certificate No: IM0046) - Interbank Gold Price Inquiries Business (August 2014)
10	National Equities Exchange and Quotations	Sponsoring Broker-dealers Market Making Business (Gu Zhuan Xi Tong Han [2014] No. 706)
11	China Foreign Exchange Trading Center	- China Interbank FX Market Membership (Zhong Hui Jiao Fa [2015] No. 3) - China Interbank FX Market Derivatives Membership (Zhong Hui Jiao Fa [2015] No. 59)
12	Interbank Market Clearing House Company Limited	- Central Clearing Transaction of Shipping and Commodities Derivatives (Zhun Zi [2015] No. 016 for Membership of Clearing House) - Business of Liquidation Agency of RMB Interest Rate Swap (2018 Bian Han No. 8) - Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29)

2. Individual Business Qualifications of the Controlled Subsidiaries

No.	Name of Subsidiary	Qualification Name/Membership
1	Hong Kong Subsidiaries	Issued by the Securities and Futures Commission of Hong Kong - Type 1 (dealing in securities) (30 March 2004) - Type 2 (dealing in futures contracts) (26 November 2010) - Type 3 (leveraged foreign exchange trading) (21 October 2010) - Type 4 (advising on securities) (20 March 2004) - Type 5 (advising on futures contracts) (26 November 2010) - Type 6 (advising on corporate finance) (30 March 2004) - Type 9 (asset management) (26 November 2004) - Exchange Participant Certificate, Exchange Trading Right Certificate and Market-maker Permit for Securities (Exchange-Traded Funds) issued by Hong Kong Stock Exchange - Exchange Participant Certificate and Exchange Trading Right Certificate issued by Hong Kong Futures Exchange Limited - Participant Certificate of Future Clearing Company issued by HKFE Clearing Corporation Limited - Money Lender License issued by Hong Kong Companies Registry

Section II Company Profile and Key Financial Indicators

No.	Name of Subsidiary	Qualification Name/Membership
		- RMB Qualified Overseas Institutional Investors, Qualified Overseas Institutional Investors and Permit for Securities and Futures Operation Business issued by CSRC (22 December 2011) - Membership Certificate issued by the Hong Kong Confederation of Insurance Brokers (1 March 2013) - Registered Fund Management Company Qualification, License for Exempt Financial Advisor Qualification issued by Monetary Authority of Singapore - Principal Intermediary Qualification issued by the Hong Kong Mandatory Provident Fund Schemes Authority (newly added in 2017) “Bond Connect” Overseas Investors Business approved by the Shanghai headquarters of The People’s Bank of China (newly added in 2017)
2	Guotai Junan Asset Management	- Operation permit of securities business: securities asset management business. (Number: 10278001) - Qualified Domestic Institutional Investor Participating in Administration of Overseas Securities Investment (Zheng Jian Ji Gou Zi [2010] No. 631) - Asset Management Business Participating in the Trading of Stock Index Futures (Hu Zheng Jian Ji Gou Zi [2011] No. 38) - Pilot of Cash Management Products (Zheng Jian Xu Ke [2012] No. 828)
3	Guotai Junan Futures and its subsidiaries	- Permit for Securities and Futures Operation Business (No.91310000100020711J) - Comprehensive Settlement Business for Financial Futures (Zheng Jian Qi Huo Zi [2007] No. 148) - Qualification for futures investment consulting business (Zheng Jian Xu Ke [2011] No. 1449) - Asset Management Business (Zheng Jian Xu Ke [2012] No. 1506) - Financing Contracts Services, Basis Trading, Cooperation , Hedge Pricing Services (Zhong Qi Xie Bei Zi [2015] No. 67) - Membership Qualification of Shanghai International Energy Exchange (Shang Neng Pi Fu [2017] No.105) - Participant for Trading of stock SSE options (Shang Zheng Han [2018] No. 63)

Section II Company Profile and Key Financial Indicators

No.	Name of Subsidiary	Qualification Name/Membership
4	Shanghai Securities and its subsidiaries	• Operation permit of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment activities related financial advisory; securities (excluding stocks, corporate bonds issued by listed companies) underwriting; securities proprietary trading; securities asset management; margin financing and securities lending; securities investment fund agency sales; agency sales of financial products. (Number: 10710000) • Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No.8) • Entrusted Investment Management Business (Zheng Jian Ji Gou Zi [2002] No. 203) • Interbank Borrowings Business (Yin Fu [2003] No. 68, Yin Zong Bu Han [2013] No. 79) • Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2004] No. 74) • SSE Treasury Bonds Outright Repo Business (December 2004) • Clearing Participant of China Securities Depository and Clearing Corporation Limited (Zhong Gou Jie Suan Han Zi [2006] No. 61) • Class A Clearing Participant of China Securities Depository and Clearing Corporation Limited (February 2008) • Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 1039, Hu Zheng Jian Ji Gou Zi [2010] No. 133) • Qualification for Participating in Related Innovation Activities (December 2005) • No Objection Letter on Implementation of Broker System by Shanghai Securities (Zheng Jian Ji Gou Zi [2009] No. 260) • Pilot of Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2012] No. 596) • Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2012] No. 621) • Foreign Currency Securities Brokerage Business (Hui Zi No. SC201211) • Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 25) • Agreed Repurchase Securities Trading Entitlement (Shang Zheng Hui Zi [2013] No. 22, Shen Zheng Hui [2013] No. 15) • Stock Collateral Repo Trading Entitlement (Shang Zheng Hui Zi [2013] No.137, Shen Zheng Hui [2013] No. 73)

Section II Company Profile and Key Financial Indicators

No.	Name of Subsidiary	Qualification Name/Membership
5	GTJA Allianz Funds	- Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 19) - Engaging in Recommended Business and Brokerage Business on the National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2013] No. 80) - Engaging in Market Making Business on the National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2014] No. 724) - Qualification for participant of the Trader Quote Requests and Market Maker Quote Mechanisms (business entitlement: investment, agency transaction, innovation and design, recommendation, exhibition) - Business for Hong Kong Stock Connect (Shang Zheng Hui Han [2014] No. 367) - Trading Authorization for Hong Kong Stock Connect under Shenzhen-Hong Kong Stock Connect (Shen Zheng Hui [2016] No. 330) - Participant of Stock Option Trading of Shanghai Stock Exchange (Shang Zheng Han [2015] No. 78) - Qualification for Stock Option Business of Shenzhen Stock Exchange (Shen Qi Quan Han [2015] Mo No. 66) - Option Settlement Business of China Securities Depository and Clearing Corporation Limited (Zhong Deng Jie Suan Han [2015] No. 51) - Operation Permit of Futures Business: commodity futures brokerage, financial futures brokerage, futures investment consulting (Number: 31390000) - Asset Management Business (Zhong Qi Xie Bei Zi [2015] No. 5) - Asset Management Direct Selling (August 2017) - Qualification for Fund Management (Number: A024) - Asset Management Business for Specific Clients (Zheng Jian Xu Ke [2011] No. 2106) - Qualification for Entrusted Management of Insurance Fund for Investment Manager (Hu Zheng Jian Ji Jin Zi [2015] No. 40)

Section II Company Profile and Key Financial Indicators

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	YU Jian	LIANG Jing
Contact address	29/F, 168 Middle Yincheng Road, Pudong New District, Shanghai	29/F, 168 Middle Yincheng Road, Pudong New District, Shanghai
Telephone	021-38676798	021-38676798
Facsimile	021-38670798	021-38670798
E-mail	dshbgs@gtjas.com	dshbgs@gtjas.com

III. BASIC INFORMATION

Registered address of the Company	No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC
Postal codes of registered address of the Company	200120
Office address of the Company	168 Middle Yincheng Road, Pudong New District, Shanghai
Postal codes of office address of the Company	200120
Principal place of business in Hong Kong	18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
Company website	http://www.gtja.com/
Email	dshbgs@gtjas.com

IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Name of media selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of annual report	http://www.sse.com.cn/
Website designated by the Hong Kong Stock Exchange for publication of annual report	http://www.hkexnews.hk/
Location for inspection of annual report of the Company	No. 168 Middle Yincheng Road, Pudong New District, Shanghai

V. SHARES OF THE COMPANY

Shares of the Company				Stock name before change
Type of share	Listing venue	Stock name	Stock code	
A Share	Shanghai Stock Exchange	国泰君安	601211	N/A
H Share	Hong Kong Stock Exchange	GTJA	02611	N/A

Section II Company Profile and Key Financial Indicators

VI. OTHER INFORMATION OF THE COMPANY

(I) History of the Company, mainly including the reform and restructuring, capital injections in the previous years

☒ Applicable ☐ Not applicable

Guotai Junan was founded as a joint-stock limited company through the merger of Guotai Securities Co., Ltd. (國泰證券有限公司) and J&A Securities Co., Ltd. (君安證券有限責任公司). The brief history of the Company is as follows:

In August 1999, with the approval of the CSRC, Guotai Securities Co., Ltd. merged with J&A Securities Co., Ltd.. The shareholders of Guotai Securities Co., Ltd. and J&A Securities Co., Ltd. and other investors jointly established the Company, with a registered capital of RMB3,727.18 million.

In December 2001, with the approval of the CSRC, the Company was split into two companies with independent legal status by way of split-off. The Company, as the continuing company, owned and undertook the securities businesses related assets, businesses and liabilities relating to such assets and businesses. The registered capital of the Company changed to RMB3.7 billion.

In January 2006, with the approval of the CSRC, Central Huijin Investment Ltd. subscribed for 1,000 million Shares and thus the registered capital of the Company changed to RMB4.7 billion.

In March 2012, with the approval of the Shanghai Bureau of the CSRC, the Company issued 1,400 million additional Shares and thus the registered capital changed to RMB6.1 billion.

In June 2015, with the approval of the CSRC, the Company issued 1,525 million A Shares through initial public offering, which were listed on the Shanghai Stock Exchange on 26 June 2015 and thus the registered capital changed to RMB7,625 million.

In April 2017, with the approval of the CSRC and the Hong Kong Stock Exchange, the Company issued 1,040 million H Shares initially, and the Company issued 48.9338 million additional H Shares upon the exercise of the over-allotment option, and thus the registered capital changed to RMB8,713.9338 million.

Section II Company Profile and Key Financial Indicators

(II) The organization structure of the Company

√ Applicable □ Not applicable

1. The organization chart of the Group

As of the disclosure date of this report, please refer to Appendix I for the organization chart of the Group.

2. Subsidiaries

As of the end of the Reporting Period, the Company directly owned six domestic subsidiaries and one overseas subsidiary, the particulars of which are as follows:

No.	Name of Subsidiary	Registered Address/Domicile	Date of Establishment	Registered Capital/ Paid Up Capital	Legal Representative/ Person in Charge	Contact Number
1	Guotai Junan Financial Holdings	Units 1804-1807, 18/F, Tower I, Lippo Centre, 89 Queensway, Hong Kong	10 August 2007	HK\$31.98 million	WANG Song	(852)5099118
2	Guotai Junan Asset Management	Unit 409A10, No. 381 South Suzhou Road, Huangpu District, Shanghai	27 August 2010	RMB2 billion	GONG Dexiong	021-38676666
3	Guotai Junan Futures	26/F, 28/F, 31/F and Unit 6F, Unit 10A and Unit 10F, No. 121 Yanping Road, Jing'an District, Shanghai	6 April 2000	RMB1.2 billion	WANG Guifang	021-52138857
4	Guotai Junan Innovation Investment	Units 11F07-09, Bank of Shanghai Building, 168 Middle Yincheng Road, Pudong New District, Shanghai	20 May 2009	RMB4.9 billion	GONG Dexiong	021-38675884
5	Shanghai Securities	7/F, No. 213 Middle Sichuan Road, Huangpu District, Shanghai	27 April 2001	RMB2.61 billion	LI Junjie	021-53686888
6	GTJA Allianz Funds	9/F, DBS Bank Building, No. 1318 Lujiazui Ring Road, Shanghai	3 April 2003	RMB150 million	Tuo Qibin	021-38992888
7	Guoxiang Properties	Unit 303, No. 135 Yanping Road, Jing'an District, Shanghai	30 December 2011	RMB480 million	LIU Guifang	—

Note: In February 2018, the Company set up a wholly-owned subsidiary Guotai Junan Zhengyu with a registered capital of RMB1 billion. Its scope of business includes those regulated by requirements under the administration rules for alternative investment subsidiaries of security companies, such as equity investment and financial product investment.

3. Branch offices

As of the end of the Reporting Period, the Group had 32 branch offices in the PRC, among which, 30 branch offices were established by the Company and 2 branch offices were established by Shanghai Securities. For basic information of these branch offices, please refer to Appendix II.

Section II Company Profile and Key Financial Indicators

(III) Number and distribution of securities branches of the Company

√ Applicable □ Not applicable

As of the end of the Reporting Period, the Group had 414 securities branches and 19 futures branches in the PRC, among which, 340 securities branches were established by the Company, 74 securities branches were established by Shanghai Securities, 15 futures branches were established by Guotai Junan Futures and 4 futures branches were established by Hicend Futures.

For basic information of the securities branches and futures branches of the Group, please refer to Appendix III.

During the Reporting Period, the Group established 48 new securities branches and 2 new futures branches. For particulars of the establishment and disposal of the branches of the Group, please refer to “VI Establishment and Disposal of Branches (Subsidiaries, Branch offices, Securities and Futures Branches, and Special Purpose Vehicles, etc.), Material Assets Disposal, Acquisition, Replacement and Split, and the Impact of These Activities on the Performance of the Company” in “Section IV Directors’ Report” and Appendix IV to this report.

VII. OTHER RELEVANT INFORMATION

Domestic accountant engaged by the Company	Name	Ernst & Young Hua Ming LLP
	Office address	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, PRC
Overseas accountant engaged by the Company	Name of signing accountants	ZHU Baoqin, CHEN Qi
	Name	Ernst & Young
	Office address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Sponsor performing the continuous supervision duty during the Reporting Period	Name of signing accountant	Choi Kam Cheong, Geoffrey
	Name	Essence Securities Co., Ltd.
	Office address	35F, Anlian Mansion, No. 4018 Jintian Road, Futian District, Shenzhen
	Name of signing sponsor representatives	ZHUANG Guochun, HAN Zhiguang
	Continuous supervision period	14 July 2016 to the present
Domestic legal advisor	Haiwen & Partners	
Hong Kong legal advisor	Freshfields Bruckhaus Deringer	
Hong Kong Joint Compliance Advisors	Guotai Junan Capital Limited	
	Huarong International Capital Limited	
A Share Registrar	Shanghai Branch of China Securities Depository and Clearing Corporation Limited	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

Section II Company Profile and Key Financial Indicators

VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST THREE YEARS

(I) Key accounting data

Unit: thousand yuan Currency: RMB

Key accounting data	2017	2016	Movement during the current period compared with the corresponding period of last year (%)	2015
			last year (%)	
Total revenue and other income	32,953,352	36,022,508	-8.52	52,108,759
Operating profit	13,646,548	14,730,559	-7.36	22,033,845
Profit before income tax	13,661,308	14,773,524	-7.53	22,051,117
Profit for the year attributable to equity holders of the Company	9,881,545	9,841,417	0.41	15,700,291
Net cash used in operating activities	-39,705,776	-15,742,737	Not applicable	-19,601,877
	At the end of 2017	At the end of 2016	Movement at the end of the current period compared with the end of the corresponding period of last year (%)	At the end of 2015
			last year (%)	
Total assets	431,648,187	411,749,042	4.83	454,342,387
Total liabilities	297,952,964	300,997,320	-1.01	352,705,666
Equity attributable to equity holders of the Company	123,127,983	99,964,418	23.17	95,324,415
Share capital	8,713,934	7,625,000	14.28	7,625,000

Section II Company Profile and Key Financial Indicators

(II) Key financial indicators

Key financial indicators	2017	2016	Movement during the current period compared with the corresponding period of last year (%)	2015
Basic earnings per share (RMB/share)	1.11	1.21	-8.26	2.21
Diluted earnings per share (RMB/share)	1.10	1.21	-9.09	2.21
Weighted average return on net assets (%)	9.05	10.64	Decreasing by 1.59 percentage points	23.65
Net assets per share attributable to equity holder of the Company (RMB/share)	14.13	13.11	7.78	12.50
Gearing ratio (%)	61.50	61.66	Decreasing by 0.16 percentage points	66.72

(III) Net capital and risk control indicators of the parent company

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Item	At the end of the Reporting Period	At the end of last year
Net capital	96,365,266	80,338,196
Net assets	111,757,465	90,226,171
Risk coverage ratio (%)	312.79	313.10
Capital leverage ratio (%)	29.32	26.53
Liquidity coverage ratio (%)	364.80	180.03
Net stable funding ratio (%)	137.73	127.17
Net capital/Net assets (%)	86.23	89.04
Net capital/Liabilities (%)	63.04	56.80
Net assets/Liabilities (%)	73.11	63.79
Equity securities and derivatives held/Net capital (%)	27.92	32.23
Non-equity securities and derivatives held/Net capital (%)	82.27	82.46

Section II Company Profile and Key Financial Indicators

(IV) Key accounting data and financial indicators for the last 5 years

1 Profitability

Unit: thousand yuan Currency: RMB

	2017	2016	2015	2014
Total revenue and other income	32,953,352	36,022,508	52,108,759	24,403,108
Total expenses	19,306,804	21,291,949	30,074,914	14,926,905
Profit before income tax	13,661,308	14,773,524	22,051,117	9,476,601
Profit for the year attributable to equity holders of the Company	9,881,545	9,841,417	15,700,291	6,757,912

2 Assets

Unit: thousand yuan Currency: RMB

	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Share capital	8,713,934	7,625,000	7,625,000	6,100,000
Total equity	133,695,223	110,751,722	101,636,721	47,298,666
Equity attributable to equity holders of the Company	123,127,983	99,964,418	95,324,415	42,040,468
Total liabilities	297,952,964	300,997,320	352,705,666	272,003,788
Accounts payable to brokerage customers	84,356,232	112,956,690	147,789,747	100,186,594
Total assets	431,648,187	411,749,042	454,342,387	319,302,454
Basic earnings per share (RMB/share)	1.11	1.21	2.21	1.11
Diluted earnings per share (RMB/share)	1.10	1.21	2.21	1.11
Weighted average return on net assets (%)	9.05	10.64	23.65	18.04
Gearing ratio (%)	61.50	61.66	66.72	78.44

Note: The Group's financial statements for 2013 have been prepared in accordance with the PRC GAAP and have not been prepared in accordance with the International Accounting Standards. Investors who need the relevant information can refer to the website of Shanghai Stock Exchange at <http://www.sse.com.cn/>.

Section II Company Profile and Key Financial Indicators

IX. DIFFERENCES OF ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Differences between the net profit and net assets attributable to the shareholders of the listed company in the financial statements disclosed in accordance with International Accounting Standards and China Accounting Standards for Business Enterprises

☐ Applicable ☒ Not applicable

(II) Differences between the net profit and net assets attributable to the shareholders of the listed company in the financial statements disclosed in accordance with overseas accounting standards and China Accounting Standards for Business Enterprises

☐ Applicable ☒ Not applicable

(III) Explanation on the differences between domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

X. ITEMS MEASURED AT FAIR VALUE

☒ Applicable ☐ Not applicable

Unit: thousand yuan Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Change during the period	Effect on profit for current period
Financial assets at fair value				
through profit or loss	76,723,238	98,502,115	21,778,877	3,123,724
Available-for-sale financial assets	38,406,070	38,125,702	-280,368	2,661,612
Financial liabilities at fair				
value through profit or loss	16,515,356	24,467,391	7,952,035	220,322
Derivative financial instruments	-115,077	-87,595	27,482	2,804
Total	<u>131,529,587</u>	<u>161,007,613</u>	<u>29,478,026</u>	<u>6,008,462</u>

XI. OTHERS

☐ Applicable ☒ Not applicable

Section III Summary of Businesses of the Company

I. DESCRIPTION OF PRINCIPAL BUSINESSES, OPERATING MODEL AND INDUSTRY CONDITION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal businesses and operating model of the Company

Driven by customer demand, the Group established a business system including institutional finance, personal finance, investment management and international business. Specifically:

Our institutional finance business comprises investment banking and institutional investor services. Our investment banking business provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients. Our institutional investor services business provides PB, stock-pledged financing and securities repurchase, and research services to institutional investors. This business also conducts investment trading in equities, derivative financial instruments and FICC.

Our personal finance business provides securities and futures brokerage, margin financing and securities lending, wealth management, and financial planning services to individual clients through both offline and online channels.

Our investment management business provides asset management and fund management services to institutions and individuals, and also includes alternative investment business.

In respect of the international business, the Group built an international business platform around Guotai Junan Financial Holdings and conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses in Hong Kong mainly through Guotai Junan International. Meanwhile, the Group expanded its business presence into the United States and Singapore.

The Group's operating model is mainly to center on conducting the aforesaid principal businesses and generating handling fees and commission income through the provision of securities products and services and receive investment gains through securities or alternative investment.

In 2017, the Group recorded total revenue and other income of RMB32.953 billion, representing a decrease of 8.52% compared with the same period of last year. Profit for the year attributable to equity holders of the Company was RMB9.882 billion representing an increase of 0.41% compared with the same period of last year. After deducting the non-recurring profit or loss, the net profit for the year attributable to equity holders of the Company increased by 11.61% compared with the same period of last year. For details of the Group's operation condition, please refer to "Directors' Report" in Section IV of this report.

Section III Summary of Businesses of the Company

The Group's business composition and income drivers for 2017

Principal business category	Total revenue and other income (RMB'000)	Change (%)	Contribution to operating revenue (%)
Institutional finance	13,514,607	11.42	41.02
Personal finance	12,889,308	-15.55	39.11
Investment management	3,125,571	-45.52	9.48
International business	2,724,893	23.00	8.27
Others	698,973	3.28	2.12
Total	32,953,352	-8.52	100.00

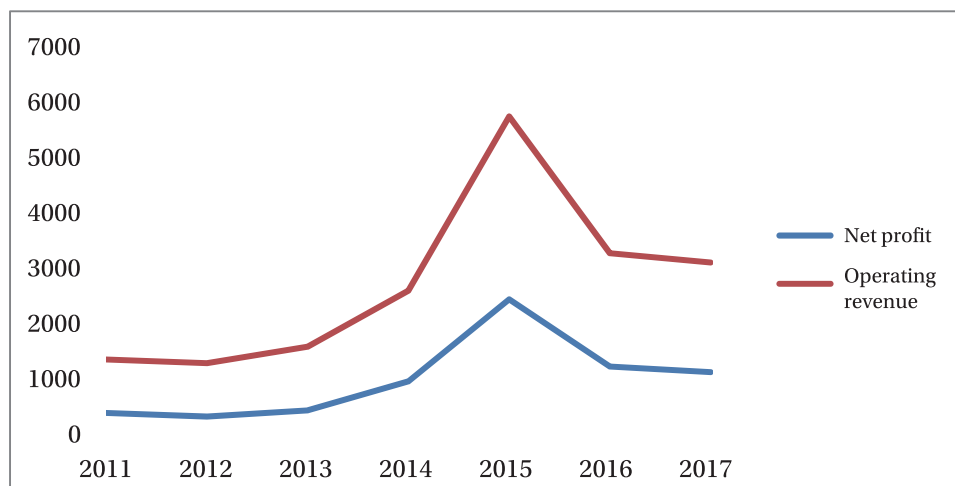
(II) Description of the status of the industry

The profitability of the PRC securities industry is driven by brokerage, proprietary trading, underwriting, margin trading and asset management businesses. This leads to the revenue and profits of the industry being more dependent on the trends of the securities market and relatively more cyclical and volatile. Over the past two decades, with the standardized development of the PRC securities market, the PRC securities industry has continued to standardize and expand. The securities companies have gradually accelerated their pace of innovation, expanded their business scope, improved their profitability and enhanced their risk resistance capacity. Meanwhile, along with the change in the booming cycle of the securities market, the profit level of the PRC securities industry also experienced substantial fluctuations, clearly reflecting a strong cyclical nature.

According to statistics of the SAC, as of 31 December 2017, the total assets, net assets and net capital of the PRC securities industry amounted to RMB6.14 trillion, RMB1.85 trillion and RMB1.58 trillion, respectively, representing an increase of 6.06%, 12.72% and 7.48% respectively compared with the end of last year. The capital strength of the industry was further enhanced. In 2017, the PRC securities industry recorded an operating revenue of RMB311.33 billion and net profit of RMB113.00 billion, representing a decrease of 5.09% and 8.47% respectively, compared with the corresponding period of last year. Due to market fluctuations, cyclical characteristics of the industry have emerged.

Section III Summary of Businesses of the Company

**Changes in the operating revenue and operating profit of the PRC securities industry
(2011-2017, unit: RMB 100 million)**



Source: SAC

(III) Position of the Company in the Industry

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, the Group has weathered many industry cycles while forging ahead to establish itself as a comprehensive industry leader. Since its establishment, the Group has maintained strong comprehensive competitiveness, ranking top in the industry in terms of capital scale, profitability, business strength and risk management capability. So far, the Company has attained the rating of Class A Grade AA in the classification and evaluation of securities companies for 10 consecutive years.

According to public information and statistics, in 2017 the Group ranked third and second in the industry in terms of operating revenue and net profit attributable to shareholders of the listed company respectively, and ranked third, second, and first in the industry in terms of total assets, net assets and net capital, respectively.

Significant changes in the Company's major assets during the Reporting Period

√ Applicable □ Not applicable

Section III Summary of Businesses of the Company

At the end of December 2017, the total assets of the Group amounted to RMB431.648 billion, representing an increase of 4.83% compared with the beginning of the Reporting Period. Among our total assets; cash and bank balances amounted to RMB15.986 billion, representing a decrease of 42.79% compared with the beginning of the Reporting Period, due to the fluctuation in the balance of monetary funds under ordinary operation of the Group. Cash held on behalf of brokerage customers amounted to RMB79.476 billion, representing a decrease of 25.29% compared with the beginning of the Reporting Period, mainly due to the decrease in cash held by brokerage customers. Margin accounts receivable amounted to RMB73.984 billion, representing an increase of 7.39% compared with the beginning of the Reporting Period, mainly due to the increase in margin financing and securities lending in the market in the second half of 2017. Financial assets at fair value through profit or loss amounted to RMB98.502 billion, representing an increase of 28.39% compared with the beginning of the Reporting Period. Available-for-sale financial assets amounted to RMB39.972 billion, representing a decrease of 1.26% compared with the beginning of the Reporting Period, mainly due to the adjustment by the Group of the investment to meet customer demand increased. Financial assets held under resale agreements amounted to RMB92.599 billion, representing an increase of 46.49% compared with the beginning of the Reporting Period, mainly due to the growth of the Group's stock-pledged financing business.

Of the total assets of the Group, the offshore assets amounted to RMB63.397 billion and accounted for 14.69%.

Section III Summary of Businesses of the Company

II. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable □ Not applicable

The Group's core competency can be embodied in the following three aspects:

(I) Deeply rooted culture of risk management and excellence

Since its inception, the Group has developed the operational philosophy and corporate culture of implementing reform and innovation and striving for progress, which propelled the long-term consistent and across-the-board development of the Group. In recent years, the Group actively practices the "Guotai Junan Consensus", thereby further enhancing our cohesiveness and culture recognition.

The Group firmly believes that risk management is the core competency of securities companies. During the Reporting Period, the Group further promoted the establishment of compliance and risk management systems, risk response mechanisms, launched a comprehensive risk management platform, formulated and completed a risk management manual. The account consolidation management of subsidiaries progressed and the key risk prevention measures at the business level obtained a favorable effect. So far, the Group has attained the regulatory rating of Class A Grade AA from the CSRC for ten consecutive years.

In pursuit of excellence, the Group endeavors to select the best talents to provide the best services for customers. During the Reporting Period, the Group started the Remuneration Policy Reform of Professional Managers, further strengthened its cadres team, thereby continuously improving the remuneration and performance management system. Meanwhile, the Group continued to improve its service system for retail customers and corporate and institutional customers and expanded customer base and enhanced customer loyalty through high-quality services. At the end of the Reporting Period, the Group's institutional customers reached 26,000, increasing by 11.14% compared with the end of last year, and personal financial accounts exceeded 11.10 million, increasing by 21.98% compared with the end of last year. From 2015 to 2017, the Group has served on two or more mandates for 221 of our investment banking clients.

Section III Summary of Businesses of the Company

(II) Across-the-board leader in the PRC capital market

As a consistent leader in terms of business scale, we have strong profitability. From 2007 to 2017, the Group's net profit ranked among the top three companies in the industry. From 2011 to 2017, the Group's operating revenue and total assets ranked among the top three companies in the industry for seven consecutive years. In 2017, the Company completed the issue of H Shares and Convertible Bonds, which further enhanced the Group's comprehensive competitiveness. According to public information and statistics, in 2017 the Group's operating revenue and net profit ranked third and second in the industry respectively. At the end of the Reporting Period, the Company's total assets and net assets ranked third and second in the industry, respectively.

The Group has a comprehensive and balanced combination of businesses and its principal businesses rank at the top of the industry. During the Reporting Period, in respect of the institutional finance business, the Group's equity financing underwritten amount ranked second in the industry; the margin loans for stock-plledged financing ranked second in the industry. In respect of the personal finance business, the Group's net revenue from securities brokerage business (including seat leasing) ranked first in the industry; the balance of margin financing and securities lending of the Group ranked second in the industry; the Company's net revenue from agency sale of financial product business ranked first in the industry; and the cumulative amount of futures trading by Guotai Junan Futures at China Financial Futures Exchange ranked third in the industry. In respect of investment management, our commissioned funds of the asset management business and monthly average balance of assets under discretionary management, all ranked third in the industry. In respect of the international business, Guotai Junan International demonstrated a rapid growth, continued to rank high in the major operating indicators among Chinese security dealers in Hong Kong, the accumulative number for IPO sponsorship from 2016 to 2017 ranked as the first in Hong Kong.

Section III Summary of Businesses of the Company

(III) Pioneer of Technology and Innovation in the PRC Securities Industry

The Group makes strategic investments in IT and continuously promotes proprietary IT innovation. The Group is a frontrunner in the application of IT in the securities industry. During the Reporting Period, the Group promoted the development of financial technology, focused on the development of an intelligent APP, released the intelligent brand Junhong Lingxi, and built a digital corporate service system. At the end of the Reporting Period, the number of users of our mobile APP exceeded 22 million, representing an increase of 83.33% compared with the end of last year. The coverage ranked third in the industry and the amount of monthly activity ranked second in the industry.

The Group has outstanding innovation capability and is one of the frontrunners in industry innovation. During the Reporting Period, the Group actively promoted the development of FICC, asset custody, wealth management and financial technology, and reinforced its leading position in these areas. The Company became one of the first companies to obtain the Bond Connect market-maker qualification and was allowed to conduct pilot cross-border business and liquidation agency business of RMB interest rate return swap. The FICC-centered integrated financial dealing business chain was basically established. Customer demand-oriented products covered all business categories such as structured notes, quotation and repurchase, return swaps, OTC options and interest rate swaps. The scale of custody and outsourcing business ranked second in the industry and the scale of mutual fund custody ranked first among securities companies.

Section IV Directors' Report

I. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

(I) Overall operation condition

In 2017, despite the complicated market environment and a comprehensive and increasingly stringent regulatory environment, the Group achieved business development in an all-around way, with a stable financial position and sound business performance by fully implementing its strategic plan and steadily pushing forward various management works. During the Reporting Period, the Company significantly improved its capital strengths by completing the issuance and listing of H Shares and A Share Convertible Bonds and took efforts to promote the establishment of the multi-layer service system for retail customers and the integrated service system for corporate and institutional customers, thereby continuously enhancing customer service capabilities. The Company also further optimized the layout of the investment management business and the private equity investment had a smooth development. The Company achieved a rapid growth in the international business with breakthrough in the cross-border business, and the internationalization was steadily promoted. The Company focused on the development of intelligent mobile app and made a sound progress in the financial technology. The Company further rationalized the group operation mechanism and deeply promoted the establishment of compliance and risk management system, thereby the support from mid and back office system becoming stronger. So far, the Company has attained the regulatory rating of Class A Grade AA from the CSRC for ten consecutive years. In 2017, Standard & Poor's raised the Company's credit rating to BBB+, while Moody's maintained the Company's Baa1 rating and raised the outlook of the Company to "stable".

(II) Analysis of principal businesses

1. Institutional finance

(1) *The investment banking business*

In 2017, the total financing amount in the securities market was RMB5,443.915 billion, representing a decrease of 18.23% compared with the same period of last year. The total equity financing amount in the market was RMB959.259 billion, representing a decrease of 28.60% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB4,484.656 billion, representing a decrease of 15.61% compared with the same period of last year. The total amount of M&A transactions completed in the year was RMB1,662.182 billion, representing a decrease of 2.42% compared with the same period of last year.

In 2017, the Group actively optimized its business structure of the investment banking business, strengthened the development of IPO projects and vigorously promoted M&A and restructuring businesses while maintaining the competitive advantages of businesses such as private placement and bonds. The Group also established key industry groups, deepened the vertical exploration of the industry, strengthened the development of customers in key areas, and continued to improve its ability to acquire customers.

Section IV Directors' Report

During the Reporting Period, the Group's investment banking business continued to maintain a sound developing momentum. The lead underwriting of the securities underwriting business was RMB351.409 billion and secured a market share of 6.63%, ranking fourth in the industry. In particular, the lead underwriting of equity financing amounted to RMB90.161 billion and secured a market share of 9.4%, ranking second in the industry. The lead underwriting of corporate bonds amounted to RMB66.625 billion and secured a market share of 6.05%, ranking second in the industry. A total of 12 M&A and restructuring projects were approved by the CSRC in M&A and restructuring businesses, involving an amount of RMB47.856 billion, representing an increase of 45.95% compared with the same period of last year, ranking fourth in the industry. The NEEQ business ranked first in the "Practice Quality Assessment of Chief Agency Brokers" conducted by NEEQ in 2017.

Change in the scale of the Group's investment banking business in 2017

		Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	15	6
	Amount of lead underwritings (RMB billion)	8.813	9.868
Preferred shares	Number of lead underwritings	1	3
	Amount of lead underwritings (RMB billion)	20	20.667
Refinancing	Number of lead underwritings	24	31
	Amount of lead underwritings (RMB billion)	61.348	52.994
Enterprise bonds	Number of lead underwritings	17	27
	Amount of lead underwritings (RMB billion)	26.64	32.095
Corporate bonds	Number of lead underwritings	105	178
	Amount of lead underwritings (RMB billion)	66.625	178.887
Other bonds	Number of lead underwritings	198	176
	Amount of lead underwritings (RMB billion)	167.983	158.440

Source: Wind Info

Note: Statistical calibers of the financing products include IPO, new issuance, allotment of shares, preferred shares, convertible bonds, exchangeable bonds, corporate bonds, enterprise bonds, short-term financing bills, medium-term notes, private placement notes, financial bonds and ABS.

Section IV Directors' Report

(2) *Institutional investor services*

1) *PB business*

In 2017, the Group fully promoted the establishment of the integrated service system for corporate and institutional customers, standardized and developed the PB trading system, built an international custody and outsourcing operation platform, enhanced the financial technology strength and innovative business support capability. This resulted in the stable growth of the number and scale of existing products and the continuous improvement in comprehensive service capability for institutional clients.

At the end of 2017, the Group had 25,905 institutional clients, which had increased by 11.14% compared with the end of 2016. The aggregate products of our asset custodian and outsourcing business amounted to 5,927, increasing by 72% compared with the end of last year, and its scale was RMB755 billion, increasing by 92.9% compared with the end of last year, ranking second in the industry. In particular, the assets under our custody from mutual funds amounted to RMB53.8 billion, ranking first among securities companies.

2) *Trading and investment business*

In 2017, the Group's trading and investment business centered on the strategic goal of an "outstanding financial asset trader" and focused on enhancing the transaction pricing ability to adhere to a low-risk and non-directional transformation. Quantitative hedging business performed remarkably and businesses such as options market-making, treasury bond futures, precious metals and cross-border businesses grew rapidly. The equity investment business stuck to the philosophy of value investment in making equity investment. Long-term asset allocation achieved sound returns.

In 2017, the Company became one of the first companies to obtain the Bond Connect market-maker qualification, obtained the permission to conduct pilot cross-border business and the license of foreign exchange client account system and became the only option volatility surface market maker and nickel futures market maker in the industry. ETF option market-making attained Grade AA from the stock exchange. Interbank open market and interest rate swap market-making ranked top among securities firms and were awarded the prize of "Outstanding Contributor to Auction Market" by Shanghai Gold Exchange. In January 2018, the Company obtained the qualification for business of liquidation agency of RMB interest rate return swap.

During the Reporting Period, the Group actively promoted the establishment of customer demand-oriented business systems. Our customer demand-oriented business achieved a comprehensive coverage of business categories such as structured notes, quotation and repurchase, return swap, over-the-counter options and interest rate swap. The business scale exceeded RMB40 billion in 2017.

Section IV Directors' Report

3) *Stock pledging business*

According to SSE and SZSE's statistics, the outstanding balance of the stock pledging business in the market as of the end of 2017 was RMB1,624.979 billion, increasing by 26.56% compared with the end of last year.

In 2017, the Group's stock pledging business continued to follow the "prudent and active" development strategy, exerted its brand and capital strengths, improved pricing mechanism, optimized business structure, continued to enhance its risk management capabilities and promoted the steady growth of business. At the end of the Reporting Period, the outstanding balance of the Group's stock pledging business was RMB90.772 billion, increasing by 30.93% compared with the end of 2016, and the average collateral coverage ratio was 236%. The outstanding repurchase balance of the stock pledging business and the scale of margin loans ranked fourth and second in the industry, respectively.

Scale of the Group's stock-pledged financing and securities repurchase business at the end of 2017 (Unit: RMB billion)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	90.772	69.328
Outstanding balance of securities repurchase	—	0.02

4) *Research business*

In 2017, the Company's research institute strived to build an industry research system, further strengthened its internal services and promoted the internationalization of its research business. During the Reporting Period, we completed 6,223 research reports and held 166 themed telephone roadshows relating to macro economy, bonds, industry and companies. In the 15th New Fortune Best Analyst Awards, the Company received the first prize for "Most Influential Research Institute" awarded by New Fortune for three consecutive years. The Company also received Top Five Gold Bull Teams prize in the Eighth "Gold Bull Analysts in China Securities Industry" and received the first prize for "Most Influential Research Institute" in the eleventh "Crystal Ball Sell-side Analysts Awards".

Section IV Directors' Report

2. Personal finance

(1) Retail brokerage business

According to statistics of SSE and SZSE, in 2017 the trading volume of stock and fund transactions in SSE and SZSE was RMB122.61 trillion, representing a decrease of 11.73% compared with the same period last year.

In 2017, the Group's securities brokerage business further optimized the service system for retail customers based on customer needs, established an online business development model which centers on users, strengthened cooperation with bank channels, improved the network system and promoted the synergistic development of online and offline businesses. The business also strengthened the application of financial technology, focused on promoting the construction of an intelligent platform, and enhanced user experience and service levels, strengthened the construction of professional teams, optimized product system, and enhanced the professional service capabilities.

During the Reporting Period, the securities brokerage business continued to maintain an industry-leading position. The Group had a market share of 5.89% in stocks and funds trading, ranking second in the industry and increasing by 0.8 percentage points compared with last year. The Company had market share of 5.57% in net revenue from the securities brokerage business (including seat leasing), ranking first in the industry. At the end of the Reporting Period, the Group's personal financial accounts exceeded 11.10 million, increasing by 22% compared with the end of last year, of which, number of the A Shares capital accounts ranked third in the industry. The Jun Hong APP, a mobile application with over 22 million users, ranked third and second in the industry in terms of coverage and monthly activeness respectively.

Change in the scale of the Group's securities brokerage business in 2017 (Unit: RMB billion)

Item		Reporting Period	Corresponding period of last year
Stocks	Trading volume	11,526.5	13,821.6
	Market share	5.19%	5.33%
Securities investment funds	Trading volume	2,726.2	542.3
	Market share	13.90%	2.44%
Spot bonds	Trading volume	38,645.0	42,460.3
	Market share	7.31%	8.95%

Source: Wind Info. Spot bonds include debt securities repurchase.

Section IV Directors' Report

In 2017, the aggregate number of board lots of the futures market was 3.076 billion (unilateral), representing a decrease of 25.66% compared with the same period of the last year. The aggregate trading volume of the futures market was RMB187.90 trillion (unilateral), representing a decrease of 3.95% compared with the same period of the last year.

During the Reporting Period, Guotai Junan Futures focused on the brokerage business and seized the opportunities of new commodity futures and loosening restriction on financial futures, promoted overall and balanced development and effectively improved its comprehensive service capabilities. Throughout the year, the trading volume of stock index futures and treasury bond futures ranked third in the industry and our handling fee income from agency sales ranked second in the industry. Guotai Junan Future was awarded an "AA" rating in the classification rating of futures companies in 2017.

Major business indicators of Guotai Junan Futures in 2017

Item	Reporting	Corresponding
	Period	period of last year
Trading volume (RMB trillion)	10.74	13.84
Number of board lots (ten thousand)	15,335.24	27,998.07
	At the end of the Reporting	At the
	Period	end of last year
Cumulative effective accounts (number)	87,611	77,812
Customer equity at the end of the period (RMB billion)	15.280	20.861

(2) Margin financing and securities lending business

At the end of 2017, the balance of margin financing and securities lending in the market amounted to RMB1,026.264 billion, increasing by 9.26% compared with the end of last year.

During the Reporting Period, the Group's margin financing and securities lending business fully implemented eligibility management, enhanced counter-cyclical adjustment and strengthened its service offerings to institutional customers and high-net-worth customers. The business also established a full range of classified and hierarchical service systems, optimized the hierarchical authorization mechanism, deepened the matrix management, and improved its service experience and operational efficiency.

Section IV Directors' Report

At the end of 2017, the balance of the Group's margin loans and securities lending amounted to RMB64.139 billion, increasing by 11.09% compared with the end of last year, with a market share of 6.25%, ranking second in the industry. The maintenance margin ratio was 260.94%. The balance of the margin and securities refinancing amounted to RMB6.878 billion, increasing by 34.38% compared with the end of last year.

Scale of margin financing and securities lending business of the Group at the end of 2017 (Unit: RMB 100 million)

Item	At the end of the Reporting Period	At the end of last year
Balance of margin loans (RMB 100 million)	635.62	571.95
Market value of securities lending (RMB 100 million)	5.77	5.40
Balance of margin refinancing (RMB 100 million)	67.00	47.43
Balance of securities refinancing (RMB 100 million)	1.78	3.74

(3) Wealth management business

In 2017, the Group continued to endeavor to transform its retail brokerage business into a wealth management-centered business, established "Jun Hong Jing Yi" retail customer service system in an all-round manner, promoted the establishment of an intelligent platform, fostered professional service capabilities of investment consultants, and explored service mode of key customer teams in order to improve integrated financial services level.

At the end of the Reporting Period, the number of members of Jun Hong Fortune Club (君弘財富俱樂部) reached 0.74 million, representing an increase of 18.89% compared with the end of the last year. The number of contract customers of investment consultants reached 0.134 million, representing an increase of 33.90% compared with the end of the last year. The size maintained by the agency sales of financial products of the Company was RMB125.9 billion, representing an increase of 40.99% compared with the corresponding period of the last year. During the Reporting Period, the net income from agency sales of financial products of the Company ranked first in the industry.

Section IV Directors' Report

3. Investment management

(1) Asset management

According to the statistics of the Asset Management Association of China, as of the end of 2017, the scale of asset management business of securities companies was RMB16.52 trillion in aggregate, representing a decrease of 4.60% compared with the end of the last year.

During the Reporting Period, Guotai Junan Asset Management steadily enhanced its discretionary management capability. There was a significant increase in the scale of discretionary management. Guotai Junan Asset Management accelerated its business transformation based on customer needs, created a multi-strategy product line represented by "Fixed-income +", and actively carried out ABS business and the variety of the product lines was increasingly rich.

At the end of the Reporting Period, the scale of asset management of Guotai Junan Asset Management was RMB886.836 billion, representing an increase of 4.77% compared with the end of the last year, of which the scale of discretionary management products was RMB341.956 billion (representing an increase of 11.8% compared with the end of the last year) with the average monthly scale of discretionary management products ranking third in the industry. The scale of continuing ABS products was RMB37.798 billion (representing an increase of 62.94% compared with the end of the last year) and the scale of multiple strategy products was RMB11.248 billion (representing an increase of 46.38% compared with the end of the last year).

Scale of asset management of Guotai Junan Asset Management in 2017 (RMB 100 million)

Item	At the end of the Reporting Period	At the end of last year
The scale of asset management business	8,868.36	8,464.26
Including: The scale of targeted asset management business	7,845.56	7,392.04
The scale of collective asset management business	644.82	840.24
The scale of specialized asset management business	377.98	231.98
The scale of discretionary management business	3,419.56	3,058.61

Note: The calculation of the scale of collective asset management business is based on the net management asset.

Section IV Directors' Report

(2) Mutual fund management

According to the statistics of the Asset Management Association of China, at the end of 2017, the assets under management (AUM) of mutual funds management institutions was RMB11.60 trillion, representing an increase of 26.64% compared with the end of the last year. The AUM of the segregated accounts of fund management companies and its subsidiaries was RMB13.74 trillion, representing a decrease of 18.65% compared with the end of the last year.

During the Reporting Period, GTJA Allianz Funds continued to conduct the issuing and marketing of products with segregated accounts business gradually transforming into discretionary management. At the end of the Reporting Period, the AUM of mutual fund business of GTJA Allianz Funds was RMB21.285 billion while the AUM of its segregated accounts was RMB5.269 billion.

In 2017, the Company completed the acquisition of 20% equity interest in HuaAn Funds. At the end of 2017, the AUM of mutual fund business of HuaAn Funds was RMB185.132 billion, while the AUM of its segregated accounts was RMB111.196 billion.

(3) Private fund management and alternative investment

At the end of 2017, there were 22,446 private fund managers registered with Asset Management Association of China, and a total of 66,418 private funds were under management, with paid-up amounts of RMB11.1 trillion, representing an increase of 40.68% compared with the end of 2016.

In 2017, Guotai Junan Innovation Investment cultivated industrial layout, focused on key industries such as healthcare, energy conservation and environmental protection and IT and actively participated in the establishment of Kechuang Parent Fund (Phase I). During the Reporting Period, a total of 20 investment projects were completed, with an investment amount of RMB936 million, and it exited from 8 projects. At the end of the Reporting Period, the cumulative committed capital of managed funds of Guotai Junan Innovation Investment increased by 50.39% compared with the end of last year and its cumulative paid-in capital increased by 24.94% compared with the end of last year.

Meanwhile, Guotai Junan Innovation Investment actively followed the regulatory requirements and in October 2017, became one of the first normative platforms that obtained such accreditation. In February 2018, the incorporation of Guotai Junan Zhengyu, an alternative investment subsidiary of the Company, was completed.

Section IV Directors' Report

The overview of private equity investment business of Guotai Junan Innovation Investment for 2017

	At the end of the Reporting Period	At the end of last year
Number of managed funds (unit)	47	44
Cumulative committed capital of managed funds (RMB100 million)	343.26	228.24
Cumulative paid-in capital of managed funds (RMB100 million)	213.29	170.69
Cumulative number of investment projects (unit)	115	95
Cumulative investment project amount (RMB100 million)	130.80	121.44

The overview of principal investment business of Guotai Junan Innovation Investment for 2017

	At the end of the Reporting Period	At the end of last year
Cumulative number of investment projects (unit)	25	23
Cumulative investment amount (RMB100 million)	9.04	8.61

4. International Business

The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also expanded business presence into the United States and Singapore.

In 2017, our Hong Kong business recorded a significant increase in the brokerage business, corporate finance business, financial products market-making business and investment business by grasping market opportunities. Our business in the United States launched 13 cross-border merger and acquisition projects, of which, 3 projects have been completed. The business in Singapore has basically achieved breakeven.

Section IV Directors' Report

Guotai Junan International's main income structure for 2017 (unit: HK\$'000)

	During the Reporting Period	During the same period of last year
Fee and commission income		
– Brokerage	517,118	393,000
– Corporate finance	683,526	456,649
– Asset management	29,792	28,487
Income from loans and financing	1,288,777	1,297,278
Gains from financial products, market making and investments	613,180	343,773
Total revenue	3,132,393	2,519,187

II. ANALYSIS OF FINANCIAL STATEMENTS

(I) Analysis of consolidated statements of profit or loss

1. Total revenue and other income structure

Unit: thousand yuan Currency: RMB

Items	January to December 2017		January to December 2016		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission income	12,584,403	38.19%	15,628,144	43.38%	-3,043,741	-19.48%
Interest income	12,412,952	37.66%	11,718,386	32.54%	694,566	5.93%
Net investment gains	6,434,621	19.53%	4,795,276	13.31%	1,639,345	34.19%
Total revenue	31,431,976	95.38%	32,141,806	89.23%	-709,830	-2.21%
Other income and gains	1,521,376	4.62%	1,045,363	2.90%	476,013	45.54%
Gains on disposal of a subsidiary	—	0.00%	2,835,339	7.87%	-2,835,339	-100.00%
Total revenue and other income	32,953,352	100.00%	36,022,508	100.00%	-3,069,156	-8.52%

Section IV Directors' Report

In 2017, the Group's total revenue and other income amounted to RMB32.953 billion, representing a decrease of 8.52% compared with the same period of last year, among which:

Our fee and commission income, accounting for 38.19% of the total revenue and other income, decreased by 19.48% to RMB12.584 billion compared with the same period of last year, primarily due to decreased securities brokerage income given the low trading volume in the securities market in 2017;

The net investment gains, accounting for 19.53% of the total revenue and other income, increased by 34.19% to RMB6.435 billion compared with the same period of last year, primarily due to the increase in investment gains from the securities market;

The other income and gains, accounting for 4.62% of the total revenue and other income, increased by 45.54% to RMB1.521 billion compared with the same period of last year, primarily due to gains from acquisition of equity interest in HuaAn Funds.

Gains on disposal of a subsidiary last year was due to the investment gains from disposal of equity interest in Haiji Securities.

2. Total expenses structure

Unit: thousand yuan Currency: RMB

Items	January to December 2017		January to December 2016		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission expenses	2,134,063	11.05%	2,368,410	11.11%	-234,347	-9.89%
Interest expenses	6,706,110	34.75%	7,163,756	33.65%	-457,646	-6.39%
Staff costs	6,023,921	31.20%	6,949,018	32.64%	-925,097	-13.31%
Depreciation and amortization expenses	463,474	2.40%	404,234	1.90%	59,240	14.65%
Business tax and surcharges	153,356	0.79%	566,044	2.66%	-412,688	-72.91%
Other operating expenses and costs	3,087,931	15.99%	2,629,298	12.35%	458,633	17.44%
Provision for impairment losses	737,949	3.82%	1,211,189	5.69%	-473,240	-39.07%
Total expenses	19,306,804	100.00%	21,291,949	100.00%	-1,985,145	-9.32%

In 2017, the Group's total expenses amounted to RMB19.307 billion, representing a decrease of 9.32% compared with the same period of last year, among which:

The interest expenses, accounting for 34.75% of total expenses, decreased by 6.39% to RMB6.706 billion compared with the same period of last year, primarily due to the Group's adjusted liability structure;

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The staff costs, accounting for 31.2% of the total expenses, decreased by 13.31% to RMB6.024 billion compared with the same period of last year, primarily due to the decrease in remuneration as the total revenue decreased.

The business tax and surcharges, accounting for 0.79% of the total expenses, decreased by 72.91% to RMB153 million compared with the same period of last year, primarily because there was no business tax incurred during the period given the replacement of business taxes with value-added taxes since May 2016.

The provision for impairment losses, accounting for 3.82% of the total expenses, decreased by 39.07% to RMB738 million compared with the same period of last year, primarily due to the decrease in the provision for impairment of available-for-sale financial assets for the current period.

(II) Analysis of consolidated statements of cash flows

In the entire year of 2017, the net decrease in cash and cash equivalents of the Group was RMB7.961 billion, among which:

The net cash used in operating activities was RMB-39.706 billion, primarily resulting from negative movements in working capital, mainly reflecting (i) the increase of RMB26.585 billion in financial assets held under resale agreements, due to the development of stock-pledged financing business of the Company; (ii) the decrease of RMB28.6 billion in accounts payable to brokerage customers, due to the decrease in the settlement funds of the transaction clients of brokerage business; (iii) the increase of RMB13.845 billion in financial instruments at fair value through profit or loss and derivative financial instruments, primarily resulting from increase of investment of bonds and funds to meet customer demand; and (iv) the decrease of RMB8.642 billion in other current liabilities, primarily because the proceeds from the agency underwriting received on behalf of customers at the end of last year was transferred to the clients during the period. These cash outflows were partially offset by (i) the decrease of RMB24.883 billion in cash held on behalf of brokerage customers, due to the decrease in the settlement funds of the transactions clients of brokerage business; (ii) the increase of RMB7.131 billion in financial assets sold under repurchase agreements, primarily due to the increased outstanding balance of repurchases with bonds as underlying assets; and (iii) profit before income tax of RMB13.661 billion.

The net cash generated from investing activities was RMB6.491 billion, primarily due to the proceeds from the disposal of available-for-sale financial assets and other investments of RMB58.035 billion, partially offset by the acquisition of available-for-sale financial assets and other investments of RMB52.705 billion, reflecting decreased investments in this type of financial assets for our adjustment in trading and investment structure.

The net cash generated from financing activities was RMB25.254 billion, primarily due to (i) proceeds from loans and borrowings of RMB72.595 billion; (ii) proceeds from the issuance of short-term debt instruments of RMB61.888 billion; (iii) proceeds from the issuance of bonds of RMB19.9 billion; and (iv) proceeds from the issuance of H Shares of RMB15.301 billion. These cash inflows were partially offset by (i) repayment of loans and borrowings of RMB72.12 billion; and (ii) repayment of bonds of RMB70.552 billion.

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(III) Analysis of consolidated statements of financial position

Unit: thousand yuan Currency: RMB

Items	31 December 2017		31 December 2016		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Non-current assets						
Property and equipment	3,730,599	0.86%	3,543,116	0.86%	187,483	5.29%
Prepaid land lease payments	804,388	0.19%	823,495	0.20%	-19,107	-2.32%
Goodwill	581,407	0.13%	581,407	0.14%	—	0.00%
Other intangible assets	1,442,271	0.33%	1,384,441	0.34%	57,830	4.18%
Investments in associates	1,309,278	0.30%	431,685	0.10%	877,593	203.29%
Investments in joint ventures	2,303,249	0.53%	829,655	0.20%	1,473,594	177.62%
Available-for-sale financial assets	38,340,006	8.88%	38,638,640	9.38%	-298,634	-0.77%
Financial assets held under resale agreements	27,357,004	6.34%	23,605,425	5.73%	3,751,579	15.89%
Financial assets at fair value through profit or loss	300,000	0.07%	46,247	0.01%	253,753	548.69%
Refundable deposits	6,914,654	1.60%	9,742,881	2.37%	-2,828,227	-29.03%
Deferred tax assets	333,909	0.08%	762,365	0.19%	-428,456	-56.20%
Other non-current assets	677,498	0.16%	1,669,793	0.41%	-992,295	-59.43%
Total	84,094,263	19.47%	82,059,150	19.93%	2,035,113	2.48%
Current assets						
Accounts receivable	4,288,361	0.99%	1,891,376	0.46%	2,396,985	126.73%
Other receivables and prepayments	6,270,510	1.45%	4,503,402	1.09%	1,767,108	39.24%
Margin accounts receivable	73,983,947	17.17%	68,892,785	16.73%	5,091,162	7.39%
Available-for-sale financial assets	1,631,794	0.38%	1,842,582	0.45%	-210,788	-11.44%
Financial assets held under resale agreements	65,242,195	15.11%	39,605,953	9.62%	25,636,242	64.73%
Financial assets at fair value through profit or loss	98,202,115	22.75%	76,676,991	18.62%	21,525,124	28.07%
Derivative financial assets	315,233	0.07%	175,424	0.04%	139,809	79.70%
Clearing settlement funds	2,157,689	0.50%	1,779,380	0.43%	378,309	21.26%
Cash held on behalf of brokerage customers	79,476,131	18.41%	106,378,892	25.84%	-26,902,761	-25.29%
Cash and bank balances	15,985,949	3.70%	27,943,107	6.79%	-11,957,158	-42.79%
Total	347,553,924	80.53%	329,689,892	80.07%	17,864,032	5.42%
Total assets	431,648,187	100.00%	411,749,042	100.00%	19,899,145	4.83%

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Items	January to December 2017		January to December 2016		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Current liabilities						
Loans and borrowings	11,520,278	3.87%	6,262,230	2.08%	5,258,048	83.96%
Short-term debt instruments	36,454,635	12.24%	14,847,586	4.93%	21,607,049	145.53%
Placements from other financial institutions	7,600,000	2.55%	4,700,000	1.56%	2,900,000	61.70%
Accounts payable to brokerage customers	84,356,232	28.29%	112,956,690	37.53%	-28,600,458	-25.32%
Employee benefits payable	5,005,954	1.68%	6,269,165	2.08%	-1,263,211	-20.15%
Income tax payable	1,531,137	0.51%	2,599,026	0.86%	-1,067,889	-41.09%
Financial assets sold under repurchase agreements	43,849,585	14.72%	39,691,470	13.19%	4,158,115	10.48%
Financial liabilities at fair value through profit or loss	23,454,372	7.87%	16,318,339	5.42%	7,136,033	43.73%
Derivative financial liabilities	402,828	0.14%	290,500	0.10%	112,328	38.67%
Bonds payable	1,279,944	0.43%	17,156,246	5.70%	-15,876,302	-92.54%
Other current liabilities	8,656,571	2.91%	18,670,688	6.20%	-10,014,117	-53.64%
Total	224,111,536	75.21%	239,761,940	79.65%	-15,650,404	-6.53%
Net current assets	123,442,388		89,927,952		33,514,436	37.27%
Non-current liabilities						
Loans and borrowings	—	—	1,878,471	0.62%	-1,878,471	-100.00%
Bonds payable	67,032,147	22.50%	55,582,519	18.47%	11,449,628	20.60%
Employee benefits payable	622,458	0.21%	631,789	0.21%	-9,331	-1.48%
Deferred tax liabilities	181,608	0.06%	103,920	0.03%	77,688	74.76%
Financial assets sold under repurchase agreements	3,000,000	1.01%	26,950	0.01%	2,973,050	11031.73%
Financial liabilities at fair value through profit or loss	1,013,019	0.34%	197,017	0.07%	816,002	414.18%
Other non-current liabilities	1,992,196	0.67%	2,814,714	0.94%	-822,518	-29.22%
Total	73,841,428	24.79%	61,235,380	20.35%	12,606,048	20.59%
Total liabilities	297,952,964	100.00%	300,997,320	100.00%	-3,044,356	-1.01%
Total equity	133,695,223		110,751,722		22,943,501	20.72%

Section IV Directors' Report

As of 31 December 2017, the total assets of the Group amounted to RMB431.648 billion, which has increased by 4.83% compared with that of last year. The total liabilities amounted to RMB297.953 billion, which has decreased by 1.01% compared with that of last year. The total equity was RMB133.695 billion, which has increased by 20.72% compared with that of last year.

The assets of the Group are mainly comprised of: cash held on behalf of our brokerage customers of RMB79.476 billion (18.41% of the total assets); margin accounts receivable of RMB73.984 billion (17.17% of the total asset); financial assets at fair value through profit or loss of RMB98.502 billion (22.82% of the total asset); financial assets held under resale agreements amounting to RMB92.599 billion (21.45% of the total assets); and available-for-sale financial assets of RMB39.972 billion (9.26% of the total assets), among which the current assets amounted to RMB347.554 billion and accounted for 80.53% of the total assets. The liquidity of the Group is fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation, therefore the assets are of relatively high quality.

Non-current assets

As of 31 December 2017, our non-current assets amounted to RMB84.094 billion with an increase of 2.48% compared with the end of last year, primarily due to the increase in the financial assets held under resale agreements, mainly as the growth in our stock-pledged financing business scale.

Current assets

As of 31 December 2017, our current assets amounted to RMB347.554 billion with an increase of 5.42% compared with that of last year. Among the current assets, the margin accounts receivable amounted to RMB73.984 billion with an increase of 7.39% compared with the end of last year, which was primarily due to the increased size of margin financing and securities lending business given the securities market condition. The financial assets held under resale agreements amounted to RMB65.242 billion with an increase of 64.73% compared with the end of last year, which was primarily due to the growth in our stock-pledged financing business. Financial assets at fair value through profit or loss amounted to RMB98.202 billion with an increase of 28.07% compared with the end of last year, primarily because the investment of bonds and funds to meet customer demand increased. Cash held on behalf of brokerage customers amounted to RMB79.476 billion with a decrease of 25.29% compared with the end of last year, primarily due to the decrease in the transaction settlement funds of brokerage business customers primarily for the impact from market conditions.

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Current liabilities

As of 31 December 2017, our current liabilities amounted to RMB224.112 billion with a decrease of 6.53% compared with the end of last year. Among the current liabilities, accounts payable to brokerage customers amounted to RMB84.356 billion with a decrease of 25.32% compared with the end of last year, primarily due to the decrease in the transaction settlement funds of brokerage business customer impacted by the market conditions. The bonds payable due within one year amounted to RMB1.28 billion with a decrease of 92.54% compared with the end of last year. Other current liabilities amounted to RMB8.657 billion with a decrease of 53.63% compared with the end of last year, which is primarily because proceeds from underwriting securities received on behalf of customers for the end of last year were paid during the period.

Non-current liabilities

As of 31 December 2017, our non-current liabilities amounted to RMB73.841 billion with an increase of 20.59% compared with the end of last year, primarily due to the increase in the bonds payable compared with the end of last year since the Company adjusted the liabilities structure.

Equity

The equity attributable to equity holders of the Company increased by RMB23.164 billion or 23.17% from the end of last year to RMB123.128 billion as of 31 December 2017, primarily due to the net proceeds of HK\$16.801 billion for the listing of the Company on the main board of the Hong Kong Stock Exchange during the Reporting Period. The gearing ratio of the Group was 61.50% as of 31 December 2017, which has decreased by 0.16 percentage points compared with that of last year, given the Group's reasonable and stable assets liability structure.

Major restricted assets at the end of the Reporting Period

For details of assets with restricted ownership or use rights, please refer to note 28, 30, 38 and 40 of the consolidated financial statements.

Section IV Directors' Report

(IV) Borrowings and debt financing

As of 31 December 2017, the total borrowings and debt financing of the Group amounted to RMB116.287 billion, of which a detailed breakdown was as follows:

Unit: thousand yuan Currency: RMB

	31 December 2017	31 December 2016
Loans and borrowings	11,520,278	8,140,701
Short-term debt instruments	36,454,635	14,847,586
Bonds payable	68,312,091	72,738,765
Total	116,287,004	95,727,052

For the details of the interest rate and the terms of the loans and borrowings, short-term debt instruments and bonds payable, please refer to note 42, 43 and 49 of the consolidated financial statements.

Except for the borrowings and debt financing, the Group obtained funds through placements from other financial institutions and financial assets sold under repurchase agreements. As of 31 December 2017, the placements from other financial institutions was RMB7.600 billion while the financial assets sold under repurchase agreements was RMB46.850 billion. The total debt was RMB170.737 billion.

Except for the liabilities disclosed in this report, the Group did not have, as of 31 December 2017, any outstanding collateral mortgages, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

(V) Major customers and major suppliers

The Group serves different individual, institutional and corporate customers across various sectors. The customers are extensively distributed. In 2017, revenue from the five largest customers of the Group accounted for less than 2% of its total revenue and other income, therefore none of the five largest customers are its related party. Due to its business nature, the Group has no major suppliers.

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III. ANALYSIS OF INVESTMENT CONDITION

1. The overview analysis of external equity investments

☒ Applicable ☐ Not applicable

During the Reporting Period, the Group obtained material equity investments and material non-equity investments, which were as follows:

(1) Material equity investments

☒ Applicable ☐ Not applicable

Unit: thousand yuan Currency: RMB

Name of investee	Capital contribution	Percentages of shareholding	Carrying amount at the end of the period	Investment revenue during the Reporting Period
HuaAn Funds (HuaAn Funds)	660,800	20%	794,461	14,463

(2) Material non-equity investments

☒ Applicable ☐ Not applicable

- 1) Office buildings in Jingan District, Shanghai: Guoxiang Properties, a subsidiary of the Company, received planning permission for a construction project and a construction permit for pile foundations for land lot No. 49 in Jing'an District on 23 June 2014 and commenced construction in June 2014. The project is expected to be completed in 3 years. According to the resolution in the second meeting of the fifth session of the Board in 2016, the total investment amount for this project was adjusted to RMB1.879 billion by adding another project investment of RMB255 million. The additional investment for the project was RMB213 million in 2017. The accumulative investment of the project was RMB1.352 billion as of 31 December 2017.

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(3) Financial assets measured at fair value

☒ Applicable ☐ Not applicable

Unit: thousand yuan Currency: RMB

Name of Items	31 December 2017		January to December 2017		
	Initial investment cost/nominal amount	Fair value	Net amount of purchase or sale	Investment revenue	Fair value changes
Financial assets at fair value					
through profit or loss	96,381,659	98,502,115	22,037,308	3,382,154	-258,431
Available-for-sale financial assets	37,042,252	38,125,702	-1,316,319	2,914,360	—
Derivative financial instruments	596,410,397	-87,595	502,070,709	-150,123	152,927

IV. USE OF PROCEEDS

1. H Shares

In April and May 2017 respectively, the Company issued 1,040,000,000 H Shares initially and issued 48,933,800 H Shares upon the exercise of the over-allotment option with the total proceeds of HK\$17.24 billion. The actual proceeds amounted to HK\$16.801 billion after deducting fees in relation to the issuance expenses.

According to the purpose set out in the section “Future Plans and Use of Proceeds” in the prospectus for the Global Offering of H Shares, 30% of the proceeds received from the issuance of H Shares will be used for the development of institutional finance businesses and the improvement of integrated financial services capabilities, 30% of the proceeds will be used for the development of personal finance services businesses, approximately 15% of the proceeds will be used for development of investment management business, 15% of the proceeds will be used for the development of international business and 10% of the proceeds will be used for additional working capital and other general corporate purposes.

At the end of 2017, the Company had settled and used HK\$14.281 billion, of which approximately HK\$5.04 billion was used for the development of institutional finance, approximately HK\$5.04 billion for personal finance, approximately HK\$2.52 billion for investment management and approximately HK\$1.681 billion for replenishment of our working capital. The remaining proceeds of HK\$2.520 billion will continue to be used for the purposes set out in the section “Future Plans and Use of Proceeds” in the prospectus for the global offering of H Shares.

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2. Convertible Bonds

The Company publicly issued 70,000,000 Convertible Bonds with a par value of RMB100 each on 7 July 2017. The total proceeds amounted to RMB7,000,000,000, and the net proceeds amounted to RMB6,914,435,000 after deducting the issuance expenses. The proceeds of the Company will be used to replenish working capital and for investment projects including credit trading business, trading and investment business, retail and institutional business, investment banking business and asset management business. At the end of 2017, all the proceeds from the Convertible Bonds had been used and the balance of the special account for the proceeds was nil.

V. ANALYSIS OF MAIN HOLDING COMPANIES

1. Guotai Junan Financial Holdings

Guotai Junan Financial Holdings primarily conducts brokerage, corporate finance, asset management, loans and financing as well as financial products, market making and investments businesses in Hong Kong through Guotai Junan International and its subsidiaries.

The paid-up capital of Guotai Junan Financial Holdings is HK\$31.98 million and the Company holds 100% of its equity interests.

As of 31 December 2017, the total assets of Guotai Junan Financial Holdings was RMB63.397 billion with net assets of RMB8.441 billion; in 2017, its operating revenue was RMB2.196 billion and its net profit was RMB962 million.

2. Guotai Junan Asset Management

Guotai Junan Asset Management is principally engaged in securities asset management business.

The registered capital of Guotai Junan Asset Management is RMB2 billion and the Company holds 100% of its equity interests.

As of 31 December 2017, the total assets of Guotai Junan Asset Management was RMB7.499 billion with net assets of RMB4.448 billion; in 2017, its operating revenue was RMB1.710 billion and its net profit was RMB702 million.

3. Guotai Junan Futures

Guotai Junan Futures is principally engaged in commodity futures brokerage, financial futures brokerage, futures investment consulting and investment management.

The registered capital of Guotai Junan Futures is RMB1.2 billion and the Company holds 100% of its equity interests.

As of 31 December 2017, the total assets of Guotai Junan Futures was RMB18.250 billion with net assets of RMB2.593 billion; in 2017, its operating revenue was RMB1.188 billion and its net profit was RMB337 million.

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4. Guotai Junan Innovation Investment

Guotai Junan Innovation Investment is principally engaged in conducting equity investments in the domestic enterprises and providing financial advisory services of direct investment to clients.

The registered capital of Guotai Junan Innovation Investment was RMB4.9 billion and the Company holds 100% of its equity interests.

As of 31 December 2017, the total assets of Guotai Junan Innovation Investment was RMB6.939 billion with net assets of RMB5.836 billion; in 2017, its operating revenue was RMB870 million and its net profit was RMB628 million.

5. Shanghai Securities

Shanghai Securities is principally engaged in securities brokerage; securities investment consultation; financial advisory relating to securities trading and securities investment; securities (exclusive of stocks and corporate bonds issued by listed companies) underwriting; securities proprietary trading; securities asset management; agency sale of securities investment fund; intermediary business for futures companies; margin financing and securities lending; agency sale of financial products.

The registered capital of Shanghai Securities is RMB2.61 billion and the Company holds 51% of its equity interests.

As of 31 December 2017, the total assets of Shanghai Securities was RMB32.808 billion with net assets of RMB9.996 billion; in 2017, its operating revenue was RMB1.410 billion and its net profit was RMB482 million.

6. GTJA Allianz Funds

GTJA Allianz Funds is principally engaged in fund management business, fund formation and other business approved and permitted by relevant government authorities of China.

The registered capital of GTJA Allianz Funds is RMB150 million and the Company holds 51% of its equity interests.

As of 31 December 2017, the total assets of GTJA Allianz Funds was RMB771 million with net assets of RMB500 million; in 2017, its operating revenue was RMB279 million and its net profit was RMB38 million.

7. HuaAn Funds

HuaAn Funds is principally engaged in fund establishment, management of fund business and other businesses approved by CSRC.

The registered capital of HuaAn Funds is RMB150 million and the Company holds 20% in its equity interests.

As of 31 December 2017, the total assets of HuaAn Funds was RMB3.232 billion with net assets of RMB2.336 billion; in 2017, its operating revenue was RMB1.713 billion and its net profit was RMB407 million. (all data was unaudited).

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VI. ESTABLISHMENT AND DISPOSAL OF BRANCHES (SUBSIDIARIES, BRANCH OFFICES, BUSINESS BRANCHES AND SPECIAL PURPOSE VEHICLES), DISPOSAL, ACQUISITION, SWAP AND DIVESTMENT OF MAJOR ASSETS AND THE EFFECTS OF THESE ACTIVITIES ON THE RESULTS OF THE COMPANY

During the Reporting Period, the Group established 1 branch office, 48 new securities branches and 2 futures branches, relocated 4 branch offices, 42 securities branches and 5 futures branches in the same cities and deregistered 2 securities branches in China. (Please see the bellow table. Please see Appendix IV for the particulars of the establishment and disposal of domestic branches). The establishment of branches is beneficial for the Group to optimize its network layout and improve the customer service ability of the Company.

General information about the establishment and disposal of the Group's domestic branches

	Newly established Branch offices	Relocated branch offices	Newly established securities/ futures branches	Relocated securities/ futures branches	Deregistered securities/ futures branches
The Company	—	4	40	35	2
Shanghai Securities	1	—	8	7	—
Guotai Junan					
Futures	—	—	—	5	—
Hicend Futures	—	—	2	—	—

VII. THE SITUATION OF STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

As of 31 December 2017, the Group consolidated 30 structured entities, which include asset management schemes and partnerships. For those asset management schemes where the Group is involved as a manager and partnerships where the Group is involved as general partner or investment manager, the Group considered that it has control rights over some asset management schemes and partnerships and incorporated them into the consolidated category after comprehensively taking into account various factors such as the investment decision rights they owned and their exposures to the variable returns. As at 31 December 2017, the impacts of the above structured entities which were incorporated into the consolidated category on the Group's consolidated total assets, consolidated operating income and consolidated net profit were RMB3.182 billion, RMB582 million and RMB381 million, respectively.

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VIII. PRINCIPAL FINANCING CHANNEL, STRUCTURE OF LONG AND SHORT TERM LIABILITIES, MEASURES TAKEN AND MANAGEMENT POLICIES ADOPTED TO MAINTAIN LIQUIDITY, FINANCING ABILITY, CONTINGENT MATTERS AND THEIR EFFECTS ON FINANCIAL CONDITIONS

In the PRC, the Company mainly uses financing products such as interbank borrowings, debt securities repurchase, short-term financing bills, corporate bonds, subordinated bonds, structured notes, convertible bonds, new issuance and placing to conduct short-term financing and medium to long-term financing through various venues including exchanges and interbank and over-the-counter markets according to relevant policies and regulations and market environment and its own needs. The Company may also obtain foreign funds through placing, convertible bonds, rights issue and issuance of medium-term notes, etc., thereby supporting the Company's overseas business development.

In order to maintain the liquidity and yield rate of its assets, the Company has established a liquidity reserve pool system as well as mechanisms relating to the management and operation of proprietary funds and liquidity, whereby the Company has established explicit responsibility division and authorization mechanism for the departments involved therein and improved the professionalism of liquidity management and operation. The Company has established and improved its financing strategies by continuously improving the diversity and stability of its source of funding, thus effectively maintaining its overall liquidity condition at a relatively safe level. In respect of liquidity operation, the Company always maintains short-term financing channels, such as relatively stable interbank borrowing and repurchase, in domestic exchanges and interbank markets and continuously exploits new trading methods and counterparties.

In order to maintain a balance between liquidity and profitability, the Company holds a certain number of fixed income products. Changes in interest rates will have a direct impact on the interest income from the cash held by the Company, the market price of the bond investment and the investment income. Meanwhile, equity investments of the Company are also impacted indirectly by changes in interest rates. In addition, since the Company has subsidiaries which are incorporated outside Mainland China, the Company contributes capital with foreign currency; As the Company has foreign currency-denominated capital and assets and has raised funds through the issuance of bonds denominated in foreign currencies by its overseas subsidiaries, changes in exchange rates and overseas market interest rate levels will have certain impacts on the financial conditions of the Company. The Company fine-tunes the structures of its different classes of assets in a timely manner and utilizes corresponding hedging tools to mitigate the risks and the impacts of the aforesaid factors.

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IX. DISCUSSION AND ANALYSIS OF THE COMPANY ABOUT THE COMPANY'S FUTURE DEVELOPMENT

(I) Industrial landscape and trend

☒ Applicable ☐ Not applicable

The PRC securities industry is still in the historic period which offers opportunities for rapid development. In the long run, the development of the capital market, the reform and opening-up of the financial system and regulatory transformation shall provide the industry with broad development room. The securities industry will show a development trend of diversified businesses, differentiated developments, international competition, technology-based operations and standardized regulation.

1. Development of the capital market will further diversify the services and products of securities companies

Development of the PRC economy and growth in direct financing have diversified the need of clients in the securities market. Increased participation of institutional investors has driven the demand for professional research and comprehensive services, while growing wealth of retail investors has driven the demand for diversified asset allocations. Evolving regulations have also facilitated innovations of financial products, thereby expanding the business scope of securities companies. Going forward, PRC securities companies will continue to focus on client demand as they promote new innovative businesses, expand the scope and depth of businesses and services, consolidate their businesses, products, channels and supporting services, and transform themselves into integrated financial service providers covering complete business chains, industrial chains and service chains.

2. Differentiated competition will provide more growth potential for large securities companies

In recent years, the PRC capital market has demonstrated differentiated competition and concentration of capital and profit in large securities companies. Benefiting from their market positions, capitals and economies of scale, large securities companies with comprehensive strength and strong innovation capabilities will accelerate their growth across all markets and business areas, further enhance their overall competitiveness and achieve development in scale and comprehensiveness. By contrast, small and medium securities companies will concentrate their resources and form competitive edges in certain market segments or regional markets to achieve growth, thereby forming a differentiated and multi-tiered competitive landscape with large integrated securities companies.

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3. Liberalization of PRC capital markets will enable securities companies to accelerate their globalization

The internationalization of Renminbi and PRC capital markets will drive the rapid and comprehensive internationalization process of the PRC securities industry. Under the “One Belt and One Road” strategy, more PRC enterprises are conducting equity and debt financing overseas as well as seeking overseas financing and M&A opportunities. Domestic investors also require cross-border asset allocation. These have provided abundant business opportunities for PRC securities companies to “go global”. PRC securities companies will further develop their international businesses by utilizing both domestic and overseas resources to realize synergy and growth.

4. Advanced technology will drive securities companies to upgrade their business as well as operation and management models

Advanced IT has transformed PRC securities companies' businesses from the traditional fee-based models to diversified models focusing on professional services, client relations and Internet-based services. A growing number of securities companies are bringing their offline operations online to streamline their businesses, lower service costs and improve operational efficiency. Furthermore, the Internet-based operating models enable securities companies to collect large amounts of client data to analyze and understand client needs, improve client satisfaction and loyalty and acquire new clients. With financial innovation as breakthrough, securities companies will provide investors with tailored products and services and strive to improve the investment returns for clients.

5. Disciplined regulations will prompt securities companies to enhance corporate governance

Since its launch in 2007, the CSRC's classified regulation regime helped to enhance the risk management capabilities of PRC securities companies. In recent years, under the guidance of the principle of strict and rigorous supervision according to the law, the regulatory agencies issued a number of policies that regulate business operations, enhanced investor confidence in the PRC capital market and stabilizing market expectations, and optimized the industry landscape. In the long run, such policies will be beneficial for promoting steady and orderly business innovation. With more disciplined regulations, the risk management and compliance level of PRC securities companies will continue to be enhanced, and will become one of the key competitive strengths of leading PRC securities companies.

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(II) Development strategies of the Company

√ Applicable □ Not applicable

1. Opportunities and challenges for development

In terms of external environment, the securities industry is still in the period of strategic opportunities for leapfrog development whereby the large-scale, comprehensive and international development trend in the industry provides large securities firms with scarce development opportunities. In terms of internal conditions, the Group is in the best development period in history. The formation of the "Guotai Junan Consensus", the implementation of strategic plans, the successful listing of H Share and A Share Convertible Bonds, the optimization of the operational mechanism have created conditions for the further development of the Group. However, increasingly sophisticated economic situations both at home and abroad, increased uncertainties in the capital market and intensive competition in the securities industry have brought many challenges to the future development of the Group.

2. The Company's industrial advantages and shortcomings

The Group's industrial advantages mainly include: deeply rooted culture of risk management and excellence; across-the-board leader in the PRC capital market; pioneer of technology and innovation in the PRC securities industry. (Please refer to "III. Analysis of Core Competitiveness during the Reporting Period" under "Section III Summary of Businesses of the Company" in this report for details)

In the process of future development, the Group will still need to further consolidate its overall leading advantages, improve its comprehensive operation capabilities, optimize the management mechanism at group level and gradually narrow the gap between itself and leading financial institutions.

3. Development strategies

With the mission of "creating value through providing financial services", the Group will strive to realize the development vision of "becoming an integrated financial services provider rooted in China with global coverage and significant influence". According to the Group's Three-year Development Strategy Plan from 2016 to 2018, the Group's phased objective for this planning period is to develop the Group into "an integrated financial services provider with an across-the-board leading position in China and international competitiveness".

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4. New businesses to be conducted

In 2018, the Group will continue to promote the innovation transformation, put efforts in the growth of businesses including FICC and equity derivative, private equity investment and alternative investment, wealth management and fintech, steadily push forward the cross border business, continuously consolidate our competitive strengths in the innovative business field, and further enhance our integrated financial service ability.

(III) The operation plan

√ Applicable ☐ Not applicable

1. Progress of development strategies and operation plans disclosed previously during the Reporting Period

After fully implementing its strategic plan in 2017, the Group made significant progress in the following aspects: (1) the Group maintained healthy financial conditions and achieved better operating results. Upon successful completion of the initial public offering of H shares and the issuance and listing of A Share Convertible Bonds, the Company further enhanced its capital strength and ranked top in the industry in terms of operating results; (2) there was comprehensive business growth with the competitiveness of all principal business being improved steadily. The building of a retail, corporate and institution customer service system was accelerated remarkably, and the customer service ability was improved continuously; and (3) the group operation mechanism was further streamlined, the building of the compliance and risk management system was implemented thoroughly, and the middle and back office system played critical back seat roles.

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2. The operation plan and goals for next year and the strategies and actions adopted for achieving the goals

In 2018, the Group will make progress resolutely while ensuring stability, strive for excellence by being customer-oriented, and focus on strengthening its works in the following aspects: (1) implement matrix management, optimize the long-term incentive and restraint mechanism, enhance intra-group cooperation ability and cross-border business capability; (2) further enhancing its financial technology capabilities and achieve the digital operation of the Group; (3) improve retail customer system and corporate and institution customer system, rebuild the management system of financial products, and enhance comprehensive service capability; (4) promote business growth from buyers perspective such as private equity investment, focus on key industries, allocate premium assets and realize interaction among buyers and sellers in accordance with laws and regulation; and (5) improve lean management.

3. Fund requirements for maintaining existing businesses and completing investment projects in progress

During the reporting period, the Company successfully completed the issuance and listing of H-shares and Convertible Bonds, further improved an asset and liability and liquidity management system which is in line with both the company's strategic and regulatory requirements and conducive to business development. Its capital strength has been significantly improved and ensured the continuous development of various businesses. The Company will further enrich the sources of financing, broaden the financing channels for all types of equity and debt, strengthen the management of capital, liabilities and interbank business, improve the company's financing capacity, optimize the structure of assets and liabilities, reduce financing costs, and meet business development needs.

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(IV) Possible risk exposure

√ Applicable □ Not applicable

1. Overview

During the Reporting Period, the Company cultivated a healthy risk culture, followed the concept of "We believe that risk management creates value and future development relies on compliant operations", continually established comprehensive risk management system, improved risk management system, optimized risk management organization structure, explored risk management models and methods, built up risk management information system, and enhanced the professional level of risk management, in order to ensure the long-term and healthy development of the Company.

2. Risk management structure

The Company has established a four-level risk management system consisting of the Board (including risk control committee) and Supervisory Committee, operation management (including risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries.

1) The Board (including risk control committee) and Supervisory Committee

The Board is the highest decision-making body in our risk management structure, ultimately responsible for the overall risk management of the Company. The Board is responsible for promoting the construction of risk culture; reviewing and approving the fundamental risk management policies of the Company; reviewing and approving the Company's risk appetite, risk tolerance and major risk limits; reviewing periodic risk assessment report; appointment, dismissal and assessment of the chief risk officer, determining his/her remuneration; establishing a mechanism for communicating with the chief risk officer directly. The Board has established a risk control committee, which is responsible for reviewing the overall objectives and fundamental policies of risk management; reviewing the establishment and the duties of the risk management divisions; assessing the risks associated with significant business decisions and the solutions to address significant risks which are to be reviewed by the Board; reviewing various risk assessment reports; reviewing the effectiveness of the Company and its subsidiaries' risk management and internal control systems at least once a year in accordance with the instruction of the Board and making a report to Shareholders in Corporate Governance Report declaring that relevant review has been completed.

The Supervisory Committee is responsible for supervising comprehensive risk management of the Company, supervising and reviewing the performance of the risk management and rectification of defect.

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- 2) Operation management (including risk management committee and assets and liabilities management committee)

Our operation management takes the major responsibility of the comprehensive risk management of the Company; is responsible for organizing and implementing the publicity and dissemination of risk culture; establishes risk management system and makes timely adjustment; establishes a healthy operation management structure for the Company's comprehensive risk management and clarifies the duty division of comprehensive risk management among risk management functions, business departments and other departments; establishes the specific execution plans of risk appetite, risk tolerance and major risk limits, and ensures the effective implementation of the plans; monitors its progress, analyzes its reasons in a timely manner and handles it according to the authorizations granted by the Board; periodically assesses the overall risk of the Company and various types of important risk management conditions, resolves problems that are found in risk management and reports to the Board; establishes a performance assessment system for all staff that covers effectiveness of risk management; establishes a complete IT system and data quality control mechanism.

A risk management committee is set at the operation level of the Company, conducting overall management for the Company's operational risks, and reviewing and making decisions on major issues of risk management and performing following duties: reviewing arrangements and important systems for compliance risk control mechanism of the Company and its subsidiaries, making decisions or submitting to relevant decision-making bodies for consideration; reviewing the Company's basic policies for risk management, annual risk appetite, self-funded business scale, and maximum risk limits, reviewing the Company's semi-annual and annual compliance management, risk management reports, and annual internal control evaluation reports and submitting to the board of directors and the risk control committee of the Company for approval; within the scope of the board of directors' authorization, considering and determining various investment and financing business scales, risk limits allocation plans, and important risk control indicators and its major adjustments of the Company; considering and making decisions for new authorization of the Company's operations and management and authorization adjustments; reviewing and deciding the Company's annual economic capital allocation plan and adjustments; reviewing the Company's annual economic capital implementation report; reviewing the Company's major innovative business risks, compliance assessment report, making decisions and grant authorization; reviewing the company business matters that have major disputes in the risk assessment and risk control mechanism arrangement; considering the election of the first-line compliance risk control director, and the recommendation and appointment the risk control compliance director of the subsidiary; judging and identifying prospectively on regulatory situation and the risk situation, making decision for compliance risk control response; considering and deciding the disposal options for the Company's major risk issues; considering other matters of significant risk management in business activities.

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The member of risk management committee included President, Chief Risk Officer, Chief Compliance Officer, Chief Financial Officer, the head of first risk management department, the head of second risk management department, the head of the planning and finance department, the head of the compliance department, the head of strategic Management, the head of the audit department and the head of legal department.

3) Risk management departments

Our risk management departments include those which are specifically responsible for risk management, such as the first risk management department, the second risk management department, the compliance department, the legal department, the audit department and execution body of risk management committee, as well as departments that perform other risk management duties, such as the planning and finance department, the IT department, the operation center and the Board office.

Our first risk management department manages the market risks, credit risks, operational risks and liquidity risks of the Company, and performs specific risk management responsibilities; Our second risk management department is responsible for the risk review and assessment of the Company's securities issuance business in the primary market; our compliance department is a department specialized in compliance management, which, under the lead of chief compliance officer, effectively identifies, assesses and prevents compliance risks of the Company; our legal department is a department that identifies, evaluates, notifies, monitors and reports the legal risks of the Company and effectively prevents legal risks and protects the Company from legal penalties, significant financial losses and damages to reputation; our audit department is responsible for independent and objective inspection, supervision, evaluation of and recommendations on the compliance and reasonableness of business, management, finance and other operations, on the security and profitability of assets, and on the comprehensiveness and effectiveness of internal controls among the Company's various departments, branches and controlled subsidiaries; The executive authority of risk management committee is responsible for the affairs of the risk management committee, including supervising the implementation of the risk management committee's resolutions, and undertaking the special risk management functions assigned by the Company. our planning and finance department is responsible for the Company's budget planning, financial management, accounting, net capital management, liquidity management and liquidity risk management; our IT department is the management and operation body of the Company's IT, and is responsible for the planning, construction, operation and management of the Company's IT system, establishing and implementing IT-related system, assessing and controlling the Company's IT risks, and also responsible for the management of IT personals in branches; our operation center is the daily operation management department of the Company and is responsible for the centralized clearing, settlement, auditing, third-party depository operation and capital management of the Company's various businesses, and takes the responsibility of relevant risk management and control; our Board office is responsible for the management of the Company's reputation risk.

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4) Other business departments and branches

The key responsible persons of each of our business lines, subsidiaries and branches are the persons who are primarily responsible for risk control of each business units. In order to enhance the frontline risk responsibility consciousness, strengthen front end risk control, identify and prevent risk timely and effectively, the Company continuously strengthens the risk control function of each specialized management committees, business departments and branches, and enhances business frontline risk control, therefore enhancing the risk management mechanism and consciousness of frontline departments and enabling them to communicate with specialized risk management departments actively and timely for risk issues of major operation matters, so that the Company can take more active and effective overall response measures, effectively improve the overall risk management level and adapt to the risk management requirement for business development.

3. Risk management system

The Company established a 4-level risk management system based on its business characteristics and level of operational risks and has been constantly perfecting it. The system includes: measures on comprehensive risk management; various risk management measures based on different risks such as market risk, credit risk, operational risk and liquidity risk; risk management system on various business and products and the practical business operation protocol. The Company amended Measures on Comprehensive Risk Management on Board level, amended Measures on Risk Appetite Management, and formulated and amended Measures on Market Risk Management, Measures on Credit Risk Management, Measures on Operational Risk Management, Measures on Liquidity Risk Management on the Company level according to types of risks, and the Company also formulated specific working rules of risk management for each department and business.

4. Risk appetite system

Risk appetite is the nature and level of risks that the Company chose to assume in order to achieve established expected earning goals, and is the basic attitude of the Company's highest decision-making level about the balance between risk and income after analyzing various risk factors exposed to the Company, which includes what kind of risks and how many risks that the Company is willing to take and by what methods.

The Company sorts out the expectation and requirement of respective interested parties (including Shareholders, regulatory authorities, rating agencies, board and senior management), sets specific goals based on the six core aspects (including development strategies, operation performance, capital strength, liquidity, compliance and external rating) and forms the Company's risk appetite system. On the basis of a complete overall risk appetite setting, the Company describes the risk boundaries of different dimensions such as overall risk and major risks through quantized risk tolerance indicators. Subject to risk appetite and risk tolerance, the Company sets limits on key risk indicators and conducts risk monitor and control based on those limits.

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5. Measures against various risks

1) Market risks

Market risks are those that may cause loss to the Company due to unfavorable changes of market prices, which includes but not limited to the prices of equity, interest rates, commodity prices and exchange rates. The businesses of the Company that involve market risks mainly includes the transactions of equity securities and their derivatives, the transactions of fixed-income securities and their derivatives, foreign exchange transactions, precious metal contract transactions, commodity derivatives transactions and other proprietary investment businesses.

The Company implements boundary management for market risks and conducts business activities involving market risks on the premise that risks are measurable, controllable and bearable. The boundaries on market risks include the business scale limits, risk limits and various risk indicator limits.

The Company selects appropriate and general accepted measure methods according to different types of market risks, measures market risks based on reasonable assumptions and parameters, and continuously monitors the effectiveness of the models through methods such as return test. The Company establishes a stress test mechanism and conducts stress test on market risks timely according to its business development and changes of market, in order to assess the tolerance for risk and guide the determination and adjustment of market risk limits. The Company conducts daily monitoring for market risk limits using its risk management system and other related systems to monitor the operation of its businesses. We report relevant results of market risk monitoring and management conditions regularly or irregularly, and conduct specialized analysis on risk matters, in order to provide basic information and basis for risk management decisions of the management at relevant levels.

2) Credit risks

Credit risks are those that may cause a loss to the Company due to failures to perform their obligations stipulated in relevant contracts by securities issuers, counterparties and debtors or the changes of market value of the debts caused by the changes of credit rating or contract performance capacity. The Company's current credit risks mainly concentrate on the bond investment business, securities derivatives transactions, margin financing and securities lending business, securities repurchase business, and stock-pledged financing transaction businesses.

The Company implements access management for credit risks. Before conducting relevant businesses including credit risks, clients' credits will be rated. If the rating result is within the accessible credit rating, the credit may be granted and business may be carried out. Before the application for rating clients' credit and granting credit, each business department shall conduct due diligence, be diligent and responsible and obtain true information of clients. As for clients whose credit rates satisfy access conditions, the credit line shall be determined according to the particulars of clients.

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The Company mitigates credit risk through methods such as deposits, qualified collaterals and netting settlements. Each business department sets detailed access standards and discount rates for collaterals according to the characteristics of their specific business. Access standards and discount rates will be reviewed regularly. When there is a significant change of market or policies or there is a significant credit event related to the relevant entity applying for the credit, the access standards and discount rates shall be reviewed randomly. For collaterals other than cash, the Company conducts marking to market management and assesses collaterals' value periodically.

The Company analyzes credit risk factors of each business, identifies the credit risks for the business and conducts credit risks assessment. The Company uses analysis methods such as centralization, probability of default, default loss rate, credit exposure and collateral coverage rate as credit risk measures. The Company sets reasonable credit risk stress scenarios, conducts stress tests regularly and irregularly, analyzes the results of stress test and takes corresponding measures.

3) Liquidity risks

Liquidity risks are those we might face when we are not able to obtain sufficient funds in time at reasonable costs to repay debts that are due, fulfil other payment obligations and satisfy the funding requirements for ordinary business operation.

The Company mainly adopts the risk indicators analysis method to assess its overall liquidity risks, i.e., the Company assesses and measures its overall liquidity risk condition by analyzing key indicators such as the liquidity coverage rate, net stable funding ratio, liquidity gap ratio, liquidity ratio as well as asset and liability concentration. The Company establishes a liquidity risk limit system, conducts limit management on liquidity risks and monitors and reports the implementation of limits.

The Company conducts situational and modeled gap analysis by using cash flow analysis. Future cash flow that may be generated in the Company's business on and off-balance sheet will be credited to cash inflow and cash outflow for the specific periods respectively. The period mismatch net amount of cash flow will be calculated accordingly in order to check the mismatch of cash flow.

The Company explores and maintains financing channels, continuously keeps an eye on the risk conditions of significant capital providers, monitors the conditions of significant capital providers' transactions with the Company and sets a trigger rate for their financing concentration and measures shall be taken when their financing concentration reaches the trigger rate. The Company concerns the changes of capital markets, assesses the ability and cost of supplementing its liquidity by issuing stocks, bonds and other financing instruments and mitigates its period mismatch by supplementing its middle-to-long term liquidity.

Section IV Directors' Report

The Company establishes and continuously improves the contingency plan for liquidity risks, which includes taking measures such as transferring, decentralizing and reducing risks exposure to reduce the level of liquidity risks. The Company also establishes emergency response or standby systems, procedures and measures for natural disasters, system failures and other emergencies so as to reduce losses and reputation damages that the Company may suffer. The contingency plan will be checked and tested regularly and emergency response arrangements will be continually updated and improved.

4) Operational risks

Operational risks are the possibility of losses caused by the failures of internal systems and procedures, improper employee behaviors, IT risks and the influence of external events.

The Company establishes the self-evaluating procedure of operational risk and control. Each department and branch actively identifies operational risks in their internal system procedures, employee behaviors and IT systems to ensure that the operational risks in existing and new businesses and management are adequately assessed. The Company has also compiled a risk management manual that will guide the daily operational risk management. The Company systematically gathers and organizes the information of the events of operational risk and lost data, establishes key operational risk indicative system and monitors its process, and prepares periodical reports. In terms of significant operational risk events, it will provide specific valuation reports to ensure that management and the chief risk management officer could fully understand the operational risk situation of the Company in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

(V) Others

☒ Applicable ☐ Not applicable

1. Business innovation during the reporting period

The Group has remarkable innovation ability and is one of the pioneers in industry innovation. During the reporting period, the Group actively promotes the development of fintech, FICC and asset custody to consolidate the leading advantages in these innovation fields. In terms of financial technology, the Group strived to build intelligent APP. At the end of the period, the number of mobile phone terminal users exceeded 22 million, an increase of 83.33% compared with the end of the previous year. The coverage rate ranked third in the industry, and the monthly activity ranked second in the industry; In terms of FICC business, the Company became one of the first companies to obtain the Bond Connect market-maker qualification and is permitted to conduct cross border pilot business and RMB interest rate return swap settlement agent business. The comprehensive financial transaction business system with FICC as the core is basically established. In terms of asset management and custody, the scale of its asset custodian and outsourcing business was RMB755.0 billion, ranking the second in the industry. During the reporting period, the innovation business contributed 39.68% to our revenue.

Section IV Directors' Report

2. Risk control for business innovation

- (1) The Company has included business innovation in its comprehensive risk management system. Based on the development and risk profile of innovative business, the Company has established complete decision-making mechanism, management model and organization structure catering for the business and formulated relevant compliance and risk management policies for the business to standardize the risk management for the business during the entire process. The sustainable and healthy development of each innovative business on the premise of building the capability to monitor, control and bear risks was ensured through risk assessment and determination, inspection before launch and continuous management for innovative business. Before the launch of innovative business, risk management department of the Company conducted compliance verification, identification and assessment, measurement analysis, and directed business department to improve internal control mechanism in relation to policies and procedures.
- (2) The Company has established multi-level risk control and warning mechanism for innovative business and designed various risk control indicators and risk limits for each level based on the risk profile of the business, which enabled dynamic track to the risks of innovative business. In the course of innovative business, the specific compliance and risk controller of business department was responsible for marking to the market and Risk Management Department I conducted independent monitoring to prompt risk warning in case of abnormal risk control indicators and take corresponding risk control measures based on the level of the risk warning, therefore ensure the risk level of innovative business at any time was within the tolerance of the Company.
- (3) The Company has established the policy of regular report and significant risk event report for innovative business to issue regular risk information report for the business, ensuring that all the staff and senior management involved in innovative business were informed of all necessary business, risk and management information on a timely basis. When the operation of innovative business was impacted by reason of external market turmoil, internal management and technical system failure, which may result in significant loss to the interest or reputation of the Company, the responsible department or the internal control department that identified the risk shall immediately report to the business leader, the chief risk officer and the risk management department for the implementation of existing contingency plan or proposing new response plan based on the actual situation by the decision makers.
- (4) The Company conducted special review on the conduction of innovative business on a regular basis to improve the internal control and risk response capacity of the business. Such special review covered important steps of innovative business and management. Each of the related departments studies and analyzed the conduction and internal control mechanism of innovative business based on the findings of special review, improved the management policies, operation process and corresponding control mechanism, and completed the contingency plan for innovative business, ensuring the stable and healthy development of innovative business.

Section IV Directors' Report

3. The establishment of dynamic risk control indicators monitoring and capital replenishment mechanism, risk control indicators that do not meet the required standards, rectification measures and rectification effect during the Reporting Period.

- (1) The establishment of dynamic risk control indicators monitoring mechanism of the Company
 - a) In order to establish and improve the dynamic monitoring of the Company's risk control indicators and capital replenishment mechanism, strengthen risk monitoring and carry out various businesses under measurable, controllable and sustainable risks, according to the Administrative Measures for the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) issued by the CSRC, the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Securities Companies (《證券公司風險控制指標動態監控系統指引》) issued by the SAC and other relevant regulations, the Company has formulated the Administrative Measures for the Net Capital and Liquidity Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司淨資本和流動性風險控制指標管理辦法》) and the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司風險控制指標動態監控系統工作指引》) and other internal systems.
 - b) In accordance with regulatory requirements, the Company has established a dynamic monitoring system of risk control indicators to achieve dynamic monitoring and automatic warning of risk control indicators. The dynamic monitoring system of the Company can cover various business data that affect the net capital and liquidity risk control indicators and dynamically calculate various risk control indicators including net capital and liquidity; carry out dynamic monitoring based on the characteristics of each business, and automatically warn the risk control indicators such as net capital and liquidity according to the preset thresholds and monitoring standards; generate dynamic monitoring reports on risk control indicators such as net capital and liquidity.
 - c) The Company shall monitor various risk control indicators such as net capital and liquidity in accordance with the relevant provisions of the CSRC, prepare supervision reports on risk control indicators, and make classified warning and follow-up reports on risk information in a timely manner; all relevant departments of the Company shall carry out their work within the scope of their responsibilities, provide relevant information with good quality on a timely basis, and make regular follow-up control and analysis on relevant indicators of the system.

Section IV Directors' Report

(2) Non-compliance and rectification measures

- a) When the Company's net capital or other risk control indicators reach the warning level prescribed by the CSRC or fail to meet the stipulated requirement, the Company shall file a written report to the relevant local office of the CSRC within three working days and one working day, respectively, to explain the basic situation, the cause of the problem and the specific measures and deadline to solve the problem.
- b) As at the end of December 2017, each risk control indicator of the Company met the required standards.

X. THE SITUATION IN WHICH THE COMPANY FAILED TO DISCLOSE INFORMATION DUE TO NON-APPLICABILITY OF STANDARDS OR SPECIAL REASONS SUCH AS STATE SECRETS AND TRADE SECRETS AND REASONS THEREFOR

☐ Applicable ☒ Not applicable

Section V Significant Events

I. PROPOSAL FOR PROFIT DISTRIBUTION OF ORDINARY SHARES OR TRANSFER OF CAPITAL RESERVE FUND INTO CAPITAL

(1) Formulation and implementation of or adjustment to the cash dividend policy

☒ Applicable ☐ Not applicable

According to the Articles of Association, the Company has explicitly formulated the profit distribution policy, including the cash dividend policy which states that “The Company actively adopts a positive, sustainable and stable profit appropriation policy, which emphasizes a reasonable investment return for investors. The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. The Company shall give priority to distribute dividends in cash provided that the conditions for cash distribution are satisfied. When implementing the cash dividend distribution, the Company shall consider the internal and external factors, directors’ opinions and Shareholders’ expectations. Under the preconditions that Company has no major investment plan or there is no significant cash expenditure, as well as the net profits realized by the Company in current year and the accumulated undistributed profits at end of current year are positive, the Board shall distribute annual or interim profits by cash as long as it does not affect the normal operation of the Company. The Company shall distribute cash dividends (including interim and final dividends) in an amount equal to at least 15% of the annual distributable profits (net of gains from fair value changes and so on according to relevant requirements) in any year. In distributing profits by means of shares, the Company should take into account the operation position and share capital scale and adequately consider factors such as growth, dilution to net assets per share and so on.

The Board shall take various factors into account, including its industry features, development as well as whether it has any substantial capital expenditure arrangement, to propose a differentiated policy for distributing cash dividend. Unless otherwise stipulated in the Articles of Association, the profit distributed in cash each time shall not be less than 20% of the actual profit distributed.

If the Company decides not to make cash dividend or decides to make cash dividend at a ratio lower than the prescribed one in special circumstances, the Company shall implement the relevant decision-making procedures and make disclosure according to the applicable laws, administrative regulations, departmental rules and the provisions of the stock exchange at the listing place”.

The Company’s profit distribution proposal for 2017 is: Based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to the holders of A Shares and H Shares whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB4 (tax inclusive) for every 10 Shares. As the Convertible Bonds issued by the Company in July 2017 have entered into share conversion period from 8 January 2018, currently the Company is unable to determine in the total share capital of the Company as at the record date of dividend distribution for holders of A Shares. Based on the Company’s total share capital of 8,713,933,800 Shares as of 31 December 2017, the total amount of cash dividend distributable will be RMB3,485,573,520, representing 35.27% of the net profit attributable to owners of the parent company under the consolidated financial statements for 2017. The Company’s profit distribution proposal for 2017 has been reviewed and passed by the seventh meeting of the fifth session of Board. It still needs to be reviewed at the Company’s general meeting.

Section V Significant Events

The aforesaid profit distribution proposal of the Company is compliant and transparent and complies with the articles of the Articles of Associations and approval procedures and sets out definite criteria and proportions of dividends. Independent Directors have expressed their independent opinions that the decision-making procedures and mechanism are complete and the proposal fully protects minority investors' interests.

(II) Dividend distribution plan or proposal and plan or proposal on transfer of capital reserve fund into capital for ordinary shares of the Company for the last three years (including the Reporting Period)

Unit: Yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (RMB) (inclusive of tax)	Number of increased shares for every 10 shares (share)	Amount of cash dividends (inclusive of tax)	Net profit attributable to shareholders of ordinary shares of the listed company in the consolidated financial statements for the year of distribution	Percentage of net profit attributable to shareholders of ordinary shares of the listed company in the consolidated financial statements (%)
2017 (Note)	0	4.0	0	3,485,573,520	9,881,544,722	35.27
2016	0	3.9	0	2,973,750,000	9,841,416,726	30.22
2015	0	6.2	0	4,727,500,000	15,700,291,010	30.11

Note: As the Convertible Bonds issued by the Company in July 2017 have entered into share conversion period from 8 January 2018, currently the Company is unable to determine in the total share capital of the Company as at the record date of dividend distribution for holders of A Shares. Based on the Company's total share capital of 8,713,933,800 Shares as of 31 December 2017, the total amount of cash dividend distributable will be RMB3,485,573,520, representing 35.27% of the net profit attributable to owners of the parent company under the consolidated financial statements for 2017.

(III) Repurchase of shares under cash offer included in cash dividend

☐ Applicable ☒ Not applicable

(IV) If the Company records profits and the parent company records positive retained profits for distribution to ordinary shareholders during the Reporting Period but there is no proposal for cash profit distribution for ordinary shares, the Company shall disclose the reasons and the usage of the retained profits and the usage plan in detail

☐ Applicable ☒ Not applicable

Section V Significant Events

II. THE PERFORMANCE OF UNDERTAKINGS

(1) The undertakings of the Company's de facto controllers, Shareholders, related parties, buyers and the Company and other related parties during the Reporting Period or that continued to be valid during the Reporting Period

√ Applicable □ Not applicable

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
Undertakings related to initial public offering	Shanghai State-owned Assets Operation Co., Ltd.	Restriction on selling shares	The undertaking of restriction on shareholdings and trading	36 months after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of avoiding the competition with Guotai Junan in the same industry	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which no longer being the Company's controlling shareholder (Note 1)	Yes	Yes	—	—
		Other	The undertaking in relation to the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of stabilizing share price within 3 years from the listing of Guotai Junan	Within 3 years after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Restriction on selling shares	A lock-up period of 12 months from the listing date of the H Shares of Guotai Junan in respect of the H Shares acquired by it in the Global Offering	12 months after the listing date of the H Shares of Guotai Junan	Yes	Yes	—	—

Section V Significant Events

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
	Shanghai International Group Co., Ltd.	Restriction on selling shares	The undertaking of restriction on shareholdings and trading	36 months after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of avoiding the competition with Guotai Junan in the same industry	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which no longer being the Company's de facto controller (Note 1)	Yes	Yes	—	—
		Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of avoiding the competition with Guotai Junan in the same industry (Non-Competition Arrangement)	From the listing date of the H Shares of Guotai Junan to the date on which no longer being the Guotai Junan's controlling shareholder (Note 2)	Yes	Yes	—	—
	Shenzhen Investment Holdings Co., Ltd.	Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Restriction on selling shares	A lock-up period of 12 months from the listing date of the H Shares of Guotai Junan in respect of the H Shares acquired by it in the Global Offering	12 months after the listing date of the H Shares of Guotai Junan	Yes	Yes	—	—

Section V Significant Events

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
	Shanghai Sitico Assets Management Co., Ltd.	Restriction on selling shares	The undertaking of restriction on shareholdings and trading	36 months after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
	Shanghai International Group Asset Management Co., Ltd.	Restriction on selling shares	The undertaking of restriction on shareholdings and trading	36 months after the listing date the of A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
	Shanghai International Group Asset Operation Co., Ltd.	Restriction on selling shares	The undertaking of restriction on shareholdings and trading	36 months after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—

Section V Significant Events

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
	Shanghai Municipal Investment (Group) Corporation	Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
	Shanghai SMI Assets (Group) Co., Ltd.	Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
	Cornerstone investors of the H Shares of the Company (note 3)	Restriction on selling shares	Without the prior written consent of the Guotai Junan, the Joint Representatives and the Joint Sponsors, it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the listing date, dispose of any of the shares subscribed for by it under the relevant cornerstone investment agreement and any shares or other securities of the Guotai Junan derived therefrom or any legal or beneficial interest in the relevant shares, or enter into any transactions, directly or indirectly, with the same economic effect as any transaction for such disposal of relevant shares or interest, or agree or contract to, or publicly announce any intention to enter into, any transaction for such disposal of the relevant shares or interest or any transactions with the same economic effect	6 months after the listing date of the H Shares of Guotai Junan	Yes	Yes	—	—

Section V Significant Events

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
	The Company	Other	The undertaking of stabilizing share price within 3 years from the listing of Guotai Junan	Within 3 years after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of repurchasing shares and indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—
		To resolve the competition in the same industry	The undertaking of eliminating the competition with Shanghai Securities and Haiji Securities in the same industry	Within 5 years after the date on which Guotai Junan controlled Shanghai Securities	Yes	Yes	—	—
	Directors and senior management	Other	The undertaking of stabilizing share price within 3 years from the listing of Guotai Junan	Within 3 years after the listing date of the A Shares of Guotai Junan	Yes	Yes	—	—
		Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—
	Supervisors	Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—

Note 1: The controlling shareholder and the de facto controller as referred to herein are as defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

Note 2: The controlling shareholder as referred to herein is as defined under the Hong Kong Listing Rules in force from time to time.

Note 3: The cornerstone investors of the H Shares of the Company include Diamond Acquisition Co SARL, Da Cheng International Asset Management (acting as the investment manager of the National Council for Social Security Fund), BOCOM International Global Investment Limited, Winland Foundation Limited, ICBC Private Banking Global Investment Fund Series SICAV-SIF-ICBCI Absolute Return Fund and Tokai Tokyo Securities Co., Ltd.

(II) The Company's explanation on whether the earnings estimate on assets or projects was met and its reasons in the situation that earnings in the Company's assets or projects is estimated when the Reporting Period is still within in the earnings estimate period

☐ Met ☐ Unmet ☒ Not applicable

Section V Significant Events

III. EMBEZZLEMENT OF FUNDS AND REPAYMENT OF DEBTS DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

IV. EXPLANATIONS OF THE COMPANY ON “NON-STANDARD OPINION AUDIT REPORT” OF ACCOUNTING FIRM

☐ Applicable ☒ Not applicable

V. ANALYSIS AND EXPLANATION OF THE COMPANY ON CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

(I) Analysis and explanation of the Company on causes and effects of changes in accounting policies and accounting estimates

☒ Applicable ☐ Not applicable

In 2017, the Ministry of Finance has promulgated/amended the following Accounting Standards for Business Enterprises: “Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument”, “Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets”, “Accounting Standard for Business Enterprises No. 24 – Hedge Accounting” and “Accounting Standard for Business Enterprises No. 37 – Presentation and Reporting of Financial Instrument” (collectively referred to as the New Financial Instrument Standards), and “Accounting Standard for Business Enterprises No. 14 – Revenue”.

Changes in accounting policies due to adoption of the newly issued or amended Accounting Standards for Business Enterprises were approved by the Board on 29 March 2018.

1. Financial instrument related standards The New Financial Instrument Standards have introduced new accounting requirements for the classification and measurement, impairment and hedging of financial instruments: financial assets shall be classified on the basis of the “business model” within which they are held and their “contractual cash flow characteristics of financial assets” into three classes, namely, “financial assets measured at amortized cost”, “financial assets measured at fair value through other comprehensive income” and “financial assets measured at fair value through profit or loss”; the financial assets impairment accounting shall change from the “approach of loss occurred” to the “approach of expected losses”; the judgment principle of financial assets transfer and its accounting treatment should be further clarified; in respect of hedge accounting, the scope of qualified hedged items and hedging instrument shall be enlarged, and the quantitative standard for test of effectiveness and the requirement for retrospective test shall be abolished; the disclosure requirements for financial instrument shall be adjusted accordingly.

Section V Significant Events

As a company listed on both domestic and overseas stock markets, the Company has applied the above standards from 1 January 2018. The Company has changed its accounting policies from the first quarter of 2018, and conversion of the standards shall affect the retained earnings and other comprehensive income at the beginning of 2018 without restating the data in comparable period of 2017.

2. Revenue standard The revenue standard has incorporated the current revenue and construction contract standards into a unified revenue recognition model; to replace the risk-and-reward approach with the transfer-of-control approach as the criteria for the time of revenue recognition; to provide a more prescriptive guidance including the accounting treatment of contract concerning multiple trading arrangements; and expressly formulates the revenue recognition and measurement of certain specific transactions (or matters).

As a company listed on both domestic and overseas stock markets, the Company has applied the above standard from 1 January 2018. According to the provisions for the transitional period, companies that first apply this standard shall, based on the cumulative effect of initially applying this standard, adjust the opening balance of retained earnings and the amount of other relevant items in financial statements of the period, and shall not adjust the information of the comparative period. The implementation of this standard will not result in material change in the Company's revenue recognition, and will not have any significant impact on financial statements.

(II) Analysis and explanation of the Company on causes and effects of corrections of significant accounting errors

☐ Applicable ☒ Not applicable

(III) Communications with former accounting firm

☐ Applicable ☒ Not applicable

(IV) Other explanations

☐ Applicable ☒ Not applicable

Section V Significant Events

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: ten thousand yuan Currency: RMB

	Currently accounting firm
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP
Remuneration of the domestic accounting firm	255
Term of audit services provided by the domestic accounting firm	6
Name of the foreign accounting firm	Ernst & Young
Remuneration of the foreign accounting firm	210
Term of audit services provided by the foreign accounting firm	1

	Name	Remuneration
Accounting firm engaged for internal control audit	Ernst & Young Hua Ming LLP	40
Sponsor	Essence Securities Co., Ltd.	N/A

Explanations on appointment and dismissal of accounting firms

☒ Applicable ☐ Not applicable

On 13 March 2017, pursuant to the resolution at the 2016 Annual General Meeting of the Company, the Company re-appointed Ernst & Young Hua Ming LLP as the external auditor of the Company for 2017, responsible for its statutory audit in accordance with the Accounting Standards for Business Enterprise and internal control audit. The Company appointed Ernst & Young (an accounting firm registered in Hong Kong) as the external auditor of the Company for 2017, responsible for the relevant audit and review services in accordance with the International Financial Reporting Standards. The remuneration of the external auditor for the relevant audit and review services for the Group (subsidiaries included) amounted to RMB10.97 million.

Explanation on change of accounting firm during the audit period

☐ Applicable ☒ Not applicable

VII. RISK OF SUSPENSION OF LISTING

(I) Reasons for suspension of listing

☐ Applicable ☒ Not applicable

(II) Measures to be taken by the Company

☐ Applicable ☒ Not applicable

Section V Significant Events

VIII. RISK OF DELISTING AND REASONS

☐ Applicable ☒ Not applicable

IX. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

☐ Applicable ☒ Not applicable

X. MATERIAL LITIGATION AND ARBITRATION

☐ The Company had material litigations and arbitrations during the year

☒ The Company had no material litigation and arbitration during the year

XI. PENALTIES AND RECTIFICATIONS OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND ACQUIRERS

☒ Applicable ☐ Not applicable

1. The Company was ordered by administrative regulatory measures to make rectifications, to increase the frequency of internal compliance inspections and to submit the compliance inspection report for its non-compliant behaviors on its NEEQ listing business

The Company has the following non-compliance behaviors:

Firstly, the Company failed to conduct a sufficient examination of its key business processes and the inventories of Hebei Runnong Water-Saving Technology Co., Ltd. (河北潤農節水科技股份有限公司) when recommending its listing on the NEEQ, and the internal audit department of the Company lacked independence when performing its duties.

Secondly, during the on-going supervision of Shenxianyuan Ginseng Co., Ltd. (參仙源參業股份有限公司) (a company listed on NEEQ), the Company failed to complete and submit the on-site inspection report of on-going supervision (《持續督導現場檢查工作報告》) within the specified period after the enterprise was investigated.

Thirdly, the Company failed to conduct a sufficient examination of its key business processes as well as the status of the purchases and sales of Xinjiang Ruizhao Source Ecological Agriculture Co., Ltd. (新疆瑞兆源生態農業股份有限公司) when recommending its listing on the NEEQ.

Section V Significant Events

On 16 January 2017, the CSRC issued the “Decisions on Adoption of the Measures of Ordering Guotai Junan Securities Co., Ltd. to Make Rectifications, to Increase the Frequency of Internal Compliance Inspections and to Submit the Compliance Inspection Report” (《關於對國泰君安證券股份有限公司採取責令整改、增加內部合規檢查次數並提交合規檢查報告措施的決定》) to the Company, and ordered the Company to make rectifications, to increase the frequency of internal compliance inspections and to submit the compliance inspection report. The rectifications should be completed within one month after the date of formal decision.

The Company has adopted the following rectification measures in respect of the above issues:

The Company has adjusted the departmental structure and put the risk management team responsible for the risk review and assessment of the NEEQ business; improved the NEEQ business system and strengthened the examination of its key business processes; conducted additional site inspections for the above projects; and organized the relevant personnel of the NEEQ business to conduct a self-review and self-rectification.

2. The Yanchang West Road Branch of Shanghai Securities received a warning letter from Shanghai Bureau of the CSRC due to the improper business conduct of employees

On 24 July 2017, the Yanchang West Road Branch of Shanghai Securities received a warning letter from Shanghai Bureau of the CSRC due to the improper business conduct of employees.

Shanghai Securities has adopted the following rectification measures in respect of the above issues: increasing on the qualification management of practitioners, increasing the compliance inspections and internal audits of securities branches and holding relevant responsible persons accountable.

3. Self-discipline measures were imposed on the Company by the SAC for not fully performing its duties as an entrusted manager

On 9 August 2017, the SAC took cautionary self-discipline management measures against the Company because the Company did not fully perform its duties as an entrusted manager for 11 projects including Qiannan Autonomous Prefecture Investment Co., Ltd., Changzhou Hi-tech Group Co., Ltd and Jingrui Properties (Group) Co. Ltd..

The Company has adopted the following rectification measures in respect of the above issues:

strengthening the development of internal control systems and internal control rules for the investment banking business; enhancing the monitoring of raised fund management and usage; making greater efforts with on-going supervision; strengthening the sharing of business experience within the Company and conducting self-inspection and rectification of common problems relating to on-going supervision.

Section V Significant Events

4. Administrative regulatory measures were imposed on Guotai Junan Futures by Shanghai Bureau of the CSRC ordering it to make rectifications due to the abnormal trading operation MAC address of individual asset management schemes

On 16 October 2017, Guotai Junan Futures received the implementation decision on administrative regulatory measures ordering it to make rectifications from Shanghai Bureau of the CSRC as a result of the abnormal trading operation MAC address of individual asset management schemes.

Guotai Junan Futures has adopted the following rectification measures in respect of the above issues: improving the order placement approach of the asset management scheme, standardizing the assignment and setup of system permission, amending system processes, improving internal control management and holding relevant responsible persons accountable to compliance matters.

5. The Xuzhou Heping Road Securities Branch of the Company received the administrative penalty decision from The People's Bank of China Xuzhou Central Sub-branch

On 30 November 2017, the Xuzhou Heping Road Securities Branch of the Company received the administrative penalty decision from the People's Bank of China Xuzhou Central Sub-branch (Xu Yin Fa Zi [2017] No. 13). The People's Bank of China Xuzhou Central Sub-branch imposed a fine of RMB240,000 on the Xuzhou Heping Road Securities Branch for not performing the obligation of checking customer identification according to requirements. In view of the penalty, the Xuzhou Heping Road Securities Branch has made comprehensive rectifications of the problems found in the inspection upon request of The People's Bank of China Xuzhou Central Sub-branch. Such rectifications have been completed.

6. The Longyan Hualian Road Securities Branch of the Company received the administrative penalty decision from The People's Bank of China Longyan Central Sub-branch

On 11 December 2017, the Longyan Hualian Road Securities Branch of the Company received the administrative penalty decision from the People's Bank of China Longyan Central Sub-branch (Yan Yin Fa Zi [2017] No. 5). The People's Bank of China Longyan Central Sub-branch imposed a fine of RMB240,000 on the Longyan Hualian Road Securities Branch for not performing the obligation of checking customer identification according to requirements. In view of the penalty, the Longyan Hualian Road Securities Branch has made comprehensive rectifications of the problems found in the inspection upon request of The People's Bank of China Longyan Central Sub-branch. Such rectifications have been completed.

Section V Significant Events

XII. THE CREDIT STATUS OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

During the Reporting Period, there was no failure to implement the effective judgment of a court or failure to meet the repayment schedules of a debt with a relatively large amount by the Company, Shanghai SA (controlling shareholder of the Company) or International Group (de facto controller of the Company).

XIII. THE EQUITY INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER EMPLOYEE INCENTIVES OF THE COMPANY AND THE IMPACT THEREOF

(I) Relevant equity incentives that have been published in temporary announcements and have no developments or changes in subsequent implementation

☒ Applicable ☐ Not applicable

Description of the matter

On 10 July 2015, the Company issued the announcement in relation to the proposed employee share scheme, which sets out “The Company will actively promote the employee share scheme according to relevant requirements, implement the scheme after performing relevant review and approval procedures, and improve the incentive restriction mechanism that is beneficial for the long-term, stable and healthy development of the Company.”

Inquiry index

Announcement (Lin 2015-005)

(II) Incentives not disclosed in ad hoc announcements or with subsequent progress

Equity incentives

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

Details of employee share scheme

☐ Applicable ☒ Not applicable

Other incentives

☐ Applicable ☒ Not applicable

Section V Significant Events

(III) The share option scheme of Guotai Junan International

On 19 June 2010, Guotai Junan International, a subsidiary of the Company, adopted a share option scheme, with a term of 10 years from the date of adoption. No more than 164,000,000 shares can be issued in aggregate pursuant to the share option scheme. As of 31 December 2017, Guotai Junan International granted 104,500,000 options in total under the Share Option Scheme (Please refer to relevant announcements of Guotai Junan International).

XIV. MATERIAL RELATED PARTY TRANSACTIONS/NON-EXEMPT CONNECTED TRANSACTIONS

(I) Related party transactions/non-exempt continuing connected transactions relating to day-to-day operations

1. Matters disclosed in ad hoc announcements without subsequent progress or change
☐ Applicable ☒ Not applicable
2. Matters disclosed in ad hoc announcements with subsequent progress or change
☒ Applicable ☐ Not applicable

(1) Continuing connected transactions under the Hong Kong Listing Rules

The Group conducts connected transactions based on the principles of equity, openness and fairness in strict accordance with the Hong Kong Listing Rules, the Policy on Information Disclosure Management and the Policy on Management of Related Party Transactions, and the connected transaction agreements are entered into at market prices based on the principles of equality, voluntariness, equivalence and compensation.

Section V Significant Events

The Group mainly conducts continuing connected transactions with International Group and its associates. International Group directly and indirectly holds a total of 32.73% interest in the share capital of the Company. Therefore, International Group and its associates are connected persons of the Company under the Hong Kong Listing Rules. In addition, since Shanghai Securities, a 51%-owned subsidiary of the Company, is controlled directly and indirectly as to 49% in aggregate (excluding interest held through the Company) by International Group, Shanghai Securities is an associate of International Group and a connected subsidiary of the Company.

According to the relevant requirements, the Company, in accordance with the nature of its transactions, categorizes them into two major categories, namely securities and financial product transactions and financial services based on its analysis of the types and basic contents of its current and future possible ongoing related party transactions with International Group and its associates. With approval of the 8th extraordinary meeting of the 5th session of the Board, the Company and International Group signed the Framework Agreement for Securities and Financial Products and Services. Both parties agreed on the substance of continuing connected transactions for 2017 to 2019 and set the annual caps for the respective transactions.

During the Reporting Period, the Company's continuing connected transactions were implemented according to relevant framework agreements signed by the Company and International Group and the pricing principles for relevant transactions were strictly followed. The transaction amount and the transaction content did not exceed the scope of such agreements. The 2017 annual cap and specific implementation are set out below:

Section V Significant Events

Unit: million Yuan Currency: RMB

Subject matter	Transaction cap for 2017	Actual transaction amount for 2017
Securities and financial products transactions		
Inflow		
Products with fixed income features	3,262.60	951.37
Other products and financing transactions	24.10	—
Outflow		
Products with fixed income features	4,942.40	2,169.09
Other products and financing transactions	20.60	—
Financial services		
Income	36.88	32.39
Expenses	58.71	0.67

The independent auditors of the Company have performed audit procedures on the above-mentioned continuing connected transactions and issued a letter to the Board stating that:

- (1) nothing has come to their attention that may cause them to believe that the continuing connected transactions disclosed have not been approved by the Board;
- (2) in respect of the continuing connected transactions which involve the products and services by the Group, nothing has come to their attention that may cause them to believe that these transactions are not, in all material respects, in accordance with the pricing policy of the Group;

Section V Significant Events

- (3) nothing has come to their attention that may cause them to believe that these transactions are not entered into, in all material respects, in accordance with the relevant agreements governing these transactions;
- (4) with respect to the total amounts for such continuing connected transactions, nothing has come to their attention that may cause them to believe the continuing connected transactions disclosed have exceeded the annual transaction caps set by the Company.

According to Chapter 14A of the Hong Kong Listing Rules, certain related party transactions/connected transactions in notes to the financial statements also constitute continuing connected transactions. The Company's disclosure of these connected transactions has been in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and confirmed that:

- (1) the above-mentioned continuing connected transactions are conducted in the ordinary course of business of the Company;
- (2) the above-mentioned continuing connected transactions are entered into on normal commercial terms or better terms; and
- (3) the above-mentioned continuing connected transactions are conducted according to the agreements on terms which were fair and reasonable and in the interests of the Shareholders as a whole.

(2) Day-to-day related party transactions under the Rules Governing the Listing of Stock on the Shanghai Stock Exchange

The Group conducts related party transactions in strict accordance with the the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange , the Policy on Information Disclosure Management and the Policy on Management of Related Party Transactions. The Group's related party transactions are conducted based on the principles of equity, openness and fairness, and the related party transactions agreements are entered into at market prices based on the principles of equality, voluntariness, equivalence and compensation.

During the Reporting Period, the Company's day-to-day related party transactions were implemented according to the Resolution Relating to the Estimation of Day-to-day Related Party Transactions of the Company in 2017, which was considered and approved at the 2016 Annual General Meeting of the Company.

The disclosure of related-party transactions set forth in this section is based on the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and may differ from the amount of related transactions in the notes to the financial statements (prepared according to the Accounting Standards for Business Enterprise).

Section V Significant Events

1) Major related party transactions relating to day-to-day operations

① Fees and commissions received from related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Closing balance	Opening balance
Shanghai SA	Revenue from the securities brokerage business	20,462	639
Shenzhen Energy Group Co., Ltd.	Revenue from the securities brokerage business	13,241	—
HuaAn Funds	Trading unit seats rental	5,255	51,242
CIFM	Trading unit seats rental	2,673	33,499
SPD Bank	Revenue from entrusted assets management business	26,570	33,962

Note: According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, HuaAn Funds ceased to be a related party of the Company from May 2017. Therefore, the transactions from January to April 2017 were taken as related transaction statistics. CIFM ceased to be a related party of the Company from April 2017. Therefore, the transactions from January to March 2017 were taken as related transaction statistics.

② Interest received from related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Closing balance	Opening balance
SPD Bank	Interests from deposit in financial institutions	326,686	242,955

③ Interests paid to related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Closing balance	Opening balance
Shanghai Rural Commercial Bank	Interests on financial assets sold under repurchase agreements	12,470	14,212
SPD Bank	Bond interests	18,000	45,500

Section V Significant Events

2) Balances with related parties

① Balances of deposits in related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Closing balance	Opening balance
SPD Bank	2,951,986	9,408,384
Shanghai Rural Commercial Bank	2,517	213,146

② Balances of receivables

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Closing balance	Opening balance
HuaAn Funds	Trading unit seats rental	N/A	11,727
CIFM	Trading unit seats rental	N/A	7,678

Note: According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, HuaAn Funds ceased to be a related party of the Company from May 2017. CIFM ceased to be a related party of the Company from April 2017.

③ Closing balances of funds, asset management schemes, trust schemes or wealth management products issued by related parties held by the Group

Unit: thousand yuan Currency: RMB

Names of related parties	Closing balance	Opening balance
Shanghai Trust	N/A	476,673
HuaAn Funds	N/A	601,754
CIFM	N/A	310,030

Note: According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Shanghai Trust ceased to be a related party of the Company from April 2017. HuaAn Funds ceased to be a related party of the Company from May 2017. CIFM ceased to be a related party of the Company from April 2017.

Section V Significant Events

④ Closing balances of collective asset management schemes or funds issued by the Company held by related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Closing balance	Opening balance
Shanghai Trust	N/A	674,822
Guotai Junan Leasing (Shanghai) Co., Ltd.	5,523	16,772
Shanghai SA	—	54,155
SPD Bank	—	26,000

Note: According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Shanghai Trust ceased to be a related party of the Company from April 2017.

⑤ Balances of the bonds issued by the Company held by related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Closing balance	Opening balance
SPD Bank	500,000	1,000,000

Section V Significant Events

3. Matters not disclosed in ad hoc announcements

☐ Applicable ☒ Not applicable

(II) Related party transactions relating to asset or share acquisition or disposal

1. Matters disclosed in ad hoc announcements without subsequent progress or change

☐ Applicable ☒ Not applicable

2. Matters disclosed in ad hoc announcements with subsequent progress or change

☐ Applicable ☒ Not applicable

3. Matters not disclosed in ad hoc announcements

☐ Applicable ☒ Not applicable

4. If performance covenant is involved, the fulfilment of the business performance undertaking during the Reporting Period shall be disclosed

☐ Applicable ☒ Not applicable

(III) Significant related party transactions relating to joint external investments

1. Matters disclosed in ad hoc announcements without subsequent progress or change

☐ Applicable ☒ Not applicable

Section V Significant Events

2. Matters disclosed in ad hoc announcements with subsequent progress or change

√ Applicable □ Not applicable

In order to fully capitalize on the significant growth potential, investment and business opportunities of technology and innovation enterprises, and further improve its ability in fund operation, the Company held the sixth meeting of the fifth session of the Board on 30 October 2017, at which the Resolution on Review of the Company's Investment in Shanghai Kechuang Center Equity Investment Fund (《關於提請審議公司投資參與上海科創母基金的議案》) was considered and passed and the Company was approved to invest RMB1 billion in the joint establishment of Kechuang Parent Fund (Phase 1) with International Group, which is the controlling shareholder of the Company, and other parties. The total capital commitment of all the partners of the fund was RMB6,520 million. The capital contribution by each of the Company, International Group, Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) and Shanghai International Port (Group) Co., Ltd. (上海國際港務(集團)股份有限公司) was RMB1 billion. The capital contribution by Shangxin Asset Management Limited (上信資產管理有限公司) was RMB2 billion. The capital contribution by Shanghai Zhangjiang Hi-Tech Park Development Company Limited (上海張江高科技園區開發股份有限公司) was RMB500 million. As the manager, Kechuang Fund Management contributed RMB20 million.

Kechuang Fund Management was jointly established by International Group, Shanghai Trust, the Company, Shanghai Guosheng (Group) Co., Ltd. and Shanghai International Port (Group) Co., Ltd. and Shanghai Zhangjiang Hi-Tech Park Development Company Limited with a total capital contribution of RMB100 million. International Group and the Company contributed RMB31.5 million and RMB13 million, accounting for 31.5% and 13% of the equity interest in Kechuang Fund Management, respectively.

The Company signed relevant investment agreements on 22 November 2017 and contributed RMB300 million to Kechuang Parent Fund (Phase 1) in December 2017. International Group directly and indirectly holds 32.73% of the Shares. Both of International Group and Kechuang Fund Management are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transactions in connection with our participation in the fund constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to relevant announcements dated 30 October 2017 and 22 November 2017 posted on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section V Significant Events

3. Matters not disclosed in ad hoc announcements

☐ Applicable ☒ Not applicable

(IV) Debts due to/from related parties

1. Matters disclosed in ad hoc announcements without subsequent progress or change

☐ Applicable ☒ Not applicable

2. Matters disclosed in ad hoc announcements with subsequent progress or change

☐ Applicable ☒ Not applicable

3. Matters not disclosed in ad hoc announcements

☐ Applicable ☒ Not applicable

(V) Others

☐ Applicable ☒ Not applicable

XV. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

(I) Custody, contracting and leasing

1. Custody

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☐ Applicable ☒ Not applicable

Section V Significant Events

(II) Guarantees

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Guarantees of the Company and its subsidiaries for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	—
Balance of the total amount of the guarantees for subsidiaries at the end of the Reporting Period (B)	3,469,048
Total amount of guarantees of the Company (including guarantees for subsidiaries)	
Total amount of guarantees (A+B)	3,469,048
Total amount of guarantees as a percentage of the net assets of the Company (%)	2.82%
Including:	
The amount of guarantees offered to the Shareholders, de facto controller and their related parties (C)	—
The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D)	—
The amount of guarantees in excess of 50% of net assets (E)	—
The sum of the three items above (C+D+E)	—
Remark on the joint settlement responsibilities in relation to premature guarantees	

Section V Significant Events

Remark on the guarantees

In May 2014, Guotai Junan Financial Holding Limited (BVI Co.), a subsidiary of the Company, issued five-year term credit enhancement bonds with an amount of USD500 million overseas. Bank of China Sydney Branch provided a standby letter of credit guarantee for the repayment of these bonds. The Company issued a letter of counter guarantee on 19 May 2014 to the Bank of China Sydney Branch in respect of the issuance of the above standby letter of credit guarantee. The amount of the counter guarantee covers the principal, interests and other relevant expenses of the first phase of the above overseas bonds proposed to be issued. The guarantee is a joint liability guarantee, which will expire at the end of six months from the expiration date of the repayments of the above debts. Based on the exchange rate prevailing on 31 December 2017, the total amount of the guarantee is RMB3,469,048 thousand.

Section V Significant Events

(III) Other material contracts

√ Applicable □ Not applicable

1. According to relevant rules of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Group did not enter into any material contract during the Reporting Period.
2. The developments of material contracts disclosed in the Prospectus about the Initial Public Offering of A Shares during the Reporting Period are as follows:
 - (1) According to a resolution at the 10th extraordinary meeting of the 4th session of the board of Directors, the Company invests in the office building project of Huangpu Riverside (黃浦濱江), and the investment amount is expected to not exceed RMB1.18 billion. On 16 October 2013, the Company signed the Framework Agreement for Transfer of the Fuxing Land (《復興地塊項目轉讓框架協議》) with Shanghai Bund Riverside Development Company Ltd. (上海外灘濱江綜合開發有限公司) (hereinafter referred to as “Bund Riverside”). Pursuant to this agreement, Bund Riverside intends to acquire the land through land auction. The land is located at the Huangpu District, Shanghai City and is used for commercial and office purposes, with a site area of 35,862 m². Bund Riverside will construct six office buildings on the site and transfer one of the buildings (with a gross floor area of approximately 14,000 m²) to the Company. The transfer price covered the land costs, construction costs, respective amortization charges and the project management fees paid to Bund Riverside. On 12 December 2013, Bund Riverside signed the Land Use Rights Grant Contract of State-owned Land with the Planning and Land Administration Bureau of Huangpu District (上海市黃浦區規劃和土地管理局). As of the end of the Reporting Period, the Company had paid RMB572,268,300.
 - (2) On 12 March 2014, Guoxiang Properties signed the Contract for Construction the Pile Foundation and Surrounding Buildings Protection Works for New Elements of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司辦公樓新建項目樁基及周邊建築物保護工程施工合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for the construction of the pile foundation and ancillary works of new elements of the office building of Guotai Junan. The project is situated at Lot 49, Jing'an District, Shanghai City, with a total contract value of RMB65,500,900 and final accounting amount of RMB69,270,200. As at the end of the Reporting Period, the Company had paid RMB65,806,700.
 - (3) On 18 November 2014, Guoxiang Properties signed the Main Contract on Construction of the Main Body of the New Project of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司辦公樓新建項目主體工程施工總承包合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for constructing the main body of the new project of the office building of Guotai Junan. The project is located at Lot 49, Jingan District, Shanghai City, with a total contract value of RMB335,882,500. As of the end of the Reporting Period, the Company has paid RMB218,420,800.

Section V Significant Events

XVI. OTHER SIGNIFICANT EVENTS

√ Applicable □ Not applicable

1. Changes in qualifications for each individual business during the Reporting Period

Please refer to “Business Qualifications for Each Individual Business of the Company” in Section II “Company Profile and Key Financial Indicators” of this annual report.

2. Public transfer of 51% equity interest in GTJA Allianz Funds for Sale

In order to optimize the asset management business structure, on 9 January 2017, the Company offered its 51% equity interest in GTJA Allianz Funds for transfer on the Shanghai United Assets and Equity Exchange. Pacific Asset Management Co., Ltd. became the transferee of such stake at a price of RMB1,045 million and has already paid the full amount. On 28 March 2018, the CSRC issued a Written Reply on Approving the Change of Equity Interest in GTJA Allianz Funds (Zheng Jian Xu Ke No. [2018] 557) which approved the company to transfer 51% equity interest to Pacific Asset Management Co., Ltd.

3. Acquisition of 20% Equity Interest in HuaAn Funds

On 9 April 2014, Guotai Junan Innovation Investment, our wholly owned subsidiary, was granted a 20% equity interest in HuaAn Funds on the Shanghai United Assets and Equity Exchange and entered into the Equity Purchase Agreement with Shanghai Electric Group Corp. (上海電氣(集團)總公司) (as the transferor). On 12 October 2017, the CSRC issued a Written Reply on Approving the Change of Equity Interest in HuaAn Funds Management Co., Ltd. (Zheng Jian Xu Ke No. [2017]1809) which approved Shanghai Electric Group Corp. to transfer its 20% equity interest in HuaAn Funds to Guotai Junan Innovation Investment. On 18 December 2017, the change of relevant business registration for such transfer was completed.

4. Establishment of Guotai Junan Zhengyu

Pursuant to the Resolution on Review of Establishing Alternative Investment Subsidiaries considered and approved at the 11th extraordinary meeting of the Fifth Session of the Board of Directors and the resolution on amending the Articles of Association and its appendix considered and approved at the first extraordinary general meeting of the Company, in February 2018, the Company established Guotai Junan Zhengyu (國泰君安證裕). Guotai Junan Zhengyu is a wholly-owned subsidiary of the Company with a registered capital of RMB1 billion. Its business scope includes equity investment, financial product investment, and businesses as stipulated in the management norms of alternative investment subsidiaries of securities companies.

Section V Significant Events

5. Other matters related to subsidiaries

(1) Issuance of bonds by Shanghai Securities

Pursuant to the Letter of the SSE on No Objection to the offer of the Non-public Issuance of the Short-term Bonds of Shanghai Securities Co., Ltd. for Transfer (《關於對上海證券有限責任公司非公開發行短期公司債券掛牌轉讓無異議的函》) (Shang Zheng Han [2017] No. 101), Shanghai Securities was approved to issue short-term corporate bonds with par value not exceeding RMB5.7 billion. In March and September 2017, Shanghai Securities completed the issuance of two tranches of short-term corporate bonds with a total amount of RMB3 billion.

Pursuant to the Letter of the SSE on No Objection to the offer of the Non-public Issuance of the Subordinated Bonds of Shanghai Securities Co., Ltd. for Transfer (《關於對上海證券有限責任公司非公開發行次級債券掛牌轉讓無異議的函》) (Shang Zheng Han [2017] No. 264), Shanghai Securities was approved to issue subordinated bonds with par value not exceeding RMB2 billion. In May and August 2017, Shanghai Securities completed the issuance of two tranches of subordinated bonds with a total amount of RMB2 billion.

Pursuant to the Letter of the SSE on No Objection to the offer of the Non-public Issuance of the Subordinated Bonds of Shanghai Securities Co., Ltd. for Transfer (《關於對上海證券有限責任公司非公開發行次級債券掛牌轉讓無異議的函》) (Shang Zheng Han [2017] No. 1108), Shanghai Securities was approved to issue the subordinated bonds with par value not exceeding RMB4 billion. In November 2017, Shanghai Securities issued the first tranche of the subordinated bonds with an amount of RMB2 billion.

(2) Issuance of subordinated bonds with par value of RMB1 billion by Guotai Junan Asset Management

According to the Letter of No Objection to the offer of the Non-public Issuance of the Subordinated Bonds of Guotai Junan Securities Asset Management Co., Ltd. for Transfer (《關於對上海國泰君安證券資產管理有限公司非公開發行次級債券掛牌轉讓無異議的函》) (Shang Zheng Han [2017] No. 397) issued by the Shanghai Stock Exchange, Guotai Junan Asset Management was approved to issue the subordinated bonds with par value not exceeding RMB2 billion. In May 2017, Guotai Junan Asset Management issued the first tranche of the subordinated bonds with an amount of RMB1 billion.

(3) Capital increase of RMB1.2 billion by the Company to Guotai Junan Asset Management

According to the Resolution on Review of the Capital Increase to Guotai Junan Securities Asset Management Co., Ltd. (《關於提請審議對上海國泰君安證券資產管理有限公司增資的議案》) passed at the 10th extraordinary meeting of the 5th session of the board of Directors, the Company contributed RMB1.2 billion to Guotai Junan Asset Management in July 2017. After the capital increase, the registered capital of Guotai Junan Asset Management increased from RMB0.8 billion to RMB2 billion.

Section V Significant Events

(4) Issuance of MTN by Guotai Junan International

In 2017, Guotai Junan International issued MTN with a total amount of HKD 1.276 billion, terms from 3 months to 1 year, 0.133 billion matured and was paid in 2017.

(5) Placing of shares by Guotai Junan International

In January 2018, Guotai Junan International had raised HK\$1.995 billion with net proceeds of approximately HK\$1.987 billion by placing 700,000,000 existing shares (representing approximately 9.99% of its issued share capital) at HK\$2.85 per share.

6. Issuance of corporate bonds

Pursuant to the permission of the CSRC (Zhengjian Xu Ke[2018] No. 329), the company was approved to issue corporate bonds to qualified investors with par value not exceeding RMB13.6 billion. In March 2018, the company issued the first tranche of the corporate bonds with an amount of RMB 4.3 billion.

7. Contract of significance

During the reporting period, the Company did not have any contracts of significance between its subsidiaries and the Company or a controlling shareholder nor did it have any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix 16 to the Hong Kong Listing Rules).

8. Management contracts

During the Reporting Period, no contracts were entered into and subsisted (other than the service contracts with Directors, Supervisors or the full-time staff of the Company), and pursuant to which, the management and administration of the whole or substantial parts of the business of the Company were undertaken by individuals or entities.

9. Permitted indemnity provision

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, the Supervisors and the senior management.

Section V Significant Events

XVII. ACTIVE FULFILLMENT OF ITS SOCIAL RESPONSIBILITIES

(I) Poverty alleviation activities of the Company

√ Applicable ☐ Not applicable

1. Targeted poverty alleviation plans

Focusing on the “One company, one county” targeted poverty alleviation initiative, the Company has established a special work team and entered into comprehensive strategic cooperation agreements with the national-level poverty-stricken counties, Ji’an County of Jiangxi Province, Puge County of Sichuan Province and Qianshan County of Anhui Province. The Company and the counties will jointly establish the long-term effective work mechanisms for targeted helping and supporting, and motivate the positive effect of capital markets on poverty alleviation. Taking into consideration the needs of the real economy, the Company focuses on the capital market services for industrial help and support, to expand their financing channels, improve their financing efficiency, promote the transformation of the enterprises and assist them in financial innovation. The Company is also committed to improving the talent quality, improving the education environment, caring for the growth of students and helping disadvantaged people with the talent, education and public welfare support.

At the same time, the Company continues to perform the public poverty alleviation works that it has done in the past, such as rural “Support in Pairs”, “Learning and Teaching Support” in poorer areas and financial assistance to poorer college students, implementing the common culture of the Company, making sure that poverty alleviation is practicable and making contributions to poverty alleviation.

2. Overview of the targeted poverty alleviation activities during the year

The Company has entered into comprehensive cooperation agreements in respect of industrial support, education support, financial advisory, talent support and public welfare support with Ji’an County of Jiangxi Province, Puge County of Sichuan Province and Qianshan County of Anhui Province. Various departments and certain branches of the Company have conducted several site inspection surveys to understand the local economy developments and the actual needs of industry financing and education support. The Company will formulate support plans based on the actual situations and determine the support targets.

The Company has initiated various special targeted poverty alleviation activities, including matching the assistance provider with poverty-stricken families and poorer students that have been recorded for poverty registration, recruiting volunteers within the Company, promoting the “Be Together” program to care for children in care and the “Angel Education” program. The Company has also purchased Guotai Junan customized insurance for more than 110,000 teachers and students in the three poverty-stricken counties to improve their healthcare standards, and invited and arranged for the staff from the departments and the enterprises in the counties to come to Shanghai to attend training and lectures on financial knowledge.

Section V Significant Events

The Company has supported Fengxian District, Shanghai City as a partnership over five consecutive years, to provide support and assistance to poorer families, the elderly and students, actively supported the learning and education of the poor people. The Company has also continuously provided teaching assistance for poorer students in four universities in Shanghai and 11 universities in Shenzhen and Chongqing, and has provided materials and fund assistance for students and teachers in the three Guotai Junan Hope Primary Schools in Gansu, Jiangxi and Yunnan.

3. Achievement of targeted poverty alleviation activities of the Company

Unit: RMB'0,000

Indicators	Number and implementation information of the Company	
I. Overview		2,870.28
Including: 1.Fund		2,847.28
2.Materials trade		23
3.Number of people assisted with removal from administrative record for poverty registration (Persons)		786
II. Itemized input		
1.Poverty alleviation through industrial development		247.34
Including:1.1 Type of industrial poverty alleviation projects	☐ Poverty alleviation through agriculture and forestry ☐ Poverty alleviation through tourism ☐ Poverty alleviation through E-commerce ☐ Poverty alleviation through assets income ☒ Poverty alleviation through science and technology ☐ Others	
1.2 Number of industrial poverty alleviation projects		4
1.3 Amount invested in industrial poverty alleviation projects		247.34
1.4 Number of people assisted with removal from administrative record for poverty registration (Persons)		

Section V Significant Events

Indicators	Number and implementation information of the Company
2. Poverty alleviation through employment	36.3
Including: 2.1 Amount invested in vocational training	36.3
2.2 Number of people receiving vocational training (Person/Time)	351
2.3 Number of people in administrative record for poverty registering employed (Persons)	
3. Poverty alleviation through relocation	
Including: 3.1 Number of relocated people employed (Persons)	
4. Poverty alleviation through education	481.9
Including: 4.1 Amount invested in subsidizing poorer students	481.9
4.2 Number of students receiving allowance (Persons)	115,000
4.3 Amount invested in improvement of education resources of poor areas	
5. Poverty alleviation through health enhancement	200
Including: 5.1 Amount invested in medical and health resources in poor areas	200
6. Poverty alleviation through ecological protection	
Including: 6.1 Name of project	☐ Launching ecological protection and construction ☐ Establishing compensation for the ecological protection ☐ Creating ecological and public welfare positions ☐ Others
6.2 Amount invested	

Section V Significant Events

Indicators	Number and implementation information of the Company
7. Protection for the most disadvantaged people	597.89
Including: 7.1 Amount invested in helping the “three left-behind” groups	597.89
7.2 Number of people of the “three left-behind” groups helped (Persons)	850
7.3 Amount invested in helping poorer people with disabilities	
7.4 Number of people with disabilities helped (Persons)	90
8. Poverty alleviation in the society	500
Including: 8.1 Amount invested in poverty alleviation in the east-west collaboration of the country	
8.2 Amount invested in targeted poverty alleviation work	500
8.3 Poverty alleviation public welfare fund	
9. Other projects	806.85
Including: 9.1. Number of projects (Projects)	2
9.2. Amount invested	806.85
9.3. Number of people assisted with removal from administrative record for poverty registering (Persons)	
9.4. Details of other projects	One-to-one assistance, customized medical insurance construction for poverty

III. Awards (details and levels)

1. The Company received the award of “Poverty Alleviation Pioneer Organization of 2017” (2017扶貧先鋒機構) in the 2017 Forum and Annual Awards for Poverty Alleviation Pioneers in China’s Capital Market” (2017中國資本市場扶貧先鋒論壇暨頒獎典禮) organized by People’s Daily.
2. The Company received the “2017 Agency Broker Poverty Alleviation Innovation Prize” (2017券商扶貧創新獎) at the “2017 Financial Enterprise Poverty Alleviation Forum and Innovation Award Ceremony” (2017金融企業扶貧研討會暨創新評選頒獎典禮).

4. Subsequent targeted poverty alleviation plans

In 2018, in addition to the current poverty alleviation work and the achievements, the Company will implement the “One company, one county” and “One county, one enterprise” targeted poverty alleviation activities, and will continue to conduct the public welfare support work such as existing poverty alleviation and education support in accordance with the established targeted poverty alleviation plans.

Section V Significant Events

(II) Fulfillment of social responsibilities

☒ Applicable ☐ Not applicable

Details on the fulfillment of available in the Environmental, Social and Governance Report by the Company is disclosed in the website of the Hong Kong Stock Exchange.

(III) Environmental information

1. Environmental protection information of the company and its major subsidiaries on the list of critical pollutant dischargers published by the environmental protection authorities

☐ Applicable ☒ Not applicable

2. Company not on the list of critical pollutant dischargers

☐ Applicable ☒ Not applicable

3. Other information

☐ Applicable ☒ Not applicable

4. Environmental policies and performance

We provide services to green enterprises seeking for listing and financing and vigorously developed our green bond business.

In 2017, we sponsored the listing of Shanghai Emperor of Cleaning Hi-Tech Co., Ltd. on the Shanghai Stock Exchange. This company is a global leader in water treatment products, processes, technologies and provision of overall solution. we acted as a lead underwriter for 10 green bonds, with a total amount of financing of RMB56.5 billion. This ensures that a number of high-quality green industry projects can receive adequate capital support during their construction and operation. We actively develop carbon finance business by providing financial services for carbon management and emission reduction for a number of companies, with a total contracted volume of 2.3 million tons per year, as well as trading volume of carbon emission rights of more than 3,300,000 tons.

(IV) Other explanation

☐ Applicable ☒ Not applicable

XVIII. CONVERTIBLE CORPORATE BONDS

(I) Issuance of Convertible Bonds

☒ Applicable ☐ Not applicable

As approved by the CSRC, the Company publicly issued the Convertible Bonds with an issuance size of RMB7 billion on 7 July 2017. The Convertible Bonds were listed on the Shanghai Stock Exchange on 24 July 2017 (collectively referred to as “GTJA Bond”, with bond code 113013) and can be converted into ordinary A Shares from 8 January 2018 at the initial conversion price of RMB20.20 each share.

Section V Significant Events

(II) Convertible Bond holders and guarantors during the Reporting Period

√ Applicable □ Not applicable

No. of Convertible Bond holders at the end of the period 13,148

Guarantors of Convertible Bonds Not applicable

Top 10 Convertible Bond holders are as below:

Name of convertible corporate bond holders	Bonds held at the end of the period (RMB)	Percentage of bonds held (%)
Shanghai State-owned Assets Operation Co., Ltd	818,106,000	11.69
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	507,244,000	7.25
China Securities Finance Corporation Limited	345,101,000	4.93
Shanghai International Group Co., Ltd.	295,254,000	4.22
Industrial and Commercial Bank of China Limited – E Fund Management Anxin Huibao Bond Securities Investment Fund (易方達安心回報債券型證券投資基金)	242,037,000	3.46
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Agricultural Bank of China)	191,577,000	2.74
Guoyuan Securities (Hong Kong) Co., Ltd. – Clients' funds (stock exchange)	173,883,000	2.48
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	147,837,000	2.11
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Construction Bank of China)	130,801,000	1.87
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (CITIC Securities Company Limited)	128,700,000	1.84

Section V Significant Events

(III) Change of Convertible Bonds during the Reporting Period

☐ Applicable ☒ Not applicable

Aggregated conversion of convertible bonds during the Reporting Period

☐ Applicable ☒ Not applicable

(IV) Adjustments of the conversion prices

☐ Applicable ☒ Not applicable

(V) Information on the Company's liability, credit changes and cash arrangement for debt repayment next year

☒ Applicable ☐ Not applicable

As of 31 December 2017, the Group's consolidated total assets amounted to RMB431.648 billion, with a gearing ratio of 61.50%. Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Credit Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司公開發行A可轉換公司債券信用評級報告) in respect of the issuance of the Convertible Bonds in April 2017, and assessed the credit rating of the Company as AAA, the credit rating of such issuance of the Convertible Bonds was AAA.

During the Reporting Period, there are no changes to the credit rating of the Company and the credit rating of such issuance of the Convertible Bond.

The major source of funds available for the Company to settle the principal interest of the Convertible Bonds in the future will be the cash flow generated from the operating activities of the Company. In the past three years, the Company's major businesses remained stable, had strong financial conditions, adequate cash flow generated from the operating activities and thereby having stronger repayment capability.

(VI) Other information on Convertible Bonds

☒ Applicable ☐ Not applicable

As at the end of February 2018, the outstanding amount of the Convertible Bonds was RMB6,999,885,000. Based on the conversion price of RMB20.2 per Share (the "Conversion Price"), in the event that the outstanding Convertible Bonds are fully converted, 346,528,960 A Shares will be issued, as a result:

- the total number of A Shares will increase to 7,862,641,266;
- the total number of Shares will increase to 9,060,468,446;
- the ratio of the number of H Shares against the number of the Shares will be diluted from 13.75% to 13.22%; and
- the shareholding in the Company of the substantial shareholder of the Company, Shanghai SA, will be diluted from 23.56% to 22.66% and the aggregate interest in the Company of the controlling shareholder of the Company, International Group, will be diluted from 32.73% to 31.74%.

The basic earnings per share of the Company in 2017 is RMB1.11 per Share. If the outstanding Convertible Bonds mentioned above were fully converted based on the Conversion Price, the basic earnings per share of the Company in 2017 would have been diluted to RMB1.10 per Share.

Section V Significant Events

XIX. TAX REDUCTION AND EXEMPTION

(I) Shareholders of A Share

In accordance with the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2012] No. 85) and the Notice on Issues Regarding the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (Cai Shui [2015] No. 101) issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC, for dividends obtained from a listed company by an individual investor, if the duration of the shareholding starting from the date when the individual investor obtained the company's share and ending on the record date is more than one year, the personal income tax on the dividends thus obtained shall be exempted for the time being. If the duration of the shareholding starting from the date when the individual investor obtained the company's share and ending on the record date is less than one year (inclusive), the listed company shall, in respect of the individual income tax thereof, refrain from withholding and paying such tax for the time being, subject to adjustments to be made in accordance with the Notice at the time when the individual investor transfers his/her respective shares.

Individual residents that are shareholders of companies shall pay income tax on their cash dividends by themselves.

For QFII, listed companies are required to withhold and pay enterprise income tax at the rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Issues on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonuses and Interests by PRC Resident Enterprises to QFII (《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2009] No.47) issued by the State Administration of Taxation. QFII shareholders expecting tax concessions should apply to the competent tax authority for tax rebates according to the relevant rules and regulations after receiving the dividends.

In accordance with the Notice on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81), for dividend and bonus incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investment in A shares listed on the SSE, the implementation of differentiated taxation based on the term of shareholding is suspended before Hong Kong Securities Clearing Co. Ltd. meets the conditions of providing identification, term of shareholding and other specific data of investors to the CSDC. The income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the governing tax authority. For Hong Kong investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises or individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty or entrust a withholding to do so. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Section V Significant Events

(II) Shareholders of H Shares

In accordance with the Notice of the PRC State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No.045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No.348), dividends received by overseas residents for their personal holding of shares issued by domestic non-foreign-invested enterprises in Hong Kong shall be subject to the payment of individual income tax under the “interest, dividend and bonus income” item, which shall be withheld by the withholding agents according to relevant laws. Such overseas residents that are individual owners of shares issued by domestic non-foreign-invested enterprises in Hong Kong shall be entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between the countries where they reside and China, or the tax arrangements between Mainland and Hong Kong (Macau) SAR. The tax rate for dividends under the relevant tax agreements and tax agreements is 10% in general. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, upon payment of dividends, generally withhold individual income tax at the rate of 10%, without the need to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents of countries that have signed lower than 10% tax rate treaties, the withholding agents may file applications on their behalf for the relevant agreed preferential tax treatments, under which circumstances the over-withheld tax amounts will be refunded upon approval by the tax authorities; (2) for residents of countries that have signed higher than 10% but lower than 20% tax rate treaties, the withholding agents shall withhold individual income tax at the agreed tax rate effective at the time of dividends payment, without the need to file an application; and (3) for residents of countries without tax agreements or under other situations, the withholding agents shall withhold individual income tax at 20% upon payment of dividends.

In accordance with the Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders that are Nonresident Overseas Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No.897), a PRC resident enterprise, when paying dividends to H shareholders that are non-resident overseas enterprises for 2008 and subsequent years, shall withhold enterprise income tax at a uniform rate of 10%.

In accordance with the Notice on Tax Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the SFC, for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the individual income tax shall be paid in accordance with the aforementioned regulations. For dividends received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall not withhold and pay the income tax for such dividends and those domestic enterprise investors shall report and pay the relevant tax on their own. Meanwhile, for the dividends obtained by domestic resident enterprises from holding relevant H shares for a consecutive 12 month period, the corporate income tax shall be exempted according to laws.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Shareholders are taxed and/or enjoy tax exemption in accordance with the aforementioned regulations.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Table of changes in ordinary Shares

1. Table of changes in ordinary Shares

Unit: share									
	Before change		New issues	Change (+/-)			After change		
	Number	Percentage (%)		Bonus Issues	Reserves Capitalized	Others	Sub-total	Number	Percentage (%)
I. Shares subject to selling restrictions									
	2,850,990,775	37.39				-67,574,505	-67,574,505	2,783,416,270	31.94
1.State-owned shares									
2. Shares held by state-owned legal entities	2,850,990,775	37.39				-67,574,505	-67,574,505	2,783,416,270	31.94
3. Other domestic shares									
Including: Shares held by domestic non- state-owned legal entities									
Shares held by domestic natural persons									
4. Shares held by foreign capital									
Including: Shares held by overseas legal entities									
Shares held by overseas natural persons									
II. Tradable shares not subject to selling restrictions									
	4,774,009,225	62.61	1,088,933,800			67,574,505	1,156,508,305	5,930,517,530	68.06
1.RMB- denominated ordinary shares	4,774,009,225	62.61				-41,318,875	-41,318,875	4,732,690,350	54.31
2. Domestic listed foreign-invested shares									
3. Overseas listed foreign-invested shares			1,088,933,800			108,893,380	1,197,827,180	1,197,827,180	13.75
4. Others									
III. Total ordinary shares	7,625,000,000	100.00	1,088,933,800			0	1,088,933,800	8,713,933,800	100.00

Section VI Changes in Ordinary Shares and Particulars about Shareholders

2. Changes in ordinary Shares

☒ Applicable ☐ Not applicable

As approved by the CSRC and the Hong Kong Stock Exchange, the Company issued 1,040,000,000 H Shares in April 2017 and issued 48,933,800 H Shares in May 2017 upon the exercise of the Over-allotment Option. According to relevant requirements on transfer and reduction in holding of state-owned shares, the state-owned Shareholders transferred to the H share account of National Council for Social Security Fund (the "NSSF") such number of Shares representing an aggregate of 10% of the H Shares (including additional Shares issued upon exercise of the Over-allotment Option) to be issued pursuant to the Global Offering, namely 108,893,380 A Shares in total. Accordingly, the total share capital of the Company changed to 8,713,933,800 Shares, including 7,516,106,620 A Shares and 1,197,827,180 H Shares.

3. Impact of changes in ordinary shares on earnings per share, net asset value per share or other financial indicators for the latest year and latest period (if any)

☒ Applicable ☐ Not applicable

After the Company issued 1,040,000,000 H Shares initially in April 2017 and issued 48,933,800 H Shares in May 2017 upon the exercise of the Over-allotment Option, the total number of Shares increased from 7.625 billion to 8.7139338 billion. In 2017, the basic earnings per share of the Group was RMB1.11. As at 31 December 2017, the Group's net assets per share attributable to the shareholders of the parent company was RMB14.13.

4. Other information considered necessary by the Company or required by securities regulators to be disclosed

☐ Applicable ☒ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders

(II) Changes in Shares Subject to Selling Restrictions

√ Applicable □ Not applicable

Unit: share

Names of Shareholders	Number of Shares subject to selling restrictions at the beginning of the year	Number of Shares released from selling restrictions during the year	Increase in Shares with selling restrictions during the year	Number of Shares with selling restrictions at the end of the year	Reasons for selling restrictions	Date of release from selling restrictions
Shanghai State-owned Assets Operation Co., Ltd.	1,949,347,453	—	—	1,900,963,748	Shares initially issued with selling restrictions	26 June 2018
Shanghai International Group Co., Ltd.	698,608,342	—	—	682,215,791	Shares initially issued with selling restrictions	26 June 2018
The Second Shareholding Transfer Account of Board of Directors of NSSF	89,090,813	—	—	89,090,813	Shares initially issued with selling restrictions	26 June 2018
Shanghai Sitico Assets Management Co., Ltd.	77,295,979	—	—	75,482,261	Shares initially issued with selling restrictions	26 June 2018
Shanghai International Group Asset Management Co., Ltd.	35,694,300	—	—	34,732,152	Shares initially issued with selling restrictions	26 June 2018
Shanghai International Group Asset Operation Co., Ltd.	953,888	—	—	931,505	Shares initially issued with selling restrictions	26 June 2018
Total	2,850,990,775	—	—	2,783,416,270	/	/

Note: The Shares subject to selling restrictions as referred to herein are as defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. The reason that the number of Shares subject to selling restrictions held by some Shareholders at the end of the Reporting Period is different from the number of shares subject to selling restrictions held by them at the beginning of the Reporting Period is because, due to the initial public offering of the H Shares by the Company, such Shareholders performed their obligations in relation to the conversion or reduction of the state-owned shares, and some of the Shares subject to selling restrictions they held were converted into H Shares and transferred to the H shares account of NSSF.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of Securities During the Reporting Period

☒ Applicable ☐ Not applicable

Unit: share Currency: RMB

Types of Shares and other derivative instruments	Date of issue	Issue price (or interest rate)	Issue amount	Listing date	Transaction amount approved to be listed	Transaction Termination Date
Ordinary Shares						
H Shares	April and May 2017	HK\$15.84	1,088,933,800	April and May 2017	1,088,933,800	
Convertible corporate bonds, warrant bonds and corporate bonds						
2017 Short-term Corporate Bonds (First tranche)	January 2017	4.30%	5,000,000,000	February 2017	5,000,000,000	October 2017
2017 Subordinated Bonds (First tranche)	February 2017	4.60%	5,000,000,000	March 2017	5,000,000,000	February 2020
Guojun Convertible Bonds	July 2017	Different interest rate during the duration	7,000,000,000	July 2017	7,000,000,000	July 2023
2017 Corporate Bonds (First tranche) (Type I)	August 2017	4.57%	4,700,000,000	August 2017	4,700,000,000	August 2020
2017 Corporate Bonds (First tranche) (Type II)	August 2017	4.70%	600,000,000	August 2017	600,000,000	August 2022
2017 First Tranche Short-term Financing Bills	September 2017	4.3%	2,000,000,000	September 2017	2,000,000,000	December 2017
2017 Corporate Bonds (Second tranche)	October 2017	4.78%	3,700,000,000	November 2017	3,700,000,000	October 2020
2017 Second Tranche Short-term Financing Bills	November 2017	4.60%	3,000,000,000	November 2017	3,000,000,000	February 2018
2017 Third Tranche Short-term Financing Bills	December 2017	4.99%	3,000,000,000	December 2017	3,000,000,000	March 2018

Issue of securities during the Reporting Period (particulars of bonds with different interest rates during duration shall be provided separately)

☒ Applicable ☐ Not applicable

1. H Shares

As approved by the CSRC and Hong Kong Stock Exchange, the Company issued 1,040,000,000 H Shares in April 2017 and issued 48,933,800 H Shares in May upon the exercise of the over allotment option.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

2. Convertible Bonds

As approved by the CSRC, the Company publicly issued the Convertible Bonds amounting to RMB7 billion on 7 July 2017. The bonds were listed on the Shanghai Stock Exchange on 24 July 2017. The bonds were issued at the par value of RMB100 each, totaling 70 million bonds, for a term of six years from 7 July 2017 to 6 July 2023. During the duration, the coupon rate was 0.2% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year and 2.0% in the sixth year.

(II) Changes in the Company's total number of ordinary Shares and structure of Shareholder and changes in structure of asset and liability of the Company

☒ Applicable ☐ Not applicable

For changes in structure of asset and liability of the Company, please refer to Section IV in Directors' Report headed "II Analysis of financial statements (III) Analysis of consolidated statements of financial position".

(III) Existing internal employee Shares

☐ Applicable ☒ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders

III. PARTICULARS OF SHAREHOLDERS AND CONTROLLING SHAREHOLDERS

(I) Total number of Shareholders

Total number of holders of ordinary shares at the end of the Reporting Period	162,701
Total number of holders of ordinary shares at the end of the previous month before the date of disclosure of the annual report	163,570
Total number of holders of preferred shares with voting rights restored at the end of the Reporting Period	Not applicable
Total number of holders of preferred shares with voting rights restored at the end of the previous month before the date of disclosure of the annual report	Not applicable

Note: The total number of Shareholders includes holders of ordinary A Shares and registered holders of H Shares. As at the end of the Reporting Period, there were 162,475 holders of A Shares and 226 holders of H Shares. The total number of Shareholders as at the end of the previous month before the date of disclosure of the annual report included 163,349 holders of A Shares and 221 registered holders of H Shares.

(II) Shareholdings of the top ten Shareholders and the top ten holders of tradable Shares (or Shares without selling restrictions) as at the end of the Reporting Period

Unit: share

Names of Shareholders (full name)	Shareholdings of the top ten Shareholders						Nature of Shareholders
	Increase or decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares with selling restrictions held	Pledged or frozen		
					Status	Number	
Shanghai State-owned Assets Operation Co., Ltd (Note 1)	-48,383,705	1,900,963,748	21.82	1,900,963,748	Not	0	State-owned legal person
HKSCC Nominees Limited (Note 2)	1,197,635,180	1,197,635,180	13.74	0	Unknown	0	Overseas legal person
Shanghai International Group Co., Ltd.	-16,392,551	682,215,791	7.83	682,215,791	Not	0	State-owned legal person
Shenzhen Investment Holdings Co., Ltd. (Note 3)	-14,643,584	609,428,357	6.99	0	Not	0	State-owned legal person
China Securities Finance Corporation Limited	354,726,904	375,627,312	4.31	0	Not	0	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	-5,924,597	246,566,512	2.83	0	Not	0	State-owned legal person
Shenzhen Energy Group Co., Ltd. (Note 4)	0	154,455,909	1.77	0	Not	0	Domestic non-state-owned legal person
The Second Shareholding Transfer Account of Board of Directors of NSSF	0	151,104,674	1.73	89,090,813	Not	0	State-owned legal person
Dazhong Transportation (Group) Co., Ltd.	-22,050,000	122,505,909	1.41	0	Not	0	Domestic non-state-owned legal person
Shanghai Financial Development and Investment Fund (Limited Partnership)	-28,737,492	121,262,508	1.39	0	Not	0	Others

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Shareholdings of the top ten Shareholders not subject to selling restrictions

Names of Shareholders	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	1,197,635,180	Overseas listed foreign-invested shares	1,197,635,180
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB- denominated ordinary shares	609,428,357
China Securities Finance Corporation Limited	375,627,312	RMB- denominated ordinary shares	375,627,312
Shanghai Municipal Investment (Group) Corporation	246,566,512	RMB- denominated ordinary shares	246,566,512
Shenzhen Energy Group Co., Ltd.	154,455,909	RMB- denominated ordinary shares	154,455,909
Dazhong Transportation (Group) Co., Ltd.	122,505,909	RMB- denominated ordinary shares	122,505,909
Shanghai Financial Development and Investment Fund (Limited Partnership)	121,262,508	RMB- denominated ordinary shares	121,262,508
China First Automobile Group Corporation	112,694,654	RMB- denominated ordinary shares	112,694,654
Hangzhou Financial Investment Group Co., Ltd.	92,322,675	RMB- denominated ordinary shares	92,322,675
China National Publications Import & Export (Group) Corporation	76,630,100	RMB- denominated ordinary shares	76,630,100
Description on the relations or acting-in-concert arrangements among the Shareholders above	Shanghai State-owned Assets Operation Co., Ltd is a wholly owned subsidiary of Shanghai International Group Co., Ltd. Save as disclosed herein, the Company is not aware of any other relations or acting-in-concert arrangements.		
Description on the holders of preferred shares with voting rights restored and their shareholdings	Not applicable		
Note 1:	In the above table of top ten shareholders, the number of Shares held by Shanghai SA as at the end of the period merely represents the number of A Shares held by it. Another 152,000,000 H Shares were held by Shanghai SA through HKSCC Nominees Limited as the nominee.		
Note 2:	HKSCC Nominees Limited is a nominee holder of the Shares owned by the non-registered holders of the H Shares.		
Note 3:	In the above table of top ten shareholders, the number of Shares held by Shenzhen Investment Holdings as at the end of the period merely represents the number of A Shares held by it. Another 103,373,800 H Shares were held by Shenzhen Investment Holdings through HKSCC Nominees Limited as the nominee.		
Note 4:	In the above table of top ten shareholders, the number of Shares held by Shenzhen Energy Group Co., Ltd. as at the end of the period merely represents the number of A Shares held by it. Another 100,000,000 H Shares were held by Shenzhen Energy Group Co., Ltd. through HKSCC Nominees Limited as the nominee.		
Note 5:	The Shares subject to selling restrictions and the Shareholders subject to selling restrictions as referred to herein are those as defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.		

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Shareholdings of the top ten Shareholders subject to selling restrictions and terms of the selling restrictions

√ Applicable □ Not applicable

Unit: share

No.	Names of Shareholders holding Shares subject to selling restrictions	Number of Shares subject to selling restrictions held	Listing and trading of Shares subject to selling restrictions		Selling restrictions
			The date on which Shares becoming tradable	Increase in the number of tradable Shares	
1	Shanghai State-owned Assets Operation Co., Ltd.	1,900,963,748	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
2	Shanghai International Group Co., Ltd.	682,215,791	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
3	The Second Shareholding Transfer Account of Board of Directors of NSSF	89,090,813	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
4	Shanghai Sitico Assets Management Co., Ltd.	75,482,261	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
5	Shanghai International Group Asset Management Co., Ltd.	34,732,152	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
6	Shanghai International Group Asset Operation Co., Ltd.	931,505	26 June 2018	0	From the date of listing of the A Shares of Guotai Junan
Description on the relations or acting-in-concert arrangements among the Shareholders above		Shanghai State-owned Assets Operation Co., Ltd., Shanghai Sitico Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are all subsidiaries of Shanghai International Group Co., Ltd.			

Note: The Shares subject to selling restrictions and the Shareholders subject to selling restrictions as referred to herein are as those defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

(III) Strategic investors or general legal persons becoming the top 10 Shareholders by placing of new Shares

☐ Applicable ☒ Not applicable

IV. INFORMATION ON CONTROLLING SHAREHOLDERS

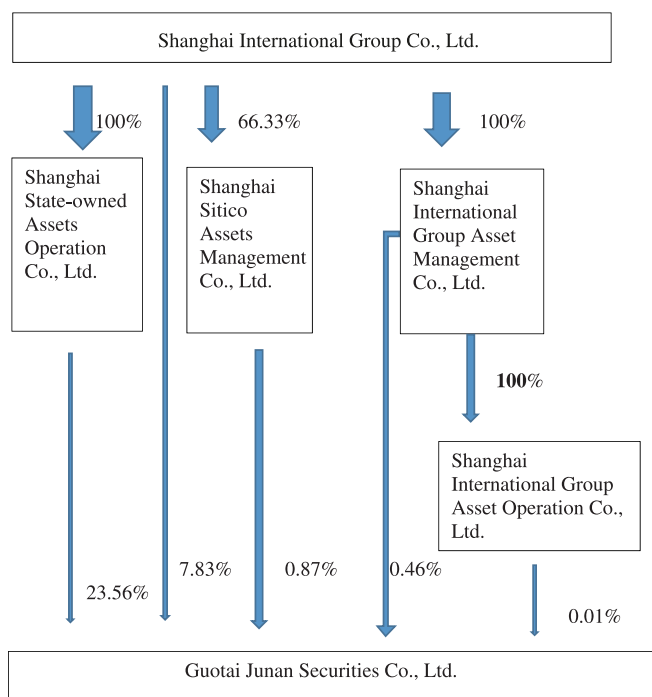
☒ Applicable ☐ Not applicable

Name	Shanghai International Group Co., Ltd.
Person in charge or legal representative	Shen Jun
Date of establishment	20 April 2000
Principal operations	Principally engaged in the activities of investment, capital operation and asset management in the financial sector and supplemented with non-financial sectors
Equity interests in other domestic and overseas listed controlling and invested companies during the reporting period	Holding 29.54% in aggregate as at the end of the Reporting Period of Shanghai Pudong Development Bank Co., Ltd. (600000.SH)
Other matters	Nil

1 The chart of the relationship between the Company and the controlling shareholder on the ownership and controlling relationship

☒ Applicable ☐ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders



Note: As at the end of the Reporting Period, Shanghai State-owned Assets Operation Co., Ltd. held 2,052,963,748 Shares, representing a total shareholding of 23.56% of the Company, including: 152,000,000 H Shares held through HKSCC Nominees Limited as the nominee and 1,900,963,748 A Shares. Shanghai International Group Co., Ltd. controlled 32.73% in aggregate of the Company.

V. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% OF SHARES

☐ Applicable ☒ Not applicable

VI. MATTERS REGARDING THE RESTRICTION OF REDUCING SHARE

☐ Applicable ☒ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders

VII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2017, to the best knowledge of the Company, the following persons have interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are required to be recorded, in the register that is required to be kept by the Company under Section 336 of the SFO or own directly or indirectly 5% or more of the nominal value of any class of the Shares:

Substantial Shareholders	Nature of Interest	Class	Number (Note 1)/ Nature of Shares Directly or Indirectly Held	As an	As an
				Approximate Percentage of the Relevant Class of Shares (%)	Approximate Percentage of the Total Issued Share Capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	682,215,791/ Long positions	9.08	7.83
	Interest held by controlled corporations	A Shares	2,017,419,666/ Long positions (Note 2)	26.84	23.15
	Interest held by controlled corporations	H Shares	152,000,000/ Long positions (Note 3)	12.69	1.74
Shanghai State-owned Assets Operation Co., Ltd	Beneficial owner	A Shares	1,900,963,748/ Long positions	25.29	21.82
	Beneficial owner	H Shares	152,000,000/ Long positions	12.69	1.74
Shenzhen Investment Holdings Co., Ltd	Beneficial owner	A Shares	609,428,357/ Long positions	8.11	6.99
	Beneficial owner	H Shares	103,373,800/ Long positions	8.63	1.19
New China Asset Management (Hong Kong) Limited	Beneficial owner	H Shares	196,210,000/ Long positions	16.38	2.25
New China Asset Management Company Limited	Interest held by controlled corporations	H Shares	196,210,000/ Long positions (Note 4)	16.38	2.25
	Interest held by controlled corporations	H Shares	196,210,000/ Long positions (Note 4)	16.38	2.25
New China Life Insurance Company Ltd.	Interest held by controlled corporations	H Shares	196,210,000/ Long positions (Note 4)	16.38	2.25
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Substantial Shareholders	Nature of Interest	Class	Number (Note 1)/ Nature of Shares Directly or Indirectly Held	As an	As an
				Approximate Percentage of the Relevant Class of Shares (%)	Approximate Percentage of the Total Issued Share Capital (%)
A9 USD (Feeder) L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Apax IX GP Co. Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Apax IX USD GP L.P. Inc.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Apax IX USD L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Diamond Holding SARL	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
Jacqueline Mary Le Maitre - Ward	Trustee of a trust	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
David Payne Staples	Trustee of a trust	H Shares	190,333,000/ Long positions (Note 5)	15.89	2.18
National Council for Social Security Fund	Beneficial owner	H Shares	107,392,580/ Long positions	8.97	1.23
Shenzhen Energy Group Co., Ltd.	Beneficial owner	H Shares	100,000,000/ Long positions	8.35	1.15

Section VI Changes in Ordinary Shares and Particulars about Shareholders

- Note 1: Pursuant to Section 336 of the SFO Shareholders shall submit forms to disclose their interests when certain conditions are met. As Shareholders are not required to inform the Company and the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the latest shareholdings of substantial Shareholders may be inconsistent with the shareholdings reported to the Hong Kong Stock Exchange.
- Note 2: Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co, Ltd. and Shanghai Sitico Assets Management Co., Ltd. held 1,900,963,748, 40,042,152, 931,505 and 75,482,261 A Shares respectively. Shanghai SA, Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are wholly owned subsidiaries of International Group, and Shanghai Sitico Assets Management Co., Ltd. is a subsidiary in which International Group holds a 66.33% interest. Therefore, International Group is deemed to be interested in the 2,017,419,666 A Shares held by Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai Sitico Assets Management Co., Ltd. for the purpose of the SFO;
- Note 3: Shanghai SA is a wholly owned subsidiary of International Group. Therefore, International Group is deemed to be interested in the 152,000,000 H Shares held by Shanghai SA for the purpose of the SFO.
- Note 4: New China Asset Management Company Limited holds a 60% interests in New China Asset Management (Hong Kong) Limited, and New China Life Insurance Company Ltd. owns a 99.4% interests in New China Asset Management Company Limited. Therefore, New China Life Insurance Company Ltd. and New China Asset Management Company Limited are deemed to be interested in the 196,210,000 H Shares held by New China Asset Management (Hong Kong) Limited for the purpose of the SFO.
- Note 5: Diamond Acquisition Co SARL is wholly owned by Diamond Holding SARL. Apax IX USD L.P. is the beneficial owner of 73.8% of the equity interest in Diamond Holding SARL. A9 USD (Feeder) L.P. contributed 44.9% of the capital to Apax IX USD L.P. Apax IX USD GP L.P. is the general partner of Apax IX USD L.P. and A9 USD (Feeder) L.P. Apax IX GP Co. Limited is the general partner of Apax IX USD GP L.P. Inc. Apax IX GP Co. Limited is wholly owned by Apax Guernsey (Holdco) PCC Limited. The equity interest in Apax Guernsey (Holdco) PCC Limited is held by Jacqueline Mary Le Maitre – Ward and David Payne Staples as trustees of the Hirzel IV Purpose Trust. Accordingly, each of Diamond Holding SARL, Apax IX USD L.P., Apax IX USD GP L.P. Inc., Apax IX GP Co. Limited, Apax Guernsey (Holdco) PCC Limited, A9 USD (Feeder) L.P., Jacqueline Mary Le Maitre – Ward and David Payne Staples are deemed to be interested in the 190,333,000 H Shares held by Diamond AcquisitionCo SARL for the purpose of the SFO.

Save as disclosed above, as at 31 December 2017, the Company was not aware of any other person (other than the directors, supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

VIII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of 31 December 2017, the Company was not aware of any Director, Supervisors or the chief executive of the Company who had interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

IX. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

On 27 April 2015, the Company issued first tranche of 2015 subordinated bonds of Guotai Junan Securities Co., Ltd. (thereafter as “Current Bonds”) with an aggregated amount of RMB10 billion and the coupon rate of 5.70% for a term of 3 years. The Company has an option to redeem the bond at the end of the second year. On 27 February 2017, the Company decided to exercise its issuer’s right to redeem and redeem all registered Current Bonds as at the record date. The said redemption was completed on 28 April 2017. The total principal amount and total interest of Current Bonds paid by the Company reached RMB10 billion and RMB570 million. The Current Bonds was delisted from the Trader of Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange since 28 April 2017.

Save as disclosed in this annual report, the Company did not repurchase, sale or redemption any listed securities.

X. PUBLIC FLOAT

Upon the listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float for the H Shares:

1. Before the conversion of the A-share Convertible Bonds: to be the higher of 11.45% of the total issued share capital of the Company or such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public upon the exercise of the over-allotment option;
2. After the conversion of the Convertible Bonds: to be the higher of 10.78% of the total issued share capital of the Company or such percentage of H Shares to be held by the public immediately upon the full conversion of and 1,900,963,748 A Shares Convertible Bonds.

As at the date of this report, based on the information available to the public and the knowledge of the Directors, the public float of the Company is in compliance with Rule 8.08 of the Hong Kong Listing Rules and the requirements for minimum public float as set out in the waiver granted by the Hong Kong Stock Exchange upon the H Share listing.

XI. EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

XII. PRE-EMPTIVE RIGHT ARRANGEMENT

Pursuant to PRC laws, the Shareholders do not have any pre-emptive rights.

Section VII Preferred Shares

☐ Applicable ☒ Not applicable

Section VIII Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(I) Changes in the shareholdings and remuneration of the current directors, supervisors and senior management of the Company and those who resigned during the Reporting Period

√ Applicable □ Not applicable

Unit: share

Name	Title (Note)	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether having received remunerations from the related parties of the Company
YANG Dehong	Chairman of the Board, Executive Director	Male	51	19 May 2016	19 May 2019	0	0	0	—	102.02	No
WANG Song	Vice chairman of the Board, Executive Director, President	Male	54	28 November 2016 19 May 2016 21 August 2015	19 May 2019	0	0	0	—	167.63	No
YU Jian	Executive Director, Secretary of the Board	Male	53	19 May 2016 16 June 2009	19 May 2019	0	0	0	—	523.25	No
FU Fan	Non-executive Director	Male	53	19 May 2016	19 May 2019	0	0	0	—	0	Yes
LIU Ying	Non-executive Director	Female	54	14 November 2016	19 May 2019	0	0	0	—	0	Yes
ZHONG Maojun	Non-executive Director	Male	48	19 May 2016	19 May 2019	0	0	0	—	0	Yes
ZHOU Lei	Non-executive Director	Male	39	19 May 2016	19 May 2019	0	0	0	—	0	Yes
WANG Yongjian	Non-executive Director	Male	53	19 May 2016	19 May 2019	0	0	0	—	15	Yes
XIANG Dong	Non-executive Director	Male	47	19 May 2016	29 March 2018 (Note)	0	0	0	—	15	Yes
LIU Qiang	Non-executive Director	Male	61	19 May 2016	29 March 2018 (Note)	0	0	0	—	0	Yes
XIA Dawei	Independent non-executive Director	Male	65	19 May 2016	19 May 2019	0	0	0	—	25	No
SHI Derong	Independent non-executive Director	Male	69	19 May 2016	19 May 2019	0	0	0	—	0	Yes
CHEN Guogang	Independent non-executive Director	Male	58	19 May 2016	19 May 2019	0	0	0	—	25	Yes
LING Tao	Independent non-executive Director	Male	63	19 May 2016	19 May 2019	0	0	0	—	25	Yes
JIN Qingjun	Independent non-executive Director	Male	60	19 May 2016	19 May 2019	0	0	0	—	25	Yes
LEE Conway Kong Wai	Independent non-executive Director	Male	63	11 April 2017	19 May 2019	0	0	0	—	18.75	No
SHANG Hongbo	Chairman of the Supervisory Committee	Male	59	19 May 2016	19 May 2019	0	0	0	—	0	Yes

Note: Resigned on 29 March 2018 and the resignation is effective from the close of business of the Company on such date.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Title (Note)	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether having received remunerations from the related parties of the Company
ZHU Ning	Vice chairman of the Supervisory Committee, Employee representative Supervisor	Male	59	19 May 2016	19 May 2019	0	0	0	—	109.60	No
TENG Tieqi	Supervisor	Male	60	19 May 2016	19 May 2019	0	0	0	—	15	Yes
SHAO Chong	Supervisor	Male	58	19 May 2016	19 May 2019	0	0	0	—	15	Yes
ZUO Zhipeng	Supervisor	Male	48	27 June 2016	19 May 2019	0	0	0	—	15	Yes
WANG Weijie	Employee representative Supervisor	Male	55	19 May 2016	19 May 2019	0	0	0	—	321.37	No
LIU Xuefeng	Employee representative Supervisor	Male	54	19 May 2016	19 May 2019	0	0	0	—	332.04	No
ZHU Jian	Vice president	Male	46	15 December 2016	19 May 2019	0	0	0	—	91.08	No
JIANG Yiming	Vice president	Male	54	22 November 2013	19 May 2019	0	0	0	—	178.80	No
CHEN Yutao	Vice president, Chief information officer	Male	55	28 November 2016 22 November 2013	19 May 2019	0	0	0	—	461.85	No
GONG Dexiong	Vice president	Male	48	28 November 2016	19 May 2019	0	0	0	—	362.91	No
LIU Guifang	Chief risk officer, Chief compliance officer	Female	54	15 March 2014 3 December 2008	19 May 2019	0	0	0	—	301.56	No
XIE Lebin	Chief Financial Officer	Male	50	12 January 2017	19 May 2019	0	0	0	—	408.18	No
Total	/	/	/	/	/				/	3,554.04	/

Section VIII Directors, Supervisors, Senior Management and Staff

- Note: 1. On 24 October 2016, the Resolution on Election of Mr. LEE Conway Kong Wai as an Independent Director of the Company was considered and approved at the 2016 first extraordinary general meeting of the Company. The appointment of Mr. LEE Conway Kong Wai shall become effective from the date of satisfaction of all of the following conditions and the term of appointment shall end on the expiry date of the term of the fifth session of the Board: 1) the appointment of Mr. LEE Conway Kong Wai as an independent Director of the fifth session of the Board having been considered and approved at the shareholders' general meeting of the Company; 2) Mr. LEE Conway Kong Wai having obtained the approval from the securities regulatory authorities for his qualification as an independent director of a securities company; 3) the H shares issued by the Company having been listed on the Hong Kong Stock Exchange; 4) the Articles of Association (Draft) having been considered and approved at the shareholders' general meeting and having been approved by the relevant securities regulatory authorities. On 11 April 2017, the H Shares were listed on the Main Board of the Hong Kong Stock Exchange and all of these four conditions have been fulfilled. Therefore, the appointment of Mr. LEE Conway Kong Wai became effective from such date.
2. On 28 November 2016, the Resolution on Proposed Appointment of Vice President and Chief Financial Officer of the Company was considered and approved at the fourth extraordinary meeting of the fifth session of the Board and Mr. XIE Lebin was appointed as chief financial officer of the Company. Such appointment shall become effective after he has obtained the approval on his qualification as a senior management member of a securities company. On 12 January 2017, Mr. XIE Lebin was qualified as a senior management member of a securities company and his appointment became effective from the same date.
3. The remuneration of Mr. SHANG Hongbo, chairman of the Supervisory Committee, is determined in accordance with the documents of the relevant governmental authorities in Shanghai.
4. In accordance with the provisions of the Regulations on Supervision and Administration of Securities Companies, payment for 40% of the annual performance-based bonus of the full-time directors, vice chairman of supervisory committee and senior management of the Company shall be deferred for a period of three years. The deferred payment of remuneration shall be divided equally. The remuneration structure and level for the Chairman and the vice chairman of the supervisory committee shall be determined in accordance with Opinions on Deepening the Remuneration System Reform of Senior Management of the State-owned Enterprises in Shanghai and the relevant requirements of the competent authorities at the higher level since 1 January 2015. The remuneration structure and level for the president and vice president of the Company shall be determined in accordance with the Implementation Plan on the Remuneration System Reform of the Professional Managers as approved by the competent authorities at the higher level since 1 January 2017.
5. The statistical caliber for the remuneration of the directors, supervisors and senior management during the Reporting Period is based on the remuneration received from their offices of directors, supervisors and senior management, excluding the remuneration received from other positions.
6. According to the Resolution on Proposing to Review the Remuneration for Director of the Fifth Session of the Board and Supervisors of the Fifth Session of the Supervisory Committee reviewed and passed on the annual general meeting for the year 2015, each of the independent Directors receives a remuneration of RMB250,000 each year before tax; each of the Directors nominated by the Shareholders and Supervisors nominated by the Shareholders is entitled to a remuneration of RMB150,000 each year before tax. The Directors and the Supervisors elected by the employees who hold other positions in the Company will not receive any other payment as the Directors and Supervisors in addition to the remunerations they receive from the Company. During the year, Mr. FU Fan, Ms. LIU Ying, Mr. ZHONG Maojun and Mr. ZHOU Lei, being non-executive Directors and Mr. SHI Derong, being an independent non-executive director of the company, have waived their remuneration.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
YANG Dehong	Master of Business Administration. Mr. YANG served as the deputy chief of the Asian Development Bank project section, the representative of the office in Hamburg, Germany and the manager of the second investment banking department in Shanghai International Trust & Investment Co., Ltd. from July 1989 to September 2002; the general manager of Shanghai SITICO International Consulting Co., Ltd. (上海上投國際投資諮詢有限公司) concurrently from July 2000 to September 2002; the general manager of International Group Asset Operation Company, the head of the general office, the head of the board office and the head of the information center of International Group from September 2002 to July 2005; the deputy general manager of Shanghai International Trust & Investment Co., Ltd. from February 2004 to July 2005; president assistant of International Group, the general manager of International Group Asset Operation Company from July 2005 to March 2006; president assistant of International Group from March 2006 to April 2008; vice president of International Group from April 2008 to September 2014; the general manager of Shanghai Aijian Corporation Limited from August 2009 to February 2014. Mr. YANG has worked at the Company since September 2014 and served as the president of the Company from November 2014 to May 2015, the chairman of the Board and the president of the Company from May 2015 to August 2015. Mr. YANG has held the position of the chairman of the Company since August 2015.
WANG Song	A postgraduate in industrial management engineering. Mr. WANG worked as a trainee in the headquarters, a clerk in the Yunxi branch under the Yue Yang central branch, and an officer in the investment and management department of the headquarters of the China Construction Bank successively from July 1987 to October 1992; the deputy head of the Beijing office of Guotai Securities from October 1992 to March 1994; deputy general manager of the issuance department and the general manager of bond department of Guotai Securities from March 1994 to August 1999; the general manager of the first bond business department, and the general manager and the president of the head office of the fixed income securities department of the Company from August 1999 to October 2003; president assistant and the president of the fixed income securities head office of the Company from October 2003 to August 2006; the vice president of the Company from August 2006 to August 2015; the president of the Company from August 2015 to September 2015; the vice chairman of the Board and the president from September 2015 to May 2016; a director and the president of the Company from May 2016 to November 2016. Mr. WANG has held the positions of the vice chairman of the Board and the president of the Company since November 2016.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
YU Jian	Master in Business Administration. Mr. YU served as the project head of the science department of the research institution under the Ministry of Aerospace from July 1986 to March 1993; the deputy manager of the securities issuance department, the manager of the first issuance division of the securities issuance department, and the deputy general manager of the securities issuance department of Guotai Securities from December 1993 to August 1999; the deputy general manager of the investment banking department of the Company from August 1999 to September 2000; the deputy division head, division head and the general manager of the corporate finance department of the Company from September 2000 to May 2008; and the head of the listing office of the Company from May 2008 to June 2009. Mr. YU has been appointed as the secretary to the Board since June 2009, the head of the office of the Board since January 2016.
FU Fan	Master of Engineering. Mr. FU served as a deputy general manager of Shangtout Industry Investment Co., Ltd. (上投實業投資有限公司) from January 1998 to July 2000; the head of the board office of International Group from July 2000 to November 2001; a deputy general manager of Shanghai International Trust & Investment Co., Ltd. from November 2001 to May 2004; a deputy general manager of China International Fund Management Co, Ltd. from May 2004 to September 2009; the general manager and vice chairman of Shanghai International Trust Corp., Ltd. from September 2009 to May 2014; the chairman of Shanghai SA from May 2014 to February 2015; the vice president of International Group and concurrently the chairman of Shanghai SA from February 2015 to August 2015; and has been a director and vice president of International Group and concurrently the chairman of the board of directors of Shanghai SA from August 2015 to May 2017. Mr. FU has been appointed as a Director and the president of International Group since May 2017. Mr. FU has been appointed as a director of Shanghai Pudong Development Bank Co., Ltd. (a company listed on Shanghai Stock Exchange, Stock Code: 600000) since June 2017.
LIU Ying	Bachelor of Laws and a senior economist. Ms. LIU served as an officer of the consulting department, deputy director of the comprehensive research office, a director's assistant, the executive deputy manager of the legal department of Shanghai International Trust & Investment Co., Ltd. from July 1985 to August 2000; the executive deputy manager and manager of the legal department of International Group from August 2000 to May 2004; deputy general manager of China International Fund Management Co, Ltd. from May 2004 to May 2010; the head of the board office and general manager of auditing headquarters of International Group from May 2010 to March 2013; the general manager of the investment department of International Group from March 2013 to January 2015; the general manager and the chief investment officer of the investment department of International Group from January 2015 to September 2015; Ms. LIU has held the position of investment president of International Group since September 2015, and has been a director of International Group since May 2016.

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Name	Major working experience
ZHONG Maojun	Master of Laws. Mr. ZHONG served as the general manager's assistant of the investment banking department and the head of the reorganization office of Orient Securities Co., Ltd. (東方證券有限責任公司) from February 1998 to January 2003. Mr. ZHONG then held several positions in Shanghai Municipal Financial Service Office from January 2003 to January 2015, including the deputy head of the financial institution division, the deputy head of the financial stabilization division (in charge of execution), the head of the financial stabilization division, the head of the financial institution service division and the director of municipal financial state-owned assets supervisory service division. Mr. ZHONG subsequently served as chief operating officer of International Group and the general manager of the strategic research department from January 2015 to May 2016, and a director and the chief operating officer of International Group since May 2016 and the general manager of the capital operation department of International Group from May 2016 to August 2017.
ZHOU Lei	Masters in Business Administration. Mr. ZHOU worked as the project manager and the manager of the financing arrangement department of International Group Asset Operation from December 2003 to December 2008; the general manager and the vice president of project development of the financing arrangement headquarters of International Group Asset Management from December 2008 to August 2010; the deputy general manager and the head of risk compliance of Shanghai Aijian Trust Investment Co., Ltd. (上海愛建信託投資有限責任公司) from August 2010 to December 2011; the general manager of Shanghai Aijian Trust Co., Ltd. (上海愛建信託有限責任公司) from December 2011 to March 2015; a director of Shanghai Aijian Trust Co., Ltd from November 2013 to March 2015; the deputy general manager of Shanghai SA from March 2015 to January 2016; as the general manager and the vice chairman of Shanghai SA from January 2016 to May 2017 and as chairman Shanghai SA since May 2017.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
WANG Yongjian	A postgraduate Masters degree. Mr. WANG served as the clerk, the deputy director clerk and the director clerk of the economic system reform office of Shenzhen Municipal Government from September 1993 to November 1997; the manager of the integrated management department, the manager of the information management department and the deputy general manager of the administrative headquarters of the research institute of China Southern Securities Co., Ltd. (南方證券股份有限公司) from November 1997 to September 2005; the board secretary of Shenzhen Shahe Industry (Group) Co., Ltd. (深圳沙河實業(集團)有限公司) from September 2005 to July 2009; the deputy general manager of Shahe Industry Co., Ltd. (沙河實業股份有限公司) from March 2006 to July 2009; the deputy general manager of Shenzhen Investment Holdings from July 2009 to May 2016; as a director and the general manager of Shenzhen Investment Holdings from May 2016 to July 2017; and the chairman of Shenzhen Investment Holdings since August 2017. Mr. WANG works as a director of Guosen Securities Co., Ltd. (國信證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002736), since June 2011 and acted as a director of Shenzhen Textile (Holdings) Co., Ltd, a company listed on Shenzhen Stock Exchange (stock code: 000045) from June 2013 to July 2017.
XIANG Dong	A postgraduate Masters degree. Mr. XIANG worked as the financial manager and the assistant chief financial officer of Wal-Mart (China) Investment Co., Ltd. (沃爾瑪(中國)投資有限公司) from January 2002 to March 2005; chief group finance officer of Ramaxcel (Shenzhen) Co., Ltd. (記憶科技(深圳)有限公司) from April 2005 and August 2007; the chief financial officer of Shenzhen Chipsbank Technologies Co., Ltd. (深圳芯邦科技股份有限公司) from August 2007 to August 2010; and the chief financial officer of Shenzhen Textile (Holdings) Co., Ltd. (深圳市紡織(集團)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000045), from August 2010 to April 2013; the director of Shenzhen Textile (Holdings) Co., Ltd since December 2010 to May 2013; as the head of finance department of Shenzhen Investment Holdings from April 2013 to January 2017; and concurrently as the head of the settlement center of Shenzhen Investment Holdings from November 2015 to January 2017 and acts as the director and chief financial officer of Shenzhen Special Economic Zone Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司) since January 2017. Mr. XIANG resigned as a non-executive Director on 29 March 2018 and the resignation is effective from the close of business of the Company on such date.

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Name	Major working experience
LIU Qiang	Mater in Business Administration and senior accountant. Mr. LIU worked as the deputy director clerk and the director clerk of the finance division of Shanghai Metallurgy Industry Bureau (上海冶金工業局) from August 1987 to April 1993; the deputy general manager of Shanghai Yongxin Metal Soft Pipe Co., Ltd. (上海永新金屬軟管有限公司) from April 1993 to September 1997; the general manager's assistant and manager of finance department of Shanghai Science and Technology Co., Ltd. (上海科技投資有限公司) from September 1997 to December 2000; and the deputy general manager and general manager of Shanghai Water Assets Operation and Development Co., Ltd. (上海水務資產經營發展有限公司) from December 2000 to April 2005. Mr. LIU then held various positions in Shanghai Municipal Investment (Group) Corporation, including general manager of the water business department from April 2005 to January 2007; the deputy chief economist from January 2007 to January 2008; the general manager of the production management department from January 2007 to July 2007; the deputy general manager from January 2008 to November 2014. Mr. LIU served as the vice president of Shanghai Municipal Investment (Group) Corporation (上海城投(集團)有限公司) from November 2014 to September 2017. Mr. LIU resigned as a non-executive Director on 29 March 2018 and the resignation is effective from the close of business of the Company on such date.

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Name	Major working experience
XIA Dawei	Economics Master professor, doctor-supervisor. Mr. XIA has previously worked as a teacher, the chancellor assistant and the vice chancellor of Shanghai University of Finance and Economics (上海財經大學) from July 1985 to August 2000 and then served as the dean of Shanghai National Accounting Institute from August 2000 to August 2012. Mr. XIA has been a professor, a doctoral tutor and the academic committee director of Shanghai National Accounting Institute since August 2012. Mr. XIA currently holds the positions of the deputy chairman of the Chinese Industrial Economic Association (中國工業經濟學會), the consultant of China Accounting Standards Committee of the Ministry of Finance (財政部會計準則委員會), the vice chairman of China Association of Chief Financial Officers, the chairman of Shanghai Accounting Association, the honorary professor of the Chinese University of Hong Kong, and the part-time professor of the School of Management of Fudan University and a member of the listed company expert committee of the Shanghai Stock Exchange and enjoys the government allowance of the State Council. Mr. XIA has been serving as an independent Director of various listed companies, including Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0980) since September 2004, Baoshan Iron & Steel Co., Ltd (寶山鋼鐵股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600019), since April 2013 and Juneyao Airlines Co., Ltd (上海吉祥航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603885), since July 2017. Mr. XIA has been the external supervisor of the Industrial Bank Co. Ltd. (興業銀行股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601166) since May 2016. Mr. XIA served as an independent Director of China United Network Communications Limited (中國聯合網絡通信股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600050), from November 2009 to May 2016 and as an independent Director of Shanghai Electric Power Co., Ltd. (上海電力股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600021), from November 2009 to May 2017.

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Name	Major working experience
SHI Derong	Engineering Doctor. Mr. SHI has previously held the positions of the secretary of the Communist Youth League branch of Central Hospital of Luwan District of Shanghai (上海盧灣區中心醫院) from October 1974 to August 1982; the deputy youth league secretary of the youth league committee of Luwan District, Shanghai from August 1982 to July 1983; the office director of Luwan District of Shanghai General Trade Union (上海總工會) from July 1983 to June 1984; head of the organization department of the party committee of Luwan District, Shanghai from June 1984 to June 1986; the deputy secretary of the party committee of Luwan District, Shanghai from June 1986 to March 1992; the deputy chief and the deputy secretary of the party committee of Shanghai Civil Affairs Bureau from March 1992 to November 1995; the chief and secretary of the party committee of Shanghai Civil Affairs Bureau from November 1995 to April 2003; the president and the secretary of the party committee of Shanghai Shengrong Investment Co., Ltd. (上海盛融投資有限公司) from April 2003 to October 2009; and concurrently as the chairman of Shanghai Building Materials (Group) Corporation (上海建材(集團)有限公司) from December 2003 to October 2009; the chairman and the secretary of the party committee of Shanghai Guosheng Group (上海國盛(集團)有限公司) from July 2007 to May 2012. Mr. SHI has been the director and the chief investment officer of CDB Root-Well Industrial Investment Fund Management Co., Ltd. (國開熔華產業投資基金管理有限責任公司) since June 2013. Mr. SHI served as the Director of Bailian (Group) Co., Ltd. (上海百聯集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600827), from June 2015 to September 2016.

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Name	Major working experience
CHEN Guogang	Economics Doctor and senior accountant. Mr. CHEN was an assistant professor at Xiamen University (廈門大學) from July 1984 to March 1985, and served as the deputy chief financial officer of Hong Kong Hino Co., Ltd. (香港鑫隆有限公司) in Hong Kong from July 1988 to July 1991; as the finance manager of the U.S. agrichemical subsidiary of China National Chemicals Import & Export Corporation (中國化工進出口總公司) from July 1991 to March 1994; the general manager of the petroleum accounting department of China National Chemicals Import & Export Corporation from March 1994 to January 1995; the vice chief of the finance department of China National Chemicals Import & Export Corporation from January 1995 to May 1997; the vice president of China International United Petroleum and Chemicals Co., Ltd. (中國國際石油化工聯合公司) from May 1997 to February 1999; the deputy chief accountant of China National Chemicals Import & Export Corporation from February 1999 to June 1999; the general manager of the finance department of China National Chemicals Import & Export Corporation from June 1999 to December 2000; and the chief accountant of Sinochem Group (中國中化集團公司) from December 2000 to April 2010 and successively as the chief financial officer and the vice-president and chief financial officer of New China Insurance Co., Ltd. (新華人壽保險股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601336) and the Hong Kong Stock Exchange (stock code: 1336), from April 2010 to May 2015. He has served as the vice-president of China Minsheng Investment Co. Ltd. since May 2015 and a director and chairman of the board of directors of China Minsheng Financial Holding Corporation Limited (a company listed on the Hong Kong Stock Exchange, stock code: 0245) since November 2017. Mr. CHEN has been a non-executive director of Far East Horizon Co., Ltd. (遠東宏信有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3360), since December 2015, the independent non-executive director of China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3818), since June 2016, and an independent non-executive director of the Shanghai YTO Express (Logistics) Co., Ltd. (圓通速遞股份有限公司) listed on the Shanghai Stock Exchange (stock code: 600233) since October 2016.
LING Tao	Economics Doctor. Mr. LING held various positions such as the deputy institute head at the Research Bureau of The People's Bank of China from April 1989 to May 2000 and worked as the chief of Ningbo Central Branch of The People's Bank of China from June 2000 to July 2001; the deputy chief of Shanghai Branch of The People's Bank of China from August 2001 to December 2003; and the director of the Anti-Money Laundering Bureau of The People's Bank of China from December 2003 to July 2005. Mr. LING held various positions such as the deputy chief at the Shanghai Headquarters of The People's Bank of China from July 2005 to June 2014, and was the deputy head of the preparation group of Shanghai HuaRui Bank Co., Ltd. (上海華瑞銀行) from June 2014 to January 2015. Mr. Ling has also been the chairman of Shanghai HuaRui Bank Co., Ltd. (上海華瑞銀行股份有限公司) since January 2015.

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Name	Major working experience
JIN Qingjun	Master of Laws. Mr. JIN previously worked as a lawyer in Zhongxin Law Firm (中信律師事務所) from April 1989 to October 1993; and partner of Xinda Law Firm (信達律師事務所) from October 1993 to August 2002. Mr. JIN has also been serving as senior partner of King & Wood Mallesons since September 2002; an independent director of Invesco Great Wall Fund Management Company Limited (景順長城基金管理有限公司) since April 2003; an external supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036) since October 2014; a director of Konka Group Co., Ltd. (康佳集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000016), since May 2015; an independent non-executive director of Times Property Holdings Limited (香港時代地產控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1233), since October 2015; an independent director of Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3377), since March 2016; an independent director of China South Glass Holdings Ltd. (中國南玻集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000012 (A Shares); 200012 (B Shares)), since December 2016; an independent director of Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 01578), since March 2017; and an independent director of Hengqin Life Insurance Co., Ltd. (橫琴人壽保險有限公司), since April 2017. Mr. JIN previously served as an independent director of Gemdale Corporation Co., Ltd. (金地集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600383), from April 2011 to April 2017; an independent director of Tianjin Changrong Print and Packing Equipment Co., Ltd. (天津長榮印刷設備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300195), from December 2013 to December 2016; and an independent director of Xi'an Dagang Road Machinery Co., Ltd (西安達剛路面機械股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300103), from April 2015 to April 2016.

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Name	Major working experience
LEE Conway Kong Wai	A postgraduate for Master degree. Mr. LEE served as a partner of Ernst & Young from September 1980 to September 2009. Currently, Mr. LEE has been an independent non-executive director of several companies listed on the Hong Kong Stock Exchange, including Chaowei Power Holdings Limited (stock code: 0951) since June 2010, West China Cement Limited (stock code: 2233) since July 2010, China Modern Dairy Holdings Limited (stock code: 1117) since October 2010, Tibet 5100 Water Resources Holdings Ltd. (stock code: 1115) since March 2011, Gome Electrical Appliances Holdings Limited (stock code: 0493) since March 2011, NVC Lighting Holding Limited (stock code: 2222) since November 2012, Yashili International Holdings Limited (stock code: 1230) since November 2013, GCL New Energy Holdings Limited (stock code: 0451) since May 2014, WH Group Limited (stock code: 0288) since August 2014 and China Rundong Auto Group Limited (stock code: 1365) since August 2014. Mr. LEE served as an independent non-executive director of CITIC Securities Company Limited (the Hong Kong Stock Exchange stock code: 6030 and the Shanghai Stock Exchange stock code: 600030) from November 2011 to May 2016 and as a non-executive director and the deputy chairman of China Environmental Technology and Bioenergy Holdings Limited (中科生物控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1237), from July 2014 to September 2015. Mr. Lee has been appointed as a member of the Chinese People's Political Consultative Conference of Hunan Province in China since 2007. Mr. LEE has been a member of several institutes of certified accountants, including the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Registered Accountants.
SHANG Hongbo	Master of business administration. Mr. SHANG has previously held various positions at Ningbo Branch of The People's Bank of China from September 1985 to December 1994, including the head of the liquidation group of the finance company from June 1989 to February 1990; the deputy head of the financial administration division (in charge of execution) from February 1990 to December 1991; the office director from December 1991 to March 1993; and the deputy chief from March 1993 to December 1994. Mr. SHANG also served as the chief of Ningbo Branch of SPD Bank (上海浦東發展銀行) from December 1994 to February 2002 and the deputy chief of SPD Bank from February 2002 to March 2015. Mr. SHANG has been serving as the chairman of the Supervisory Committee of the Company since October 2015.

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Name	Major working experience
ZHU Ning	Master in business administration and a senior economist. Mr. ZHU has previously served as the deputy director clerk, the director clerk, and the deputy-division level researcher at the comprehensive division of general office of the CPC Shanghai Municipal Committee from July 1987 to December 1995; the deputy director of the office of science, education and culture of the CPC Shanghai Municipal Committee from December 1995 to November 2000; the deputy director and the director of the research office of the financial work committee of CPC Shanghai Municipal Committee from November 2000 to September 2002; the director of the research office of the financial work committee of CPC Shanghai Municipal Committee and also the director of the policy research office of the Shanghai Financial Services Office from September 2002 and September 2005. Mr. ZHU has been serving as the deputy secretary of the party committee and the secretary of Commission for Discipline Inspection of the Company since September 2005, and also served as the chairman of the trade union of the Company Concurrently from March 2008 to January 2015; and the chairman of Guotai Junan Investment Management Co., Ltd. Concurrently from February 2010 to July 2013. Mr. ZHU has been serving as a Supervisor of the Company since January 2013 and the vice chairman of the Supervisory Committee of the Company since April 2013.
TENG Tieqi	Master of Engineering and a senior research engineer. Mr. TENG has previously served as a member of the preparatory group of FAW-Volkswagen Automobile Co., Ltd. (一汽大眾汽車有限公司), worked as the assistant to FAW Foreign Economic and Trade Branch from September 1991 to February 1994 and successively held various positions in China First Automobile Group Corporation (中國第一汽車集團公司) from February 1994 to November 1998, including the assistant general manager of FAW Group Corporation, the first deputy general manager of FAW Daewoo (一汽大宇), the deputy director of FAW Yantai Project Office and the head of the planning and finance department of FAW Group Corporation. Mr. TENG was a special manager and head of the planning and finance department of China First Automobile Group Corporation (中國第一汽車集團公司) from November 1998 to August 2000. Mr. TENG has been serving as the deputy general manager of China First Automobile Group Corporation (中國第一汽車集團公司) from August 2000 to February 2018 and the chief accountant of China First Automobile Group Corporation from June 2005 to February 2018. Mr. TENG served as a director of FAW Car Co., Ltd. (一汽轎車股份有限公司), a company listed on the Shenzhen stock Exchange (stock code: 000800), from December 2009 to August 2016; the supervisor of Bank of Communications Co., Ltd. (交通銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601328) and the Hong Kong Stock Exchange (stock code: 3328), from June 2013 to June 2016, and the supervisor of Guosen Securities Co., Ltd. (國信證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002736), from September 2008 to October 2017.

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Name	Major working experience
SHAO Chong	Doctor of economics and a senior economist. Mr. SHAO worked as a cadre and then the deputy director of the Social and Economic Research Department of National Bureau of Statistics Research Institute from August 1989 to December 1992 and the deputy director of the preparatory office of Shenzhen Energy Corporation Shenzhen Energy Investment Co., Ltd. (深圳能源總公司深圳能源投資股份有限公司) from January 1993 to June 1993, and held various positions consecutively in Shenzhen Energy Investment Co., Ltd. (深圳能源投資股份有限公司) including the secretary to board of directors, general manager assistant, deputy general manager, executive deputy general manager, director and chief economist from June 1993 to January 2008. He served as the deputy director of the preparatory office of Binhai Power Plant Construction Office (濱海電廠籌備辦公室) of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) between January 2008 and August 2008 and the director and the deputy general manager of CNOOC Shenzhen Natural Gas Co., Ltd. (中海石油深圳天然氣有限公司) from August 2008 and January 2015. Mr. SHAO has been serving as the vice chairman of Great Wall Securities Co., Ltd. (長城證券股份有限公司) since April 2008 and the secretary of the board of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000027) since January 2015.
ZUO Zhipeng	Master in business administration and a senior accountant. Mr. ZUO served as the accountant of the finance division of Anqing Textile Factory (安慶紡織廠) from July 1989 to July 1994; and an assistant of the finance division head of AnHui HuaMao Textile Co., Ltd. (安徽華貿紡織有限公司) from July 1994 to July 1999. Mr. ZUO then has held various positions in AnHui HuaMao Textile Company Limited (安徽華貿紡織股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000850), including the chief financial officer, the general manager assistant, the deputy general manager and the board secretary since July 1999. Mr. ZUO has been serving as a director of Anhui HuaMao Group Co., Ltd. (安徽華貿集團有限公司) since March 2007 and the director and general manager of AnHui HuaMao Textile Company Limited since March 2016.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
WANG Weijie	Master of economics and a senior political scientist. Mr. WANG has previously worked as the chief accountant of the financial department of Shenzhen Cigarette Factory (深圳卷煙廠) from February 1993 to December 1993, an accountant in the listing company department of Shenzhen Jinpeng Accounting Firm (深圳市金鵬會計師事務所) from December 1993 to March 1994, worked in the finance department of Junan Securities from March 1994 to November 1994; worked as the general manager of the financial department of Shandong Province Securities Company (山東省證券公司) from November 1994 to January 1996; and successively served as the deputy director of the auditing office, the deputy general manager of capital planning department, the general manager of Changsha sales department, and the general manager of the finance department of Junan Securities from January 1996 to August 1999. Mr. WANG held various positions in the Company from August 1999, including the assistant general manager and manager of the planning and finance headquarters of our Shenzhen Branch, the general manager of our planning and finance headquarters, the executive chairman of the assets and liabilities management committee and team leader of the subsidiary management team, the head of the Supervisory Committee office. He has been serving as the head of discipline inspection and the supervision office since November 2011; and the deputy secretary of the discipline inspection commission since February 2016.
LIU Xuefeng	Master in business administration. Mr. LIU worked as an officer of the competent financial office and an accountant of the financial division successively at Northern China Nonferrous Metals Group of Anyang Geophysical Division (華北有色公司安陽物探大隊) from July 1987 to March 1991, the officer and then deputy section head (managerial work) at the finance office of Shijiazhuang Iron and Steel Plant Co., Ltd. (石家莊鋼鐵廠有限公司) from March 1991 to March 1997, a finance manager at Shijiazhuang sales department of Junan Securities from March 1997 and August 1999, and held various positions in the Company, including the assistant general manager of securities sales department and finance manager and deputy general manager of finance department of Shijiazhuang Jianhua South Street Branch, deputy general manager of Hebei operation and the sales headquarter and the deputy general manager and general manager of the planning and the finance headquarter since August 1999. Mr. LIU has been serving as the general manager of investigation and audit department of the Company since February 2012.

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Name	Major working experience
ZHU Jian	Master of laws and master in business administration. Mr. ZHU worked at Shanghai Dazhong Taxi Co., Ltd. (上海大眾出租汽車股份有限公司) from July 1996 to December 1997 and successively held various positions including the deputy head of general manager office and the secretary of the board. He subsequently served successively as a cadre and a deputy director level clerk at the corporate department of the Shanghai Securities and Futures Supervisory and Management Office and a deputy director level clerk and a director level clerk at the listed company division of CSRC Shanghai Securities Office from December 1997 to November 2000; a director level clerk and a deputy division head of the information research division of CSRC Shanghai Securities Office successively from November 2000 to March 2004; a deputy division head and division head of the information research division of CSRC Shanghai Branch from March 2004 and October 2004; the head of general office and the division head of the second institution division of CSRC Shanghai Branch from October 2004 to September 2008; an assistant of director general of CSRC Shanghai Branch from September 2008 to August 2010; and a deputy director general of CSRC Shanghai Branch from August 2010 to September 2016. Mr. ZHU has joined in the Company since September 2016 and has been serving as our vice president since December 2016.
JIANG Yiming	Doctor of management. Mr. JIANG worked as the accountant of the accounting office of Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥業大學)) from July 1981 to September 1987 and the financial manager for Shenzhen Yu Kang Solar Co., Ltd. (深圳宇康太陽能有限公司) from July 1990 to May 1993, and then held various positions in Junan Securities from May 1993 to August 1999, including the deputy manager and then the manager of the financial department, the deputy general manager of securities brokerage business department, the deputy general manager and then the general manager of fund planning department and the chief financial officer. Mr. JIANG held various positions in the Company since August 1999, including the deputy general manager, the chief accountant, the general manager of the clearance headquarters and the chief financial officer of our Shenzhen Branch. Mr. JIANG has been serving as the vice president of the Company since November 2013.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
CHEN Yutao	Master of economics. Mr. CHEN served as deputy dean of the management department of Shandong Textile Institute of Technology (山東紡織工學院) from August 1990 to July 1991, a lecturer in industrial economics department of Shanghai University of Finance and Economics (上海財經大學) from July 1991 to August 1992, the manager of the department of Shanghai business of Shenzhen Special Economic Zone Securities Company (深圳經濟特區證券公司) from August 1992 to July 1993, and a clerk of the research department and the deputy general manager of the computer department of Guotai Securities from July 1993 to August 1999. Mr. CHEN held various positions in the Company since August 1999, including the general manager of information technology headquarters, the general manager of our Shenzhen Branch, the general manager of retail customer headquarter, the general manager of human resources headquarter and the chief engineer. He has been serving as the chief information officer since November 2013 and our vice president since November 2016.
GONG Dexiong	Master in business administration. Mr. GONG worked at the Pudong operating office of the securities department of Shanghai Trust from October 1992 to January 1995. Mr. GONG served successively as the deputy head of the Pudong operating office at the securities department, the section chief of the investment research section at the securities department, and the deputy manager of the securities department of Shanghai Trust from January 1995 to February 2001; the deputy general manager of Shanghai Securities from February 2001 to November 2011; the chairman of Hicend Futures concurrently from July 2008 to November 2011; the general manager of the financial management headquarters of International Group from November 2011 to March 2013; the general manager of Shanghai Securities from March 2013 to September 2015, the vice chairman of Shanghai Securities from May 2014 to November 2015, and the chief executive officer of Guotai Junan Asset Management from August 2015 to April 2016. Mr. GONG has been serving as the chairman of Guotai Junan Asset Management since August 2015, the chairman of Shanghai Securities since May 2016, and a vice president of the Company since November 2016.

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Major working experience
LIU Guifang	Master of economics and a senior accountant. Ms. LIU was a teacher at Hubei Construction Material Industry College (湖北建材工業學校) from August 1983 to September 1986, and then served as an accountant and the head of audit department of Shenzhen Jinpeng Accounting Firm (深圳市金鵬會計師事務所) from July 1989 to August 1993; the director officer of the listing department and market supervisory department of Shenzhen Municipal Securities Administration Office (深圳市證券管理辦公室) from May 1994 to November 1998; and the director officer, the deputy division head of the institution supervisory division and the head of the first institution supervisory division of CSRC Shenzhen Branch from November 1998 to December 2008, successively. Ms. LIU has been serving as our chief compliance officer since December 2008, served as our vice president from June 2011 to November 2016, and has been serving as our chief risk officer since March 2014.
XIE Lebin	Doctor of economics. Mr. XIE worked at the investment banking department of Wanguo Securities Co., Ltd. from July 1993 to March 1995. Mr. XIE served as an executive director of the investment banking department of Junan Securities from March 1995 to August 1999 and held various positions in the Company since August 1999, including a deputy general manager of the Shanghai investigation and auditing department; a deputy general manager of the investigation and auditing headquarters; the executive deputy general manager of the investigation and auditing headquarters; the general manager of the investigation and auditing headquarters; the general manager of the planning and finance department; and our deputy chief financial officer and the general manager of our planning and finance department. Mr. XIE has been serving as our chief financial officer and concurrently as general manager of the planning and finance department since November 2016.

Other Information

☐ Applicable ☒ Not applicable

(II) Share awards granted to the Directors and senior management members during the Reporting Period

☐ Applicable ☒ Not applicable

Section VIII Directors, Supervisors, Senior Management and Staff

II. POSITIONS OF THE CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Positions in Shareholder entities

√ Applicable □ Not applicable

Staff name	Name of shareholder entities	Position held in the shareholder entities	Starting date of term of office	Expiry date of term of office
FU Fan	Shanghai International Group Co., Ltd.	Director, president	May 2017	Until expiry of term
LIU Ying	Shanghai International Group Co., Ltd.	Director, chief investment officer	May 2016	Until expiry of term
ZHONG Maojun	Shanghai International Group Co., Ltd.	Director, chief operation officer	May 2016	Until expiry of term
ZHOU Lei	Shanghai State-owned Assets Operation Co., Ltd.	Chairman	May 2017	Until expiry of term
WANG Yongjian	Shenzhen Investment Holdings Co., Ltd.	Chairman	August 2017	Until expiry of term
LIU Qiang	Shanghai Municipal Investment (Group) Corporation	Vice president	November 2014	September 2017
TENG Tieqi	China First Automobile Group Corporation	Deputy general manager, chief accountant	June 2005	February 2018
SHAO Chong	Shenzhen Energy Group Co., Ltd.	Secretary of the board	January 2015	Until expiry of term
ZUO Zhipeng	AnHui HuaMao Textile Company Limited	Director, general manager	March 2016	Until expiry of term
Explanations on the positions in Shareholder Entities	None			

Section VIII Directors, Supervisors, Senior Management and Staff

(II) Positions in other entities

√ Applicable □ Not applicable

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
WANG Song	Guotai Junan Financial Holdings Co., Ltd.	Chairman of the board	March 2016	Until expiry of term
	Guotai Junan Securities US Holdings Company Limited	Chairman of the board	February 2016	Until expiry of term
FU Fan	Shanghai Equity Exchange Co., Ltd.	Chairman	March 2015	Until expiry of term
	Sailing International Investment Fund Co., Ltd.	Chairman	August 2016	Until expiry of term
	Sailing Capital Management Co., Ltd.	Chairman	August 2016	Until expiry of term
	Shanghai Pudong Development Bank Co., Ltd.	Director	June 2017	Until expiry of term
	Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd.	Chairman	June 2017	Until expiry of term
LIU Ying	International Group (Hong Kong) Co., Ltd.	Executive director and general manager	July 2014	Until expiry of term
	Sailing Capital Management Co., Ltd.	Director	June 2016	Until expiry of term
	Sailing International Investment Fund Co., Ltd.	Director	March 2016	Until expiry of term
	Beijing Kunlun Hotel Company Limited	Vice chairman	April 2015	Until expiry of term
ZHONG Maojun	Sailing Capital Management Co., Ltd.	Director	April 2015	Until expiry of term
	Shanghai Xieyi Asset Management Co., Ltd.	Chairman	January 2016	Until expiry of term
ZHOU Lei	Shanghai Rural Commercial Bank Co., Ltd.	Director	April 2017	Until expiry of term
	Shanghai Guoxin Capital Management Co., Ltd.	Chairman	January 2018	Until expiry of term
WANG Yongjian	Guosen Securities Co., Ltd.	Director	June 2011	Until expiry of term
	Shenzhen Investment Holdings Co., Ltd.	Executive director, General manager and legal representative	August 2016	Until expiry of term
	Shenzhen Investment Holdings Shenzhen Bay Equity Investment Fund Partnership (limited partnership)	Representative of managing partner	August 2017	Until expiry of term
	Shenzhen Angel investment guidance fund management Co., Ltd.	Executive Director	November 2017	March 2018
XIANG Dong	Shenzhen Special Economic Zone Construction and Development Group Co., Ltd.	Director, Chief financial officer	January 2017	Until expiry of term
	Shenzhen Airport (Group) Co., Ltd.	Supervisor	July 2017	Until expiry of term

Section VIII Directors, Supervisors, Senior Management and Staff

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
XIA Dawei	Lianhua Supermarket Holdings Co., Ltd.	Independent non-executive director	September 2004	Until expiry of term
	Baoshan Iron & Steel Co., Ltd	Independent non-executive director	April 2013	Until expiry of term
	Industrial Bank Co., Ltd.	External supervisor	May 2016	Until expiry of term
	Juneyao Airlines Co., Ltd.	Independent non-executive director	July 2017	Until expiry of term
SHI Derong	CDB Root-Well Industrial Investment Fund Management Co., Ltd.	Director, chief investment officer	June 2013	Until expiry of term
CHEN Guogang	China Minsheng Investment Corp., Ltd.	Vice president	May 2015	Until expiry of term
	China Minsheng Investment Group	Executive director	August 2016	Until expiry of term
	Asia Asset Management Corporation			
	CMIG Chungzhi Asset Management Co., Ltd.	Chairman	December 2016	Until expiry of term
	China Minsheng Financial Holding Corporation Limited	Chairman of the board	November 2017	Until expiry of term
	Far East Horizon Limited	Non-executive director	December 2015	Until expiry of term
	China Dongxiang (Group) Co., Ltd.	Independent non-executive director	June 2016	Until expiry of term
LING Tao JIN Qingjun	Shanghai YTO Express (Logistics) Co., Ltd.	Independent non-executive director	October 2016	Until expiry of term
	Shanghai HuaRui Bank Co., Ltd.	Chairman	January 2015	Until expiry of term
	King & Wood Mallesons, Beijing office	Partner	September 2002	Until expiry of term
	Great Wall Fund Management Company Limited	Independent non-executive director	April 2003	Until expiry of term
	China Merchants Bank Co., Ltd.	External supervisor	October 2014	Until expiry of term
	Konka Group Co., Ltd.	Director	May 2015	Until expiry of term
	Times Property Holdings Limited	Independent non-executive director	October 2015	Until expiry of term
	Sino-Ocean Group Holding Limited	Independent non-executive director	March 2016	Until expiry of term
	CSG Holding Co., Ltd.	Independent non-executive director	December 2016	Until expiry of term
	Bank of Tianjin Co., Ltd.	Independent non-executive director	March 2017	Until expiry of term
	Hengqin Life Insurance Co., Ltd.	Independent non-executive director	April 2017	Until expiry of term

Section VIII Directors, Supervisors, Senior Management and Staff

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
LEE Conway Kong Wai	Chaowei Power Holdings Limited	Independent non-executive director	June 2010	Until expiry of term
	West China Cement Limited	Independent non-executive director	July 2010	Until expiry of term
	China Modern Dairy Holdings Limited	Independent non-executive director	October 2010	Until expiry of term
	Tibet 5100 Water Resources Holdings Ltd.	Independent non-executive director	March 2011	Until expiry of term
	Gome Electrical Appliances Holdings Limited	Independent non-executive director	March 2011	Until expiry of term
	NVC Lighting Holding Limited	Independent non-executive director	November 2012	Until expiry of term
	Yashili International Holdings Limited	Independent non-executive director	November 2013	Until expiry of term
	GCL New Energy Holdings Limited	Independent non-executive director	May 2014	Until expiry of term
	WH Group Limited	Independent non-executive director	August 2014	Until expiry of term
	China Rundong Auto Group Limited	Independent non-executive director	August 2014	Until expiry of term
	FAW Capital Holdings Ltd.	Chairman	January 2014	February 2018
TENG Tieqi	FAW Assets Management Co., Ltd.	Chairman	February 2008	February 2018
	FAW-Volkswagen Automobile Co., Ltd.	Director	September 2011	February 2018
SHAO Chong	Great Wall Securities Co., Ltd.	Vice chairman	April 2008	Until expiry of term
	Dongguan Shenzhen Energy Zhangyang Power Co., Ltd.	Director	December 2006	Until expiry of term
ZUO Zhipeng	Anhui HuaMao Group Co., Ltd.	Director	March 2007	Until expiry of term
	Xinjiang Lihua Cotton Industry Co., Ltd.	Director	August 2011	Until expiry of term
	Guotai Junan Investment Management Co., Ltd.	Supervisor	April 2014	Until expiry of term
WANG Weijie	GTJA Allianz Funds Management Co., Ltd.	Director	February 2010	Until expiry of term
	Shanghai Guoxiang Properties Co., Ltd.	Supervisor	November 2011	Until expiry of term
LIU Xuefeng	Shanghai Guoxiang Properties Co., Ltd.	Supervisor	July 2017	Until expiry of term

Section VIII Directors, Supervisors, Senior Management and Staff

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
ZHU Jian	Guotai Junan Financial Holdings Co., Ltd.	Vice chairman of the board, general manager	May 2017	Until expiry of term
JIANG Yiming	Guotai Junan Securities Asset Management Co., Ltd.	Director	August 2010	Until expiry of term
CHEN Yutao	E-Capital Transfer Co., Ltd.	Director	December 2014	Until expiry of term
	Guotai Junan Futures Co., Limited	Chairman	December 2016	Until expiry of term
GONG Dexiong	Guotai Junan Securities Asset Management Co., Ltd.	Chairman	August 2015	Until expiry of term
	Shanghai Securities Co., Ltd.	Chairman	May 2016	Until expiry of term
	Guotai Junan Innovation Investment Co., Ltd.	Chairman	August 2017	Until expiry of term
	Guotai Junan Capital Management Co., Ltd.	Chairman	December 2016	Until expiry of term
LIU Guifang	Shanghai Guoxiang Properties Co., Ltd.	Chairman	January 2014	Until expiry of term
XIE Lebin	Guotai Junan International Holdings Limited	Non-executive director	June 2017	Until expiry of term
Explanations on the positions in Other Entities	None			

Section VIII Directors, Supervisors, Senior Management and Staff

III. COMPENSATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable □ Not applicable

Procedure for the determination of compensation for Directors, Supervisors and senior management members of the Company

The Company has established the Remuneration Appraisal and Nomination Committee under the Board, mainly responsible for reviewing and making recommendations on the assessment and remuneration management system for Directors and senior management members of the Company, assessing the Directors and senior management members of the Company and making recommendations. Compensation for the Supervisors shall be proposed by the Supervisory Committee and subject to the approval at the Shareholders' general meeting.

Basis for the determination of compensation for Directors, Supervisors and senior management members of the Company

The Company determines remuneration of senior management according to *the Administrative Measures on the Appointment, Appraisal and Remuneration of Senior Management* (《高級管理人員聘任、考核及薪酬管理辦法》) and their implementation rules. According to those administrative measures, the remuneration of senior management is composed of basic salary, performance-related bonus and term incentive. According to *the Pilot Implementation Scheme for the Remuneration Policy Reform of Professional Managers* (《職業經理人薪酬制度改革試點實施方案》), the remuneration of professional managers is composed of annual salary and medium and long term incentive, where annual salary includes basic annual salary and performance-related annual salary.

Actual payment of compensation for Directors, Supervisors and senior management members of the Company

See "I. (I) Changes in shareholdings and remunerations of existing directors, supervisors and senior management of the Company and those who resigned during the Reporting Period" in Section VIII.

Actual total amount of remuneration received by the Directors, Supervisors and senior management members of the Company at the end of the Reporting Period

During the Reporting Period, the Directors, Supervisors and senior management members of the Company received a total remuneration in the amount of RMB35.54 million.

Section VIII Directors, Supervisors, Senior Management and Staff

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

√ Applicable □ Not applicable

Name	Position	Manner of change	Reason of change
LEE Conway Kong Wai	Independent non-executive director	Election	On 24 October 2016, the Resolution on Election of Mr. LEE Conway Kong Wai as an independent Director of the Company was considered and approved at the 2016 first extraordinary general meeting of the Company and the appointment of Mr. LEE Conway Kong Wai shall become effective from the date of satisfaction of all of the following conditions and the term of appointment shall end on the expiry date of the term of the fifth session of the Board: 1) the appointment of Mr. LEE Conway Kong Wai as an independent Director of the fifth session of the Board having been considered and approved at the general meeting of the Company; 2) Mr. LEE Conway Kong Wai having obtained the approval from the securities regulatory authorities for his qualification as an independent director of a securities company; 3) the H Shares issued by the Company having been listed on the Hong Kong Stock Exchange; 4) the Articles of Association (Draft) having been considered and approved at the Shareholders' general meeting and having been approved by relevant securities regulatory authorities. On 11 April 2017, the H Shares were listed on the Main Board of the Hong Kong Stock Exchange and all of these four conditions have been fulfilled. Therefore, the appointment of Mr. LEE Conway Kong Wai became effective from such date.
XIE Lebin	Chief financial officer	Engagement	On 28 November 2016, the Resolution on Proposed Appointment of Vice President and Chief Financial Officer of the Company was considered and approved at the fourth extraordinary meeting of the fifth session of the Board and Mr. XIE Lebin was appointed as the chief financial officer of the Company and such appointment shall become effective after he has obtained the approval on his qualification as a senior management member of a securities company. On 12 January 2017, Mr. XIE Lebin was qualified as a senior management member of a securities company and his appointment became effective from such date.

Section VIII Directors, Supervisors, Senior Management and Staff

V. PUNISHMENT BY SECURITIES REGULATORY BODIES FOR THE PAST THREE YEARS

☐ Applicable ☒ Not applicable

VI. SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISOR

The Company entered into the agreements in compliance of relevant laws, regulations and arbitration rules with all the Directors of the fifth session of the Board and all the Supervisors of the fifth session of the Supervisory Committee, which came into effect since the date on which the H Shares was listed on the Hong Kong Stock Exchange and will end on the expiry date of the term of this session of Board and Supervisory Committee. Saved as disclosed above, none of the Directors or Supervisors entered into any service agreement with the Company or its subsidiaries(excluding agreements expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

VII. DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

Mr. WANG Yongjian, a non-executive Director of the Company, has been a director of Guosen Securities Co., Ltd. since May 2011. Since the business scope of Guosen Securities Co., Ltd. includes securities brokerage, securities investment consultation, financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, securities asset management, margin financing and securities lending, agency sale of securities investment funds, agency sale of financial products, introducing brokerage for futures companies, securities investment fund entrustment business, stock option market making, commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management, entrusted management of equity investment funds, Hong Kong securities brokerage, financing business and asset management business, etc., it competes or is likely to compete, either directly or indirectly, with certain businesses of the Company and its subsidiaries.

Mr. CHEN Guogang, an independent non-executive Director of the Company, has been a director and chairman of the board of directors of China Minsheng Financial Holding Corporation Limited since November 2017. Since China Minsheng Financial Holding Corporation Limited and its subsidiaries currently hold the licenses under the SFO for engaging in the regulated activities of Type 1 (Securities Trading), Type 4 (Advising on Securities) and Type 9 (Asset Management), it competes or is likely to compete, either directly or indirectly, with certain businesses of Guotai Junan Financial Holdings and its subsidiaries.

Save as disclosed in this annual report, none of the Directors has any interest in the businesses which compete or is likely to compete, either directly or indirectly, with the Company's business.

VIII. INTERESTS OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

The Company has not entered into any significant transaction, arrangement or contract in which Directors, Supervisors or entities associated with such Directors or Supervisors held or had held any direct or indirect material interests during the Reporting Period.

Section VIII Directors, Supervisors, Senior Management and Staff

IX. INFORMATION OF EMPLOYEES OF PARENT COMPANY AND PRINCIPAL SUBSIDIARIES

(I) Information of employees

Number of existing employees of parent company	11,606
Number of existing employees of major subsidiaries	3,271
Total number of existing employees	14,877
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	—

Professions

Type of professions	Number of individuals
Business personnel	10,344
Business support personnel	4,026
Management personnel	507
Total	14,877

Educational background

Level of education	Number of individuals
Doctors	139
Masters and postgraduates	3,363
Bachelors	8,020
Associate degree and below	3,355
Total	14,877

(II) Remuneration policy

☒ Applicable ☐ Not applicable

The Company has formulated a series of remuneration management systems in line with the practical conditions of the Company pursuant to relevant PRC laws and regulations and the Articles of Association, including the Administrative Measures on Remuneration, and the Administrative Measures on Performance, and the Administrative Measures on Professional Ranking. The Company establishes a post value and competence oriented and performance-related remuneration system to achieve “inside fairness and outside competition”, improve the utility efficiency of remuneration resources and motivate excellent employees for the purpose of attracting and retaining excellent talents. The Company maintains and makes contribution to various social insurances (including the pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing fund and enterprise annuity for its employees in accordance with the PRC laws and regulations.

Section VIII Directors, Supervisors, Senior Management and Staff

(III) Training programs

√ Applicable ☐ Not applicable

In order to improve the professional skills of its employees, the Company has provided diversified internal and external training programs. The internal training programs include on-site, video conference and online training programs. The relevant employees have participated in various qualification exams related to the business of the Company and various exams required by relevant regulatory laws. In 2017, the Company provided 531 on-site trainings which covered leadership training, induction training for new employees, compliance and risk control, investment banking business, credit business and Southbound to nearly 16,000 persons, and over 9,000 persons spent over 350,000 hours, training on the internet, in total.

(IV) Labor outsourcing

√ Applicable ☐ Not applicable

Number of working hours of labor outsourcing

Standard working hour policies

Total compensation paid for labor outsourcing

RMB21,023,800 (pre-tax)

X. OTHERS

√ Applicable ☐ Not applicable

Information of the brokers

As at the end of 2017, the Group had a total of 2,972 brokers, with 2,469 for the Company and 503 for Shanghai Securities.

Brokers signed agency appointment contracts with the Group to accept the appointment of the Group and solicit clients to provide services to them within the authorization of the Group. The Group conducted unified management over brokers and has established a complete system of rules, internal control system and system platform to standardize management over brokers. The Group has taken preventative measures beforehand, processes monitoring and posts reviews in respect of the conduction of business, by brokers. The Group has effectively controlled risks associated with brokers related business, by providing pre-job training and training for the conduction of business to reinforce the management over the practices of brokers, monitoring and tracking transactions of brokers clients via off-site monitoring platforms to identify risks on a timely basis, and conducting audits to standardize management over brokers. In addition, the Group paid regular visits to the clients of the brokers to get feedbacks on practices and assure compliance in conducting business.

Section IX Corporate Governance

I. CORPORATE GOVERNANCE

√ Applicable ☐ Not applicable

(I) Corporate governance

As a company listed on the SSE and the Hong Kong Stock Exchange, the Company has strictly complied with laws, regulations and regulatory documents required to it. The Company keeps improving its corporate governance structure and system in order to enhance its corporate governance.

According to the requirements of laws, regulations and regulatory documents such as the Company Law of the PRC, the Securities Law of the PRC, the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Rules for Governance of Securities Companies (《證券公司治理準則》) and Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Company has established a sound and complete corporate governance structure, comprising the general meeting, the Board, the Supervisory Committee. The management of the Company has formed a complete corporate governance system for discussion, decision-making, delegation and implementation with clear responsibilities, regulated operation, coordination and balance among the competent authorities, the decision-making body, the supervision body and management.

From 11 April 2017, the date on which the H Share were listed to the end of the Reporting Period, the Company has strictly complied with relevant requirements under the Corporate Governance Code and satisfied most requirements of provisions for recommended best practices. During the Reporting Period, the Company has formulated Board diversity policies and appointed one Hong Kong resident as an independent non-executive Director; the Chairman has communicated with non-executive Directors via various channels such as meetings to obtain suggestions and advice; the management of the Company has reported monthly operation and management to directors and supervisors on a monthly basis; the Chairman, Directors, the president, secretary to the Board and other management personnel of the Company have communicated with the Shareholders via result announcement conferences, roadshows, investor receptions, online interactions, telephone and other methods, and continued to improve its corporate governance.

During the Reporting Period, the Company has convened two general meetings, including one annual general meeting and one extraordinary general meeting; nine Board meetings, including four regular meetings and five extraordinary meetings; and four supervisory committee meetings. The convening, proposals, votes held, resolutions and minutes of each of these general meetings, Board meetings and supervisory committee meetings were in compliance with requirements under relevant laws, regulations, regulatory documents, the Articles of Association, Rules of Procedure of General Meetings (股東大會議事規則), Rules of Procedure of Board Meetings (《董事會議事規則》), and Rules of Procedure of Supervisory Committee Meetings (監事會議事規則). Each of the Directors and Supervisors has performed their duties and obligations with diligence and each of the independent Directors has considered the proposals and provided independent advice with due care in accordance with the Working System for Independent Directors (獨立董事工作制度), assuring Shareholders to exercise their rights under relevant laws, taking into sufficient account the interests of minority Shareholders and making no detriment to the interests of minority Shareholders.

Section IX Corporate Governance

Whether there is any significant difference between corporate governance of the Company and requirements of relevant provisions of the CSRC; if any, reasons should be explained

☐ Applicable ☒ Not applicable

II. INFORMATION OF GENERAL MEETINGS

Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions
Annual general meeting for 2016	13 March 2017	http://www.sse.com.cn	14 March 2017
2017 first extraordinary general meeting	12 December 2017	http://www.sse.com.cn http://www.hkexnews.hk	12 December 2017

Section IX Corporate Governance

General meetings

√ Applicable ☐ Not applicable

During the Reporting Period, the Company convened two general meetings as follows:

1. The annual general meeting for 2016 of the Company was held in Shanghai on 13 March 2017, on which the Work Report of the Directors for 2016, the Work Report of the Supervisors for 2016, the Resolution on Proposing to Review the Profit Distribution Plan of the Company for 2016, the Resolution on Proposing to Consider the Reappointment of Accounting Firm, the Resolution on Proposing to Review the Annual Report of the Company for 2016, the Resolution on Anticipated Related Party Transactions of the Company for 2017, the Resolution on Proposing to Extend the Valid Period of the Mandate for the Public Offering of A Share Convertible Corporate Bonds and the Resolution on Proposing to Increase the External Donation Limit of the Company for 2017, were reviewed and approved.
2. The 2017 first extraordinary general meeting of the Company was held in Shanghai on 12 December 2017, on which the Resolution on Proposing to Amend the Articles of Association and its Appendix was reviewed and approved.

Section IX Corporate Governance

III. PERFORMANCE OF DUTIES BY DIRECTORS

(I) Composition of the Board

According to the Articles of Association, as at the end of the Reporting Period, the Board consisted consists of 16 directors, including: 3 executive Directors, 7 non-executive Directors and 6 independent non-executive Directors. Mr. YANG Dehong is the chairman of the Board, and Mr. WANG Song is the vice chairman of the Board. The specific list is as follows:

Executive Directors: Mr.YANG Dehong, Mr.WANG Song and Mr. YU Jian;

Non-executive Directors: Mr. FU Fan, Ms. LIU Ying, Mr. ZHONG Maojun, Mr. ZHOU Lei, Mr. WANG Yongjian, Mr. XIANG Dong (Note) and Mr. LIU Qiang (Note);

Independent Non-executive Directors: Mr. XIA Dawei, Mr. SHI Derong, Mr. CHEN Guogang, Mr. LING Tao, Mr. JIN Qingjun and Mr. LEE Conway Kong Wai.

Since the listing of the Company, the Board has always complied with the requirement of the Hong Kong Listing Rules on appointment of at least three independent non-executive directors, who shall jointly account for at least one third in number of members of the board. Six independent non-executive directors of the Company are fully qualified as specified in Rules 3.10(1) and (2), and Rule 3.10(A) of the Hong Kong Listing Rules. Besides, the Company has received annual confirmations issued by each independent non-executive director in respect of their independence according to Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Company believes that each independent non-executive Director is independent as specified in the Hong Kong Listing Rules.

Please refer to “Section VIII Directors, Supervisors, Senior Management and Staff” for particulars of Directors.

Note: Resigned on 29 March 2018 and the resignation is effective from the close of business of the Company on such date.

Section IX Corporate Governance

(II) Duties of the Board

The board of Directors is the permanent authority of the Company, and is responsible to the general meeting of Shareholders. According to the Articles of Association, the Board has the following duties: to convene general meetings and to report to shareholders' general meetings; to implement the resolutions of shareholders' general meetings; to research and formulate the medium and long-term development plan of the Company; to determine business operation plans and investment plans of the Company; to formulate annual preliminary and final financial budgets of the Company; to formulate the profit distribution plans and plans for recovery of losses of the Company; to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing; to formulate plans for any substantial acquisition by the Company, repurchase of the shares or merger, division and change of the form and dissolutions of the Company; to decide on matters relating to the Company's external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions as authorized by shareholders' general meetings; to decide on the establishment of the Company's internal management structure; to appoint or dismiss the Company's president, secretary to the board of directors, chief risk officer and chief compliance officer and, based on the nominations of president, to appoint or dismiss vice presidents, chief financial officer and other senior management and to determine their remuneration and rewards and penalties; to decide on the proposals for the establishment of subsidiaries; to formulate the basic management system of the Company; to formulate proposals for any amendments to the Articles of Association; to manage the disclosure of information of the Company; to propose to shareholders' general meetings the appointment or change of the accounting firm acting as the auditor of the Company; to hear the work report of the Company's president and special committees under the board of directors and to review the work of the Company's president and special committees under the board of directors; and any other powers as conferred by the laws, administrative regulations, departmental rules and the Articles of Association.

Section IX Corporate Governance

(III) Convening of Board meetings

During the Reporting Period, the Directors raised no objection against and voted in favor of matters considered and approved at the meetings of the Board. Information of those Board meetings is as follows:

- (1) The seventh extraordinary meeting of the fifth session of Board was held on 5 January 2017 on which the Resolution on Proposing to Sign Supplemental Agreement on the Transfer of Equity Interests in HuaAn Funds between Guotai Junan Innovation Investment and Shanghai Electric (《關於提請審議創新投公司與上海電氣就華安基金股權受讓再次簽署補充協定的議案》) was reviewed and passed.
- (2) The third meeting of the fifth session of Board was held on 19 February 2017 on which the Work Report of the Directors for 2016, the Report on the Operation and Management of the Company for 2016, the Profit Distribution Plan of the Company for 2016, the Resolution on Proposing to Consider the Reappointment of Accounting Firm, the Report on the Performance of Duties by the Audit Committee under the Board for 2016, the Resolution on Proposing to Consider the Group's Risk Appetite for 2017, the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Company for 2017, the Compliance Report of the Company for 2016, the Risk Management Report of the Company for 2016, Internal Control Assessment Report of the Company for 2016, the Annual Report of the Company for 2016, the Work Report of Independent Directors for 2016, the Resolution on Anticipated Daily Related Party Transactions of the Company for 2017, Social Responsibility Report of the Company for 2016, the Resolution on Proposing to Extend the Valid Period of the Mandate for the Public Offering of A Share Convertible Corporate Bonds, the Resolution on Proposing to Increase the External Donation Limit of the Company for 2017 and the Resolution on Proposing to Consider the Convening of the Annual General Meeting of the Company for 2016 were reviewed and passed.
- (3) The eighth extraordinary meeting of the fifth session of Board was held on 18 March 2017, at which the Resolution on Determining the Global Offering (Hong Kong Public Offering and International Placing) of H Shares and Listing on the Hong Kong Stock Exchange (《關於確定H股全球發售(香港公開發售及國際配售)及在香港聯交所上市的議案》), Resolution on Proposing to Sign the 2017-2019 Framework Agreement on Transactions and Services in Securities and Financial Products with Shanghai International Group Co., Ltd. (《關於提請審議與上海國際集團有限公司簽署2017-2019年年度證券及金融產品交易及服務框架協定的議案》), Resolution on Proposing to Consider the Work Plan of the Company to Implement the Overall Risk Management Requirements (《關於提請審議公司落實全面風險管理要求工作方案的議案》) and Resolution on Proposal to the Board of Directors to Authorize the Company's Management to Set up the Securities Sales Department (《關於提請董事會授權公司經營層設立證券營業部的議案》) were reviewed and passed.
- (4) The fourth meeting of the fifth session of Board was held on 28 April 2017 by means of considering in writing and voting through communications, at which the First Quarterly Report of the Company in 2017 was reviewed and passed.
- (5) The ninth extraordinary meeting of the fifth session of Board was held on 26 May 2017 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Implementation Plan of Remuneration System Reform for Professional Managers of the Company (《關於提請審議公司職業經理人薪酬制度改革實施方案的議案》) was reviewed and passed.

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- (6) The tenth extraordinary meeting of the fifth session of Board was held on 14 June 2017 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Capital Increase to Guotai Junan Securities Asset Management Co., Ltd. (《關於提請審議向上海國泰君安證券資產管理有限公司增資的議案》), Resolution on Proposing to Consider the Implementation of Requirements under the Management Rules for the Private Investment Funds Subsidiaries under Securities Companies (《證券公司私募投資基金子公司管理規範》), Resolution on Proposing to Consider the Amendments to the Articles of Association and its Appendix (《關於提請審議修訂<公司章程>及其附件的議案》) and Resolution on Proposing to Convene the First Extraordinary Meeting of the Company in 2017 (《關於提請召開公司2017年第一次臨時股東大會的議案》) were reviewed and passed.
- (7) The eleventh extraordinary meeting of the fifth session of Board was held on 14 July 2017 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Establishment of the Alternative Investment Subsidiary (《關於提請審議設立另類投資子公司的議案》) was reviewed and passed.
- (8) The fifth meeting of the fifth session of Board was held on 25 August 2017, at which the Resolution on Proposing to Consider the 2017 Interim Report of the Company (《關於提請審議公司2017年半年度報告的議案》), Resolution on Proposing to Consider the 2017 Interim Compliance Report of the Company (《關於提請審議公司2017年中期合報告的議案》), Resolution on Proposing to Consider the 2017 Interim Risk Management Report of the Company (《關於提請審議公司2017年中期風險管理報告的議案》), Resolution on Proposing to Amend the Articles of Association (《關於提請修訂公司章程的議案》) and Resolution on Proposing to Amend the Measures on Comprehensive Risk Management of the Company (《關於提請修訂公司<全面風險管理辦法>的議案》) were reviewed and passed.
- (9) The sixth meeting of the fifth session of Board was held on 30 October 2017 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Third Quarterly Report of the Company in 2017 (《關於提請審議公司2017年第三季度報告的議案》), Resolution on Proposing to Amend the Measures on Compliance Management of the Company (《關於提請修訂公司合規管理辦法的議案》) and Resolution on Proposing to Consider the Investment of the Company in Shanghai Kechuang Center Equity Investment Fund (《關於提請審議公司投資參與上海科創母基金的議案》) were reviewed and passed.

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(IV) Attendance at Board meetings and general meetings by Directors

Name	Independent Director or not	Attendance at Board meetings				Attendance at general meetings	
		Number of Board meetings to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Two consecutive Board meetings not attended or not	No. of general meetings attended
YANG Dehong	No	9	9	6	0	No	2
WANG Song	No	9	8	6	1	No	2
YU Jian	No	9	9	6	0	No	1
FU Fan	No	9	9	6	0	No	0
LIU Ying	No	9	8	6	1	No	0
ZHONG Maojun	No	9	9	6	0	No	0
ZHOU Lei	No	9	9	6	0	No	1
WANG Yongjian	No	9	8	6	1	No	0
XIANG Dong	No	9	9	6	0	No	0
LIU Qiang	No	9	8	6	1	No	0
XIA Dawei	Yes	9	9	6	0	No	0
SHI Derong	Yes	9	8	6	1	No	0
CHEN Guogang	Yes	9	9	6	0	No	0
LING Tao	Yes	9	9	6	0	No	0
JIN Qingjun	Yes	9	9	6	0	No	2
LEE Conway Kong Wai	Yes	6	6	5	0	No	1

Not attending in person at two consecutive Board meetings

☐ Applicable ☒ Not applicable

Number of Board meetings held during the year 9

Including: Number of on-site meetings 3

Number of meetings held by way of telecommunication 6

Number of meetings held in a mixed model 0

(V) Independent Directors' objection to relevant matters of the Company

☐ Applicable ☒ Not applicable

During the Reporting Period, the independent Directors had not raised any objection to the matters considered by the Board or the committees under the Board.

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(VI) Main measures implemented by the Board in respect of corporate governance during the Reporting Period

- (1) Corporate governance and related recommendations. In view of the impact and challenges brought by the global economic situation and industry regulatory policies to the securities industry in China and the Company in 2017, the Board adheres to its distinct corporate culture and clear development strategies, firmly sticks to the principle that compliance risk control is its primary core competitiveness, promotes the internationalization of its capital structure, makes efforts to promote the implementation of matrix management mode, and is committed to the formation of a coordinated, efficient and enduring endogenous development mechanism and impetus.
- (2) Performance of duties and development of the Directors. The Company has established a system of monthly reports on operation and management, to provide the Directors with the operation and management of the Company and the development of the securities industry in a timely manner, and to facilitate the performance of duties by the Directors. In the meantime, the Company provides the Directors with the latest regulatory developments, with the assistance of professional firms by providing professional training for the Directors to perform their duties, or organizes the Directors to participate in professional trainings organized by the relevant regulatory authorities and industry associations from time to time, so as to continuously improve the ability of the Directors to perform their duties.
- (3) Amendments on the governance system. In accordance with the relevant provisions of the Hong Kong Listing Rules, the Board has amended the Articles of Association, the terms of reference of the committees under the Board, the Working Rules of the Independent Directors, the Rules Governing Related Party Transactions and the Rules Governing the Information Disclosure. At the same time, according to the regulations of the relevant regulatory authorities in China, the Board has revised the corresponding articles of the Articles of Association in respect of overall risk management and compliance management.

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(VII) Training for Directors

The Company keeps providing training to its Directors to assure that they are able to perform their duties with due fidelity and diligence as required by relevant laws and protect Shareholders' interests. During the Reporting Period, the Company proactively organized its Directors to attend training provided by relevant regulatory authorities and industry associations and engaged professional firms to provide on-demand trainings to its Directors and provide the latest updates on relevant laws, regulations and industry regulation. In addition, the Company submitted Monthly Report (《月度報告》) to its directors to enable them to keep up with the latest industry updates, laws, regulations and policies, and keep them informed of significant events in relation to the financial position, internal control, operation and management of the Company, which would help improve their competence in performance. Specific training arrangements for Directors are as follows:

Name	Position	Training method and content
YANG Dehong	Chairman and executive director	On 25 August 2017, participating the training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading; reading the Briefs on Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis; from 8 to 10 November 2017, participating the seminar for leading cadres to learn and implement the spirit of the 19th CPC National Congress organized by the Organization Department of Shanghai Municipal Branch of the CPC; from May to December 2017, participating the follow-up professional training for the personnel engaged in securities business by the SAC (remote).

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Name	Position	Training method and content
WANG Song	Vice Chairman, Executive Director and President	Reading and learning the Briefs on the Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis; from 23 to 25 November 2017, participating the seminar for leading cadres to learn and implement the spirit of the 19th CPC National Congress organized by the Organization Department of Shanghai Municipal Branch of the CPC; from May to December 2017, participating the follow-up professional trainings for the personnel engaged in securities business by the SAC (remote).
YU Jian	Executive Director and Secretary to the Board	From 26 to 29 June 2017, participating the third follow-up training session for secretaries to the board of directors of listed companies (i.e. secretaries to the board of directors of companies with their A shares and/or H shares listed) in 2017 held by the Hong Kong Institute of Chartered Secretaries; on 25 August 2017, participating the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Presentation on Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis; from May to December 2017, participating the follow-up professional training for the personnel engaged in securities business by the SAC (remote).

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Name	Position	Training method and content
FU Fan	Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; on 9 November 2017, participating in the training for directors and supervisors of listed companies organized by Shanghai Association for Listed Companies (上海上市公司協會) as authorized by Shanghai Supervision Bureau of CSRC; reading and learning the Briefs on the Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
LIU Ying	Non-executive Director	Reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
ZHONG Maojun	Non-executive Director	On 25 August 2017, participating the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
ZHOU Lei	Non-executive Director	From 16 to 17 May 2017, participating the first training class for directors and supervisors of listed companies in Shanghai in 2017 held by Shanghai Association for Listed Companies (上海上市公司協會); on 25 August 2017, participating the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.

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Name	Position	Training method and content
WANG Yongjian	Non-executive Director	Reading and learning the Briefs on Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
XIANG Dong	Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
LIU Qiang	Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
XIA Dawei	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
SHI Derong	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.

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Name	Position	Training method and content
CHEN Guogang	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
LING Tao	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
JIN Qingjun	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.
LEE Conway Kong Wai	Independent Non-executive Director	On 25 August 2017, participating in the on-demand training on compliance – Latest Trend of Regulation on H Shares in 2017 (《2017年H股監管最新趨勢》) provided by Freshfields Bruckhaus Deringer; from 30 October to 2 November 2017, participating the 54th qualification training for independent directors held by Shanghai Stock Exchange; reading and learning the Briefs on Regulations in the Hong Kong Capital Market (《香港資本市場法規簡報》) provided by Freshfields Bruckhaus Deringer on a regular basis.

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IV. BOARD COMMITTEES

√ Applicable □ Not applicable

(I) Composition of Board committees

The fifth session of Board has established the strategy committee, the remuneration, appraisal and nomination committee, the audit committee and the risk control committee. As at the end of the Reporting Period, members of each committee are as follows:

1. Strategy Committee

Chairman: YANG Dehong

Members: FU Fan, WANG Yongjian and LING Tao

2. Remuneration, Appraisal and Nomination Committee

Chairman: XIA Dawei

Members: WANG Yongjian, CHEN Guogang and JIN Qingjun

3. Audit Committee

Chairman: CHEN Guogang

Members: ZHOU Lei, XIANG Dong (Note), XIA Dawei and JIN Qingjun

4. Risk Control Committee

Chairman: FU Fan

Members: WANG Song, ZHONG Maojun, LIU Qiang (Note) and LING Tao

Note: Resigned on 29 March 2018 and the resignation is effective from the close of business of the Company on such date.

(II) Responsibilities and meetings of the Board Committees

1. Strategy Committee

- (1) The main functions and duties of the Strategy Committee: analyzing and providing recommendations on the mid- and long-term strategies of the Company; analyzing and providing advices on major investments and financing proposals subject to the Board's approval; analyzing and providing advices on other material matters affecting the development of the Company; checking and evaluating the implementation of the above matters, and providing timely advices for necessary adjustments; and other duties delegated by the Board.
- (2) During the Reporting Period, the Strategy Committee has strictly complied with the Terms of Reference for the Strategy Committee of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司戰略委員會工作規則》) in performing its responsibilities with due diligence and proactively supervised the implementation of the Outline of Development Strategy Planning for 2016 to 2018 (《2016-2018年發展戰略規劃綱要》) of the Company. It has played an important role in the formation of strategic decisions and significant investment decisions of the Company.

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2. Remuneration, Appraisal and Nomination Committee

- (1) The main functions and duties of the Remuneration, Appraisal and Nomination Committee: reviewing and advising on the structure and composition of the Board and candidates for Directors and senior management; developing the assessment and remuneration policies and administration methods for Directors and senior management, and providing advices to the Board accordingly; evaluating the performance of the Directors and senior management and providing advice; advising on the remuneration of the senior management with reference to the corporate operation goals and objectives set by the Board and other functions and duties delegated by the Board.
- (2) Major accomplishments of the Remuneration Appraisal and Nomination Committee in 2017 included:
 - dismissing and formulating Board Diversity policies
 - formulating and implementing the Rules Covering the Professional Managers and related detailed rules;
 - reviewing the performance of the duties by the Directors and senior management of the Company, and conducting annual evaluation of the performance of such persons; and
 - supervising the implementation of the Company's remuneration policies.
- (3) During the Reporting Period, the Remuneration, Appraisal and Nomination Committee has held three meetings in total as follows:

On 10 February 2017, the fifth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board approved the settlement of the total remuneration of the Company for 2016 according to the budgeting method determined at the 15th meeting of the Remuneration, Appraisal and Nomination Committee under the fourth session of the Board; approved the budget and agreed on with-holding of remuneration of the parent company for 2017 according to the current method.

On 15 May 2017, the sixth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board was presented with the work reports of the Chairman and the President of the Company for 2016 and made a secondary appraisal and rating on the performance of other senior management members; approved the plan of objectives of senior management of the Company for their term of office and the plan of performance objectives for 2017; approved the implementation plan of remuneration system reform for the professional managers of the Company and relevant measures submitted by the Company; approved the letter of responsibilities for the objectives of the professional managers during their term of office and their performance appraisal contracts for 2017; and approved to submit the aforesaid matters to the Board for consideration and approval.

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On 20 September 2017, the seventh meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board considered and passed the Resolution on the Remuneration and Incentive scheme for the Senior Management of the Company in 2016 (關於公司高級管理人員2016年度薪酬激勵的議案》).

- (4) During the Reporting Period, the attendance of meetings by the members of the Remuneration, Appraisal and Nomination Committee is as follows:

Name	Number of meetings to be attended	Number of meetings actually attended
XIA Dawei	3	3
WANG Yongjian	3	3
CHEN Guogang	3	3
JIN Qingjun	3	3

- (5) The Company has formulated Board Diversity Policies. The Company selects candidates for Directors taking into account various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The Remuneration, Appraisal and Nomination Committee under the Board discuss and agree expected objectives to achieve Board diversity and advice the Board on acting for such objectives. Information of the members of the Board (including gender, age, length of service, professional experience, etc.) has been disclosed in this annual report of the Company.

3. Audit Committee

- (1) The main functions and duties of the Audit Committee: proposing to the Board about the engagement or replacement of external auditors, advising on the terms of engagement and remuneration of external auditors, supervising the practice of external auditors; auditing the Company's financial information and the disclosure thereof; supervising and inspecting the Company's internal control system; coordinating between the internal and external auditors; reviewing the financial and accounting policies of the Company and their implementation; and other functions and duties delegated by the Board.
- (2) Major accomplishments of the Audit Committee in 2017 included:
- reviewing the Company's periodic reports including the annual report, semi-annual reports and quarterly reports;
 - reviewing and proposing to the Board about the engagement and remuneration of the external auditors of 2017;
 - reviewing the Company's internal audit report and the Company's annual internal control assessment report; and
 - reviewing and approving the list of related parties of the Company, regular related party transactions and occasional related party transactions, and estimate of the related party transactions in 2017.

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- (3) During the Reporting Period, the Audit Committee has held four meetings in total as follows:

On 19 February 2017, the fourth meeting of the Audit Committee under the fifth session of the Board was presented the report on auditing work in 2016 of the Company and the report on internal auditing of the Company, considered and approved the Report on Auditing in 2016 (《2016年度審計報告》), and the Report on Internal Control and Auditing (《內部控制審計報告》), approved the submission of the Profit Distribution Plan of the Company for 2016 (《2016年度公司利潤分配預案》), the Resolution on the Reappointment of Accounting Firm (《公司續聘會計師事務所的議案》), the Report on the Performance of Duties by the Audit Committee for 2016 (《審計委員會2016年度履職情況報告》), the Annual Report of the Company for 2016 (《公司2016年年度報告》), the Resolution on Anticipated Related Party Transactions of the Company for 2017 (《關於預計2017年度日常關聯交易的議案》) and the Internal Control Assessment Report of the Company for 2016 (《公司2016年度內部控制評價報告》) to the Board for consideration, and approved and finalized the List of Connected Persons of the Company (《公司關聯人名單》)

On 27 April 2017, the fifth meeting of the Audit Committee under the fifth session of Board approved the submission of the Resolution on Proposing to Consider the First Quarterly Report of the Company in 2017 (《關於提請審議公司2017年第一季度報告的議案》) to the Board for consideration.

On 25 August 2017, the sixth meeting of the Audit Committee under the fifth session of the Board was presented the Report on the Reviewing on the Semi-annual Financial Statements of 2017 and the Auditing Plan for 2017 of the Company (《關於公司2017年半年度財務報表審閱工作及2017年度審計計劃》) and approved the submission of the Interim Report of 2016 of the Company (《公司2016年半年度報告》) to the Board for consideration; and approved and finalized the List of Related Parties of the Company (《公司關聯人名單》)

On 30 October 2017, the seventh meeting of the Audit Committee under the fifth session of Board approved the submission of the Resolution on Proposing to Consider the Third Quarterly Report of the Company in 2017 (《關於提請審議公司2017年第一季度報告的議案》) and the Resolution on Proposing to Consider the Investment of the Company in Shanghai Kechuang Center Equity Investment Fund (《關於提請審議公司投資參與上海科創母基金的議案》) to the Board for consideration.

- (4) During the Reporting Period, the attendance of meetings of members of the Audit Committee is as follows:

Name	Number of meetings to be attended	Number of meetings actually attended
CHEN Guogang	4	4
ZHOU Lei	4	4
XIANG Dong	4	4
XIA Dawei	4	4
JIN Qingjun	4	4

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4. Risk Control Committee

- (1) The main functions and duties of the Risk Control Committee: reviewing and advising on the overall objectives and basic policies for compliance management and risk management; reviewing and advising on the organization design and duties of compliance management and risks management; evaluating and advising on the risks of important decisions and solutions to resolve significant risks which require the review by the Board; reviewing and advising on the compliance reports and risk assessment reports which require the review by the Board; discussing the effectiveness of risk management and internal control systems of the Company and its subsidiaries at least annually as delegated by the Board, and reporting to Shareholders and the scopes of such discussion shall cover each and every key aspect of the control systems including the financial control system, operation control system and compliance control system; and performing other functions and duties as delegated by the Board.
- (2) In 2017, the major achievements of the Risk Control Committee included:
 - reviewing and determining the risk preference of 2017;
 - reviewing and determining the scale and risk limits for the Company's substantial business segments;
 - reviewing the compliance reports and risk management reports of the Company;
 - reviewing and suggesting the comprehensive risk management work program to the board;
 - reviewing and suggesting the comprehensive risk management regulations.
- (3) During the Reporting Period, the Risk Control Committee has held three meetings in total as follows:

On 19 February 2017, the second meeting of the Risk Control Committee under the fifth session of Board was presented the report on considering and approving on the Resolution on Proposing to Consider the Group's Risk Preference for 2017 (《關於提請審議2017年度集團風險偏好的議案》), the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Company for 2017 (《關於提請審議2017年度公司自有資金業務規模的議案》), the Resolution on Proposing to Consider the Compliance Report of the Company for 2016 (《關於提請審議公司2016年度合規報告的議案》), the Resolution on Proposing to Consider the Risk Management Report of the Company for 2016 (《關於提請審議公司2016年年度風險管理報告的議案》), and approved to submit the aforesaid matters to the Board for consideration.

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On 20 March 2017, the third meeting of the Risk Control Committee under the fifth session of Board considered and approved the Resolution on Proposing to Consider the Work Plan for Implementation of Comprehensive Risk Management Requirements (《關於提請審議落實全面風險管理要求工作方案的議案》), and approved to submit the aforesaid matters to the Board for consideration.

On 25 August 2017, the fourth meeting of the Risk Control Committee under the fifth session of Board considered and approved Resolution on Proposing to Amend the Articles of Association (《關於提請修訂公司章程的議案》), the Resolution on Proposing to Amend the Measures on Comprehensive Risk Management of the Company (《關於提請修訂公司<全面風險管理辦法>的議案》), the Resolution on Proposing to Consider the 2017 Interim Compliance Report of the Company (《關於提請審議公司2017年中期合規報告的議案》) and the Resolution on Proposing to Consider the 2017 Interim Risk Management Report of the Company (《關於提請審議公司2017年中期風險管理報告的議案》), and approved to submit the aforesaid matters to the Board for consideration.

- (4) During the Reporting Period, the attendance of meetings of members of the Risk Control Committee is as follows:

Name	Number of meetings to be attended	Number of meetings actually attended
FU Fan	3	3
WANG Song	3	3
ZHONG Maojun	3	3
LIU Qiang	3	3
LING Tao	3	3

V. PERFORMANCE OF DUTIES BY THE SUPERVISORY COMMITTEE

☒ Applicable ☐ Not applicable

(I) Supervisory Committee's comments on identification of risks in the Company

The Supervisory Committee has no objection toward matters in the Reporting Period.

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(II) Meetings of the Supervisory Committee during the Reporting Period

During the Reporting Period, the Supervisory Committee has convened four meetings in total, including two on-site meetings and two meetings voted via teleconference, all Supervisors voted for all resolutions considered at those meetings, without abstention or objections. Information on those meetings of the Supervisory Committee during the Reporting Period is as follows:

1. The third meeting of the fifth session of Supervisory Committee was held in Shanghai on-site on 19 February 2017, at which the Work Report of the Supervisors for 2016 (《公司2016年度監事會工作報告》), the Profit Distribution Plan of the Company for 2016 (《公司2016年度利潤分配預案》), the Annual Report of the Company for 2016 (《公司2016年度報告》), the Internal Control Assessment Report of the Company for 2016 (《公司2016年度內部控制評價報告》), the Social Responsibility Report of the Company for 2016 (《公司2016年度社會責任報告》) and the Resolution on Proposing to Raise the External Donation Limit of the Company for 2017 (《關於提高公司2017年度對外捐贈限額的議案》) were reviewed and approved.
2. The fourth meeting of the fifth session of Supervisory Committee was held on 28 April 2017 by written resolutions and voting through the communications, at which the Resolution on Proposing to Consider the First Quarterly Report of the Company in 2017 (《關於提請審議公司2017年第一季度報告的議案》) was reviewed and approved.
3. The fifth meeting of the fifth session of Supervisory Committee was held in Shanghai on-site on 25 August 2017, at which the Resolution on Proposing to Consider the 2017 Interim Report of the Company (《關於提請審議公司2017年半年度報告的議案》) was reviewed and approved.
4. The sixth meeting of the fifth session of Supervisory Committee was held on 30 October 2017 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Third Quarterly Report of the Company in 2017 (《關於提請審議公司2017年第三季度報告的議案》) was reviewed and approved.

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(III) Attendance at meetings of the Supervisory Committee and general meetings by Supervisors during the Reporting Period

Name	Position	Attendance at meetings of the Supervisory Committee				Attendance at general meetings	
		Number of meetings of the Supervisory Committee to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of absence	No. of general meetings attended
SHANG Hongbo	The chairman of the Supervisory Committee	4	4	2	—	—	2
ZHU Ning	The vice chairman of the supervisory committee, employee supervisor	4	4	2	—	—	—
TENG Tieqi	Supervisor	4	2	2	2	—	—
SHAO Chong	Supervisor	4	4	2	—	—	2
ZUO Zhipeng	Supervisor	4	4	2	—	—	—
WANG Weijie	Employee supervisor	4	4	2	—	—	2
LIU Xuefeng	Employee supervisor	4	4	2	—	—	2
Number of the meetings of the Supervisory Committee held during the year				4	The Company		
Including: Number of on-site meetings				2	convened two		
Number of meetings held by way of telecommunication				2	general meetings		
Number of meetings held in by mixed methods				—	during the year		

VI. THE COMPANY'S DEPENDENCE ON ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE AND INABILITY TO MAINTAIN INDEPENDENT OPERATION

☐ Applicable ☒ Not applicable

The Company's measures, progress and follow-up plan for horizontal competition

☐ Applicable ☒ Not applicable

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VII. THE ESTABLISHMENT AND IMPLEMENTATION OF APPRAISAL AND INCENTIVES SYSTEM TO THE SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

The Company formulated the Interim Measures for Engagement, Evaluation and Remuneration, Assessment and Compensation Management of Senior Management (《高級管理人員聘任、考核及薪酬管理暫行辦法》) and the Implementing Rules of Interim Measures for Appointment, Assessment and Compensation Management of Senior Management (《高級管理人員聘任、考核及薪酬管理暫行辦法實施細則》) (the “Interim Measures and Implementing Rules”), and made amendments thereof based on the Company’s actual situation. The one implemented during the Reporting Period was the Interim Measures and Implementing Rules (2015 version) approved at the thirteenth meeting of the fourth session of the Board on 21 August 2015. After the end of each accounting year, the Remuneration Appraisal and Nomination Committee under the Board shall assess the preferment of the senior management, present the appraisal comments, determine the appraisal score, and make recommendations for the annual remuneration and incentive plan of the senior management to the Board, and the Board shall determine the annual remuneration and incentive plan of the senior management at the annual Board meetings.

During the Reporting Period, in order to further improve the Company’s corporate governance and promote the Company’s long term development, the ninth extraordinary meeting of the fifth session of the Board considered and approved the Resolution on Proposing to Consider the Implementation Plan of Remuneration System Reform for Professional Managers of the Company (《關於提請審議公司職業經理人薪酬制度改革實施方案的議案》) on 26 May 2017, to approve the Implementation Plan of Remuneration System Reform for Professional Managers of the Company and its related measures and implementing rules and approved the remuneration system reform for professional managers.

VIII. WHETHER TO DISCLOSURE THE SELF-EVALUATION REPORT ON INTERNAL CONTROL

☒ Applicable ☐ Not applicable

(I) Statement of the Board on responsibilities in relation to internal control

According to the requirements of Corporate Internal Control Standard System, the Board is responsible for establishing, improving and effectively implementing the internal control, evaluating the effectiveness of the internal control and disclosing the internal control evaluation report truly. The Supervisory Committee shall supervise the internal control established and implemented by the Board. The management of the Company is responsible for organizing and leading the routine operation of the internal control of the Company.

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The objectives of the Company's internal control are to reasonably guarantee the authenticity and completeness of information of the compliance, asset security, financial report and relevant information of operation and management of the Company, improve the operating efficiency and results, and promote the realization of development strategies. Owing to the inherent limitations of the internal control, reasonable guarantees shall only be provided for realizing the above objectives. In addition, as the changes of situations might lead to inappropriate internal control or less compliance with control policies or procedures, there is risk to speculate the effectiveness of future internal control based on internal control assessment result.

According to the identification criteria of material deficiency of internal control in the financial reporting of the Company, as at the basis date (31 December 2017) of internal control evaluation report, material deficiency of internal control in the financial reporting did not exist. The Board is of the view that the Company has maintained efficient internal control in the financial report in all material respects in accordance with requirements of corporate internal control standard system and relevant regulations. According to the identification of material deficiency of internal control in the non-financial reporting of the Company, as at the basis date of internal control evaluation report, material deficiency of internal control in non-financial reporting did not exist. Meanwhile, during the period from the record day of the internal control evaluation report to the date of the internal control evaluation report, no factors have occurred which affected the effectiveness of findings of the internal control evaluation.

(II) Basis for establishing internal control in financial reporting

According to the Basic Rules for Corporate Internal Control and its guidelines jointly issued by the Ministry of Finance, CSRC, the National Audit Office, China Banking Regulatory Commission and China Insurance Regulatory Commission, the Guidelines for the Internal Control of the Securities Companies issued by CSRC and Guidelines for Internal Control of Companies Listed on Shanghai Stock Exchange issued by Shanghai Stock Exchange, the Company established a comprehensive internal control system for financial report, with reference to the actual condition of the Company.

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(III) Establishment and overall operation of internal control system

Since its incorporation, the Company attached importance to the internal control mechanisms, the establishment of internal control mechanism and established and improved the standardized governance structure for legal entity, forming a scientific decision-making, execution and supervision mechanism. According to the requirements of laws, regulations and documents of administrative norms such as the Company Law of the PRC, the Securities Law of the PRC, the Governance Standards for Securities Companies, the Basic Rules for Internal Control of Corporates and its guidelines, and also the actual condition of the Company, the Company formulated a comprehensive internal control system considering factors such as internal environment, risk assessment, control activities, information and communication and internal monitoring, to provide a reasonable protection for the compliance of operation management, asset security and the truth and completeness of financial report and related information.

In 2017, pursuant to the Opinion of Accelerating Establishment of Internal Control System in Corporates in the Municipal SASAC System, the Company specifically formulated the Work Plan for Accelerating Establishment of Internal Control Systems corresponding to the Company's strategic goals, in order to further improve the establishment of internal control system of the Company and also enhance its risk control capability. Dynamic adjustments improve system establishment and enhance the effectiveness of the system to lay down the foundation for long-term sustainable development. The Company conducted a self-evaluation on the effectiveness of internal control as at 31 December 2017. For details, please refer to the evaluation report of the internal control of the Company for 2017.

Matters relating to material defects on internal control during the Reporting Period

☐ Applicable ☒ Not applicable

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IX. MATTERS RELATING TO THE AUDIT REPORT ON INTERNAL CONTROL

☒ Applicable ☐ Not applicable

The Company has appointed Ernst & Young Hua Ming LLP as the internal control auditor. Ernst & Young Hua Ming LLP has issued the Internal Control Audit Report of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司內部控制審計報告》) (AYHM (2018) Zhuang Zi No. 60464416_B03), and considered that the Company has maintained an effective financial reporting internal control in all material aspects according to the Basic Norms for Enterprise Internal Control (《企業內部控制基本規範》) and relevant regulations on 31 December 2017, which is consistent with the self-assessment conclusion of internal control of the Company.

Whether to disclose internal control audit report: Yes

Please refer to the 2017 Internal Control Audit Report of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司2017年度內部控制審計報告》) disclosed at the website of SSE (<http://www.sse.com.cn/>) by the Company for details of internal control audit report.

X. DEVELOPMENT OF COMPLIANCE MANAGEMENT SYSTEM, AND THE INSPECTION AND AUDIT COMPLETED BY THE COMPLIANCE DEPARTMENT AND THE AUDIT DEPARTMENT DURING THE REPORTING PERIOD

1. Development of compliance management system

The Company has established and perfected a four-level compliance management organization system consisting of the Board (including the Risk Control Committee) and the Supervisory Committee, the Chief Compliance Officer, the compliance department and first-line compliance risk control personnel by appointing chief compliance officer, establishing the compliance department, and building first-line compliance risk control team. The Company's Chief Compliance Officer, as the person in charge of all the Company's compliance, is a senior manager of the Company, responsible for the compliance department, the risk management department I, the risk management department II, the legal department, the audit department and other internal control departments. With the risk control joint meeting mechanism, the Chief Compliance Officer organizes and coordinates each internal control department and relevant management departments, jointly performs various internal control and risk management responsibilities including compliance management. The Company's headquarters is equipped with full-time compliance management staff, and has set first-line compliance risk control personnel at each department and branch of the Company's headquarters, who are responsible for the compliance check, training, advisory, audit, supervision, and communication of each unit. The Company fully implements strategic plans to improve compliance management system through establishing relevant systems, strengthening first-line compliance risk control, strengthening administration over subsidiaries, formulating a risk handbook and building a quick response mechanism.

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2. Compliance inspections

In 2017, the Company has conducted a total of 23 compliance inspections, and rectified the problems and potential defects identified during such inspections.

3. Audit work conducted

In 2017, the Company's audit department implemented a total of 155 projects, including: 10 headquarter-level projects, of which the audited targets cover the headquarter business departments and functional management departments, such as securities derivatives investment department, international business department, investment banking business line, fixed income department, network finance department, pledged financing department, planning finance department; 3 subsidiary-level projects, including Guotai Junan Financial Holdings, GTJA Allianz Funds, Guotai Junan Futures; 138 branch-level projects, the special audits of anti-money laundering of the Company in 2016 and anti-money laundering of asset management company in 2016; and 2 internal control evaluation projects for Guangdong branch and Zhejiang branch; and we actively conducted the establishment of risk management manuals and have completed our annual work and tasks.

XI. OTHERS

☒ Applicable ☐ Not applicable

(I) Rights of Shareholders

The general meeting is the supreme authority of the Company. The Shareholders exercise their rights through the general meeting. The Company convenes and holds the general meetings in strict compliance with the relevant requirements to ensure that all Shareholders, especially minority Shareholders, can enjoy equal positions and fully exercise their rights. The Company maintains a healthy and steady development in an orderly way under the restraints of the Articles of Association, the interests of the Company and its Shareholders are effectively protected.

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Pursuant to Article 70 of the Articles of Association and Article 12 of the Rules of Procedure for General Meetings of the Company, the Shareholders individually or jointly holding more than 10% of the Shares are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receipt of such request according to laws, administrative rules, listing rules of the listing place of the PRC and the Articles of Association. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Board disagrees with the holding of an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholders individually or jointly holding 10% or more of the shares of the Company are entitled to propose in writing for the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to the holding of an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after receipt of such request. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice calling such meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and chair such meeting. Shareholders individually or jointly holding 10% or more of the shares of the Company for ninety (90) consecutive days (the “Convening Shareholders”) shall then be entitled to convene and chair such meeting on their own.

In addition, pursuant to Article 73 of the Articles of Association, when a general meeting is convened by the Company, the Board, the supervisory committee or Shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to raise proposals to the Company. Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposed resolutions in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents thereof. Otherwise, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

(II) Amendments to the Articles of Association

During the Reporting Period, the Company had two amendments on the Articles of Association. The particulars are as follows:

1. The first extraordinary general meeting in 2016 of the Company was held on 24 October 2016, and the resolution on the “Amendments to the Articles of Association of Guotai Junan Securities Co., Ltd. and Its Appendix Rules of Procedures”. The Articles of Association of the Company was approved by the Shanghai Bureau of the CSRC in December 2016 and came into effect on 11 April 2017, the date of issuing and listing date of H shares.

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2. The first extraordinary general meeting in 2017 of the Company was held on 12 December 2017, and approved the resolution on the “Proposed Amendments to the Articles of Association of the Company and Its Appendix”. The Articles of Association was approved by the Shanghai Bureau of the CSRC and came into effect in February 2018.

(III) Investor relations

The Company attaches great importance to the management of investor relations, and has formulated a series of thorough rules and regulations such as the Administrative System Regarding Investor Relations (《投資者關係管理制度》). The Company has set up an investor relations management platform with various communication channels such as on-site, telephone and Internet and various communication methods such as performance explanation sessions, road shows, reception of investors for survey and research, company website, investor hotline and e-mails, and through actively participating in e-interactive platform of the Shanghai Stock Exchange, participating in collective reception activities for investors, and attending investment strategies meetings or investment forums of seller institutions, and actively enhancing the interactive communication with investors, and thus increases the Company's transparency and ensures that investors could have timely, accurate and comprehensive understanding of the Company.

During the Reporting Period, the Company has convened one performance explanation session, arranged 39 road shows of institutional investors, and arranged 48 institutional investors and sell-side analysts for survey and research, involving over 200 institutions. In addition, during the sale of the H Shares, the Company has carried on 3 global roadshows in Asia-Pacific and Europe and America, visited arranged receptions for about 200 institutional investors. The Company has successfully held the online roadshow for the public offering of its A share convertible bond and participated in the collective reception for investors jointly organized by the Shanghai Securities Regulatory Bureau (上海證監局) and the Listed Companies Association of Shanghai (上海上市公司協會) for the second consecutive year.

(IV) Compliance of securities transactions code by Directors, Supervisors and relevant employees

According to domestic regulatory requirements, the seventh meeting of the fourth session of the Board considered and approved the Measures for the Administration of the Holding and Changes in the Holding of the Shares by the Directors, Supervisors and Senior Management (the “Administration Measures”) on 21 August 2015, to regulate the holding and dealing of the Shares by the Directors, Supervisors and senior management of the Company. On 25 December 2016, the sixth extraordinary meeting of the fifth session of the Board considered and approved the revised draft of the Management Measures, which was effective from the date when the listing of the H Shares on the Hong Kong Stock Exchange, i.e. 11 April 2017. Compared with the compulsory management requirements, the Company has adopted the standards in the Model Code as the code of conduct for securities transactions by Directors, supervisors and relevant employees of the Company, and the requirements are stricter.

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After making enquiries, all Directors, Supervisors and senior management of the Company have confirmed that they had been in strict compliance with the Administration Measures and the Model Code throughout the Reporting Period. During the Reporting Period, none of current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period held any Shares or share options of the Company, nor were granted any restricted shares. Please refer to “Section 8 Directors, Supervisors, Senior Management and Staff” in this annual report for details of shareholding in the Company by Directors, Supervisors and senior managers.

(V) Directors’ and auditors’ responsibility for the accounts

The Board acknowledges its responsibility for preparing the report of the Group for the year ended 31 December 2017.

The Board is responsible for presenting a clear and specific assessment of the annual and interim reports, price sensitive information and other disclosures required under the Hong Kong Listing Rules and other regulatory requirements. The management has provided relevant explanation and information to the Board as necessary to enable the Board to make an informed assessment and approval, as appropriate, of the financial information and status of the Group.

There are no material contingent events or conditions that may have a material impact on the Company’s ability to keep its operation continuously. In addition, the Company has arranged appropriate insurance cover in respect of potential legal actions and liabilities against the Directors, Supervisors and senior management.

(VI) Duty of the management

The management of the Company is engaged by the Board and is accountable to the Board. The management is mainly responsible for decision-making of the Board, daily operation management of the Company, the selection, hiring and management of internal staff and determining of staff remuneration. According to the Articles of Association, the duties of the Chief Executive Officer include directing the production and operation management of the Company, organizing to implement the resolution of the Board, and reporting to the Board; implementing the annual plan and investment plan; drafting the establishment plan of the internal management division; drafting the basic management system of the Company, formulating the specific rules of the Company, proposing the engagement or the dismissal of Vice President, Chief Financial Officer and other senior management personnel (other than secretary to the Board, Chief Risk Officer and Compliance Director); determining the engagement or dismissal of responsible management personnel other than those who should be engaged or dismissed by the Board; other duties authorized by the Articles of Association or the Board.

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(VII) Company secretary

Joint company secretaries of the Company are Mr. YU Jian and Ms. KWONG Yin Ping Yvonne. Mr. YU Jian also acts as an Executive Director, the secretary to the Board and primary internal contact person of the Company. Ms. KWONG Yin Ping Yvonne is the president of SW Corporate Services Group Limited. During the Reporting Period, Mr. YU Jian has accepted 44 hours of professional trainings in total, please refer to “III. Performance of Duties by Directors - (7) Training for Directors” in Section IX Corporate Governance of this annual report for contents of training.

(VIII) Status on establishment and execution of risk management and internal control system

I. Statement of the Board

It is the responsibility of the Board to establish and implement a comprehensive and effective risk management and internal control system. objectives of the risk management and internal control system of the Company include: reasonably ensure the operation complies with laws and regulations, safety of assets, completeness of financial reports and relevant information, enhance operation efficiency and promote materialization of the Company's development strategies. Due to the inherent limitation of risk management and internal control system, we could only provide reasonable guarantee on the abovementioned objectives. Board has conducted a review on the risk management and internal control system in accordance with the requirement of the Basic Standards of Corporate Internal Control and considered that as of December 31, 2017, risk management and internal control system of the Company is effective.

II. Status on Establishment of Risk Management and Internal Control System

The Company has established a 4-tier risk management and internal control system comprised of the Board, operation management, compliance and risk management division as well as various business divisions, branch offices and subsidiaries.

- (1) The Board has ultimate responsibility for the Company's general risk management, compliance management and internal control. Audit committee and risk control committee under the Board are responsible for assisting the Board in determining material risk management policies, reviewing internal control system and its implementation, considering periodic risk evaluating report and evaluating the effectiveness of the risk management and internal control system.
- (2) The operation management is comprised of the chief risk officer, chief compliance officer, risk management committee and assets and liabilities management committee. It is responsible for decision and implementation of material issues of compliance management and risk management, carrying out assets and liabilities and liquidity management, formulation and implementation of various business and management system.
- (3) The Company has established specific risk management and internal control departments performing specific functions including risk management, compliance, law, audit and review of bonds issuance. They collaborate with departments such as finance, information technology, operation and human resources to perform risk management and internal control functions.

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- (4) Each business committee, business department and subsidiary has established compliance risk management team to perform various internal control functions such as compliance management and risk management. Each subsidiary is responsible for the effectiveness of risk management and internal control of its own business and operating activities. The Company is introducing a combined management on the group level to conduct sustained and comprehensive management and control on capital and finance of the parent company and each subsidiary, as well as to identify, measure, monitor and predict overall risks of the Group.

III. Status of the Risk Management and Internal Control System

The Company has formulated basic Risk Management and internal control mechanisms such as Administrative Measures for Overall Risk Management, Administrative Measures for Compliance and Basic Audit System and has further developed a systematic and compliance risk and internal control management system. The Company established and implemented authorization management system in 2012 and hired professional institute to optimize its internal control system and formulated a comprehensive Internal Control Handbook in 2015. The Company finished the first edition of Risk Management Handbook in 2017 and has established a sound risk management and internal control system and corresponding operation system.

The Company has formulated Administrative Measures for Corporate Policies and Rules and Administrative Measures for Risk Rapid Response to monitor each department, subsidiary and branch office to establish comprehensive business and management system timely amend the system according to the laws and regulation, regulatory requirement and industry development and conduct risk evaluation and manage the process at a timely manner.

IV. Execution of the Company's Risk Management and Internal Control System

The Company has established a dynamic monitoring system for its net capital risk control indicator and basically completed the drafting of combined management rules and system development. It has materialized an automated system for generation of the Group's risk monitory reports as well as the dynamic monitoring and reporting of risk control indicator. The Board reviews risk appetite, risk tolerance, business scale and risk limit of the Company, based on which the operation management will further analyze the scale of operation of each business, limits and other risk control indicators. The Company has formulated a quantifying model focusing on pricing, evaluation and measurement of risks. The model effectively identifies, evaluates, monitors and reports risks including market risk, credit risk, operation risk and liquidity risk of the Company's business operation.

The Company has self-developed a comprehensive risk management platform and over 10 specialized risk management or internal control sub-systems and put the system into full operation, materializing digitalization and automation of risk management and internal control and ensuring the timeliness and accuracy of the monitoring process which in turns ensured effectiveness of risk management.

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V. Internal Monitoring Mechanism of Risk Management and Internal Control

The Company has established an all-rounded and multi-level internal monitoring mechanism comprised of the audit committee, risk control committee, Supervisory Committee, internal control division, business division and branch offices.

The Company has established an issue rectification mechanism, conduct self-inspection and self-rectification on a single or multiple business according to the regulatory requirement and the Company's operation need. Issues identified will be set forth in lists, laying out responsible departments, person responsible and progress of rectification. Each item will be carried out progressively.

The Company has formulated Accountability Measure on Compliance and Risk Management Review and Administrative Measures for Compliance and Risk Management of Subsidiaries (trial). As to compliance and risk problems raised out of non-due diligence, the Company will carry out accountability measures including financial accountability and administrative accountability towards the parties responsible.

The Company has formulated Evaluation Measure on Internal Control and established internal control evaluation and audit mechanism. The Company will disclose its internal control evaluation report on a yearly basis. Meanwhile, the Company engages audit firms to formulate and publicly disclose their opinions on the effectiveness of the internal control on the Company's financial reporting and significant default of the internal control on non-financial reporting.

VI. Execution of Risk Management and Internal Control System 2017

In 2017, the Company strived to establish and optimize the comprehensive risk management mechanism of the Group. No significant risk issues or non-compliance issues were identified during the entire year. In terms of classification of securities companies, the Company has been credited class A (AA) rating for the 10th consecutive year.

Internal evaluation for the year of 2017 of the Company covered the parent company, 5 wholly-owned subsidiaries and 2 holding subsidiaries. Business, events and high risk aspects included in the evaluation covered major aspects of operation management of the Company without material omission. Based on the consolidated evaluation, the Company has formulated the internal control evaluation report for the year of 2017. The conclusion is as follow: as at the date of the internal control evaluation report, the Company has complied with corporate internal control system and relevant requirements, maintained an effective internal control in respect of financial report and non-financial report in all material aspects. There is no material defect in the internal control of financial report and no material defect was identified in the internal control of non-financial report. From the base date to the issuing date of the internal control evaluation report, no factor affecting the effectiveness of the conclusion of Company's internal control evaluation report was identified.

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(IX) Compliance with relevant laws and regulations

As a public company listed both in Mainland China and Hong Kong, the Company abode, in strict accordance, by domestic and foreign laws, regulations and normative documents including the Company Law of the PRC, Securities Law of the PRC, Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, Corporate Governance Code and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation, and devoted itself to maintaining and improving its market image. Please see the “Significant Matters”, XI “PENALTIES AND RECTIFICATIONS OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLER AND ACQUIRERS”

(X) Administration of insider registration

Subject to the Requirements for the Establishment of Administrative System for Registration of Insider of Listed Companies issued by the CSRC, the Company has formulated and strictly complied with the Insider Registration System of Guotai Junan Securities Co., Ltd., and has conducted registration and filing of insiders in accordance with requirements under the system. There was no unusual volatility of stock price attributable to leakage of inside information. The Company has established an operating mechanism. Under the Registration System for Persons with Inside Information (《内幕信息知情人登記制度》), the confidentiality and registration of inside information are regulated to enhance the level of confidentiality and the management of insiders. According to the Information Disclosure Management System (《信息披露事務管理制度》) and Investor Relations Management System (《投資者關係管理制度》), information disclosure shall be made on a fair basis. This mechanism covers all key aspects of controlling inside information including the collection, circulation, verification, confidentiality and fair disclosure. The Company ensures the effectiveness of such mechanism by enhancing the training system, defining the duty requirements, upholding accountability and improving the awareness of information disclosure.

Section X Corporate Bonds

√ Applicable □ Not applicable

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: RMB1 Currency: RMB

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type I)	15 GUOJUN G1	136047	18 November 2015	19 November 2020	5,000,000,000	3.6%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type II)	15 GUOJUN G2	136048	18 November 2015	19 November 2022	1,000,000,000	3.8%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type I)	16 GUOJUN G1	136367	11 April 2016	12 April 2021	5,000,000,000	2.97%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type II)	16 GUOJUN G2	136368	11 April 2016	12 April 2023	1,000,000,000	3.25%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Section X Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Second Tranche) (Type I)	16 GUOJUN G3	136622	11 August 2016	12 August 2021	5,000,000,000	2.90%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Second Tranche) (Type II)	16 GUOJUN G4	136623	11 August 2016	12 August 2021	3,000,000,000	3.14%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Third Tranche)	16 GUOJUN G5	136711	20 September 2016	21 September 2021	3,000,000,000	2.94%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (First Tranche) (Type I)	17 GUOJUN G1	143229	3 August 2017	4 August 2020	4,700,000,000	4.57%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Section X Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (First Tranche) (Type II)	17 GUOJUN G2	143230	3 August 2017	4 August 2022	600,000,000	4.70%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (Second Tranche)	17 GUOJUN G3	143337	17 October 2017	18 October 2020	3,700,000,000	4.78%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Interest payment of corporate bonds

√ Applicable □ Not applicable

Interest on Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type I) and (Type II) for the current period was paid in November 2017.

Interest on Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type I) and (Type II) for the current period was paid in April 2017.

Interest on Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Second Tranche) (Type I) and (Type II) for the current period was paid in August 2017.

Interest on Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Third Tranche) for the current period was paid in September 2017.

Section X Corporate Bonds

Other matters related to corporate bonds

☒ Applicable ☐ Not applicable

In respect of Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type I), the issuer has a redemption option and an option to increase the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type II), the issuer has a redemption option and an option to increase the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the fifth interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type I), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type II), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the fifth interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Second Tranche) (Type I), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Third Tranche), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

In May 2014, Guotai Junan Financial Holdings issued credit enhancement bonds with size of US\$500,000,000 which are listed on the Hong Kong Stock Exchange with the short name of GUOTAI FH B1905 and bond code of 05754. The bonds were issued on 22 May 2014 with a term expiring on 22 May 2019 bearing an interest rate of 3.625% payable on a semi-annual basis. As at the end of the Reporting Period, the outstanding amount of the bonds was US\$500,000,000.

Section X Corporate Bonds

II. CONTACT PERSONS AND INFORMATION OF THE TRUSTEE MANAGER AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY OF THE CORPORATE BONDS

15 GUOJUN G1	Trustee manager of bonds	Name	Changjiang Financing Services Co., Limited
15 GUOJUN G2		Address of office	21/F, Chamtime International Financial
16 GUOJUN G1			Centre, No. 1589 Shiji Avenue, Pudong New
16 GUOJUN G2			District, Shanghai
		Contact persons	Shu Mingyue, Wang Chanyuan
		TEL	021-38784899
16 GUOJUN G3	Trustee manager of bonds	Name	Everbright Securities Company Limited
16 GUOJUN G4		Address of office	No. 1508 Xinzha Road, Jing'an District,
16 GUOJUN G5			Shanghai
17 GUOJUN G1		Contact persons	Huang Liang, Xing Yiwei
17 GUOJUN G2		TEL	021-22169877/021-22169842
17 GUOJUN G3			
15 GUOJUN G1	Credit rating agency	Name	Shanghai Brilliance Credit Rating & Investors
15 GUOJUN G2			Service Co., Ltd.
16 GUOJUN G1		Address of office	14/F, Huasheng Building, No.398
16 GUOJUN G2			Hankou Road, Shanghai
16 GUOJUN G3			
16 GUOJUN G4			
16 GUOJUN G5			
17 GUOJUN G1			
17 GUOJUN G2			
17 GUOJUN G3			

Other explanations:

☐ Applicable ☒ Not applicable

Section X Corporate Bonds

III. USE OF PROCEEDS FROM THE CORPORATE BONDS

☒ Applicable ☐ Not applicable

As at 31 December 2017, all the proceeds from the corporate bonds above have been used to supplement the working capital of the Company in order to meet the needs of its business operation, which was in line with the intended use, use plan and other agreements as set out in the bond prospectus.

IV. RATINGS OF THE CORPORATE BONDS

☒ Applicable ☐ Not applicable

On 19 April 2017, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. conducted follow-up credit ratings for “15 GUOJUN G1”, “15 GUOJUN G2”, “16 GUOJUN G1”, “16 GUOJUN G2”, “16 GUOJUN G3”, “16 GUOJUN G4” and “16 GUOJUN G5”, and issued the Report on the Follow-up Credit Rating of the 2015 and 2016 Corporate Bonds of Guotai Junan Securities Co., Ltd. (Shanghai Brilliance Ongoing Rating [2017]100051), pursuant to which the credit ratings of the “15 GUOJUN G1”, “15 GUOJUN G2”, “16 GUOJUN G1”, “16 GUOJUN G2”, “16 GUOJUN G3”, “16 GUOJUN G4” and “16 GUOJUN G5” are AAA, the credit rating of the Company remained at AAA, and the credit rating outlook is stable.

On 26 July 2017, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit ratings for “17 GUOJUN G1” and “17 GUOJUN G2”. Pursuant to the “Credit Rating Reports on Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (First Tranche) (《國泰君安證券股份有限公司2017年公司債券(第一期)信用評級報告》)” (Shanghai Brilliance Bond rating (2017) 010607) issued by Shanghai Brilliance, the long-term credit ratings of Company are AAA, the credit ratings of these bonds are AAA, and the credit rating outlook is stable.

On 10 October 2017, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit ratings for “17 GUOJUN G3”. Pursuant to the “Credit Rating Reports on Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (Second Tranche) (《國泰君安證券股份有限公司2017年公司債券(第二期)信用評級報告》)” (Shanghai Brilliance Bond rating (2017) 010915) issued by Shanghai Brilliance, the long-term credit ratings of Company are AAA, the credit ratings of these bonds are AAA, and the credit rating outlook is stable.

Section X Corporate Bonds

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHER RELATED INFORMATION OF THE CORPORATE BONDS DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

As agreed in the bond prospectuses of the Company, the Company's debt repayment safeguard measures include: formulating the Bondholder Meeting Rules, establishing special repayment work teams, giving full play to the role of bond trustees and strictly performing the obligation of information disclosure. During the Reporting Period, the relevant plans and measures of the Company were consistent with the commitments in the bond prospectuses.

VI. MEETINGS OF THE HOLDERS OF THE CORPORATE BONDS

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company did not hold any meeting of the holders of the corporate bonds.

VII. PERFORMANCE OF DUTIES BY THE TRUSTEES OF THE CORPORATE BONDS

☒ Applicable ☐ Not applicable

Changjiang Financing Services Co., Ltd., the Company's bond trustee of "15 GUOJUN G1", "15 GUOJUN G2", "16 GUOJUN G1" and "16 GUOJUN G2", issued the 2016 Bond Trustee Management Services Report of 2015 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. and the 2016 Bond Trustee Services Report of 2016 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. in April 2017.

Everbright Securities Co., Ltd., the Company's bond trustee of "16 GUOJUN G3", "16 GUOJUN G4" and "16 GUOJUN G5", issued the 2016 Bond Trustee Management Services Report of 2016 Corporate Bonds (Tranche II) of Guotai Junan Securities Co., Ltd. and the 2016 Bond Trustee Services Report of 2016 Corporate Bonds (Tranche III) of Guotai Junan Securities Co., Ltd. in April 2017.

As of the end of October 2017, the ratio of accumulated new borrowings for the current year to the net assets as at 31 December 2016 (the end of previous year) exceeded 20%. In November 2017, Changjiang Financing Services Co., Limited and Everbright Securities Co., Ltd. issued Trustee Management Services Extraordinary Report for "15 GUOJUN G1", "15 GUOJUN G2", "16 GUOJUN G1", "16 GUOJUN G2" and "16 GUOJUN G3", "16 GUOJUN G4", "16 GUOJUN G5", "17 GUOJUN G1", "17 GUOJUN G2" and "17 GUOJUN G3" of the Company respectively to draw the investors' attention to risks related to the fact that the Company's accumulated new borrowings in the current year (2017) exceeded 20% of the net assets as at the end of the previous year. The relevant report was disclosed timely on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

Section X Corporate Bonds

As of the end of December 2017, the ratio of accumulated new borrowings for the current year (2017) to the net assets as at 31 December 2016 (the end of previous year) exceeded 20%. In January 2018, Changjiang Financing Services Co., Limited and Everbright Securities Co., Ltd. issued Trustee Management Services Extraordinary Report to “15 GUOJUN G1”, “15 GUOJUN G2”, “16 GUOJUN G1”, “16 GUOJUN G2” and “16 GUOJUN G3”, “16 GUOJUN G4”, “16 GUOJUN G5”, “17 GUOJUN G1”, “17 GUOJUN G2” and “17 GUOJUN G3” of the Company respectively to draw investors’ attention to risks related to the fact that the Company’s accumulated new borrowings of the current year exceeded 20% of the net assets as at the end of the previous year. The relevant report was disclosed timely on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>).

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Major indicators	2017	2016	Increase/decrease for the Reporting Period as compared with the Corresponding period of last year (%)	Reasons for change
EBITDA	20,830,892	21,882,019	-4.80	
Current ratio	204%	237%	Decrease by 33 percentage points	
Quick ratio	204%	237%	Decrease by 33 percentage points	
Gearing ratio (%)	61.50	61.66	Decrease by 0.16 percentage point	
Debt-to-EBITDA ratio	0.10	0.12	-16.67	
Interest coverage ratio	3.04	3.20	-5.00	
Cash interest coverage ratio	-7.51	-6.44	N/A	The indicator is negative, mainly due to the negative cash flow of operating activities
EBITDA interest coverage ratio	3.11	3.26	-4.60	
Loan repayment ratio (%)	100	100		
Interest repayment ratio (%)	100	100		

Section X Corporate Bonds

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

☒ Applicable ☐ Not applicable

In 2017, other bonds and debt financing instruments of the Company mainly included short-term financing bills, medium-term notes, structured notes and subordinated bonds. Please refer to “Section XI Financial Statements in this annual report VII. Notes to the consolidated financial statements-19. Short-term debt instruments and 30. Bonds payable” for details. The principal amounts and interests of each financing instrument have been paid on time.

X. BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

☒ Applicable ☐ Not applicable

As at 31 December 2017, the banking facilities the Company obtained from the major cooperation banks amounted to about RMB370 billion in aggregate, of which about RMB65 billion had been utilized and about RMB305 billion had been unutilized.

XI. IMPLEMENTATION OF THE RELEVANT AGREEMENTS OR COMMITMENTS SPECIFIED IN CORPORATE BOND PROSPECTUSES BY THE COMPANY DURING THE REPORTING PERIOD

☐ Applicable ☒ Not applicable

XII. SIGNIFICANT EVENTS OF THE COMPANY AND THE IMPACTS ON THE OPERATION POSITION AND SOLVENCY OF THE COMPANY

☒ Applicable ☐ Not applicable

The Company is currently in a good operating position, and no significant events that might impact the solvency of the Company have occurred.

Section XI Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the members of Guotai Junan Securities Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Guotai Junan Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional 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 opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Section XI Financial Statements

Key audit matter

Consolidation of structured entities

The Group acted as an asset manager for or invested in a number of structured entities including asset management schemes, trust schemes or limited partnerships, etc. Management makes significant judgement on whether the Group controls these structured entities and these structured entities should be consolidated in the consolidated financial statements. Judgment is required to consider if the Group is able to exercise the power so to direct the relevant activities of the entity, obtain variable return, and its exposure to and ability to influence the Group's return from the entity.

As at 31 December 2017, the carrying amount of the Group's interests in unconsolidated structured entities amounted to RMB 9,226 million.

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 the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.

The disclosures for interests in structured entities are included in note 26 to the consolidated financial statements.

How our audit addressed the key audit matter

We assessed and evaluated the design and operating effectiveness of the controls of the management in determining the consolidation scope of interests in structured entities.

We obtained and checked the contracts, documents and other public information of the structured entities on a sample basis to assess the management judgement in determining whether a structured entity is required to be consolidated or not by considering the power the Group is able to exercise so to direct the relevant activities of the entity, obtain variable returns and its exposure to and ability to influence the Group's return from the entity.

We assessed the disclosures related to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Section XI Financial Statements

Key audit matter

Impairment of margin accounts receivable and financial assets held under resale agreements

The Group assessed whether objective evidence of impairment exists for margin accounts receivable and financial assets held under resale agreements that were individually significant at each reporting date. If there was objective evidence of impairment, impairment loss was recognized individually. Management performed a collective assessment for the remaining portfolio that were not individually significant or for which impairment had not yet been identified. They were included in one group of financial assets because of their similar credit risk characteristics.

As at 31 December 2017, the Group had margin accounts receivable amounting to RMB73,984 million with cumulative impairment losses of RMB409 million and financial assets held under resale agreements amounting to RMB92,599 million with cumulative impairment losses of RMB701million.

We identified the impairment of margin accounts receivable and financial assets held under resale agreements as a key audit matter because the size of the balance and the significant management judgement involved in assessing the impairment.

The disclosures for impairment of margin accounts receivable and financial assets held under resale agreements are included in notes 36 and 29 to the consolidated financial statements, respectively.

How our audit addressed the key audit matter

We assessed and evaluated the design and operating effectiveness of the controls over impairment tests process of margin accounts receivable and financial assets held under resale agreements.

For individual impairment assessment, we assessed the market prices of the collateral and the estimated recoverable amounts used for determining the impairment losses by management. For collective assessment, we assessed the appropriateness of the model and inputs used by comparing against those used in market practice and historical loss experience. We also performed a reasonable test to the management's calculation result.

Section XI Financial Statements

Key audit matter

Impairment of available-for-sale financial assets

The Group performed impairment test for available-for-sale financial assets and recognized impairment losses accordingly at each reporting date. Objective evidence of impairment for debt instruments included whether the issuer or debtor had significant financial difficulties or breached any contract terms, etc. Objective evidence of impairment for equity instruments included a “significant” or “prolonged” decline in the fair value of an investment below its cost. The determination of what is “significant” or “prolonged” requires judgement.

As at 31 December 2017, the Group had available-for-sale financial assets amounting to RMB39,972 million with cumulative impairment losses of RMB639 million.

We identified the impairment of available-for-sale financial assets as a key audit matter because the size of the balance and the significant management judgement involved in assessing the impairment.

The disclosures for impairment of available-for-sale financial assets are included in note 28 to the consolidated financial statements.

How our audit addressed the key audit matter

We assessed and evaluated the design and operating effectiveness of the controls over impairment test process of available-for-sale financial assets.

We obtained understanding of the management’s judgement in determining if there are indicators of impairment events and the relevant or the portion of the impairment losses of available-for-sale financial assets. We performed independent assessment for the key assumptions applied and judgement made by management and performed a reasonable test to the management’s calculation result.

Section XI Financial Statements

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Section XI Financial Statements

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 the Group's 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 consolidated 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 the Group to cease to continue as a going concern.

Section XI Financial Statements

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 the Group to express an opinion on the consolidated 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 the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Choi Kam Cheong, Geoffrey.

Ernst & Young

Certified Public Accountants

Hong Kong

29 March 2018

Section XI Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	notes	2017	2016
Revenue			
Fee and commission income	6	12,584,403	15,628,144
Interest income	7	12,412,952	11,718,386
Net investment gains	8	6,434,621	4,795,276
Total revenue		31,431,976	32,141,806
Gain on disposal of a subsidiary		—	2,835,339
Other income and gains	9	1,521,376	1,045,363
Total revenue and other income		32,953,352	36,022,508
Fee and commission expenses	10	(2,134,063)	(2,368,410)
Interest expenses	11	(6,706,110)	(7,163,756)
Staff costs	12	(6,023,921)	(6,949,018)
Depreciation and amortization expenses	13	(463,474)	(404,234)
Business tax and surcharges		(153,356)	(566,044)
Other operating expenses and costs	14	(3,087,931)	(2,629,298)
Provision for impairment losses	15	(737,949)	(1,211,189)
Total expenses		(19,306,804)	(21,291,949)
Operating profit		13,646,548	14,730,559
Share of profits of associates and joint ventures		14,760	42,965
Profit before income tax		13,661,308	14,773,524
Income tax expense	16	(3,178,399)	(3,420,560)

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

		Year ended 31 December	
	notes	2017	2016
Profit for the year		<u>10,482,909</u>	<u>11,352,964</u>
Attributable to:			
Equity holders of the Company		9,881,545	9,841,417
Non-controlling interests		<u>601,364</u>	<u>1,511,547</u>
Total		<u>10,482,909</u>	<u>11,352,964</u>
Earnings per share attributable to			
ordinary equity holders of the Company			
(expressed in Renminbi yuan per share)	20		
— Basic		<u>1.11</u>	<u>1.21</u>
— Diluted		<u>1.10</u>	<u>1.21</u>

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2017	2016
Profit for the year	10,482,909	11,352,964
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
— Net changes in fair value	3,161,199	(1,423,970)
— Reclassified to profit or loss	(2,181,123)	78,007
Share of other comprehensive income of associates and joint ventures	22,538	9,882
Exchange differences on translation of financial statements in foreign currencies	(566,192)	499,761
Income tax impact	(237,273)	315,007
Other comprehensive income for the year, net of tax	199,149	(521,313)
Total comprehensive income for the year	10,682,058	10,831,651
Attributable to:		
Equity holders of the Company	10,434,925	9,114,127
Non-controlling interests	247,133	1,717,524
Total	10,682,058	10,831,651

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

		As at 31 December	
	notes	2017	2016
Non-current assets			
Property and equipment	21	3,730,599	3,543,116
Prepaid land lease payments	22	804,388	823,495
Goodwill	23	581,407	581,407
Other intangible assets	24	1,442,271	1,384,441
Investments in associates	27	1,309,278	431,685
Investments in joint ventures	27	2,303,249	829,655
Available-for-sale financial assets	28	38,340,006	38,638,640
Financial assets held under resale agreements	29	27,357,004	23,605,425
Financial assets at fair value through profit or loss	30	300,000	46,247
Refundable deposits	31	6,914,654	9,742,881
Deferred tax assets	32	333,909	762,365
Other non-current assets	33	677,498	1,669,793
Total non-current assets		84,094,263	82,059,150
Current assets			
Accounts receivable	34	4,288,361	1,891,376
Other receivables and prepayments	35	6,270,510	4,503,402
Margin accounts receivable	36	73,983,947	68,892,785
Available-for-sale financial assets	28	1,631,794	1,842,582
Financial assets held under resale agreements	29	65,242,195	39,605,953
Financial assets at fair value through profit or loss	30	98,202,115	76,676,991
Derivative financial assets	37	315,233	175,424
Clearing settlement funds	38	2,157,689	1,779,380
Cash held on behalf of brokerage customers	39	79,476,131	106,378,892
Cash and bank balances	40	15,985,949	27,943,107
Total current assets		347,553,924	329,689,892
Total assets		431,648,187	411,749,042

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

		As at 31 December	
	notes	2017	2016
Current liabilities			
Loans and borrowings	42	11,520,278	6,262,230
Short-term debt instruments	43	36,454,635	14,847,586
Placements from other financial institutions	44	7,600,000	4,700,000
Accounts payable to brokerage customers	45	84,356,232	112,956,690
Employee benefits payable	46	5,005,954	6,269,165
Income tax payable		1,531,137	2,599,026
Financial assets sold under repurchase agreements	47	43,849,585	39,691,470
Financial liabilities at fair value through profit or loss	48	23,454,372	16,318,339
Derivative financial liabilities	37	402,828	290,500
Bonds payable	49	1,279,944	17,156,246
Other current liabilities	50	8,656,571	18,670,688
Total current liabilities		224,111,536	239,761,940
Net current assets		123,442,388	89,927,952
Total assets less current liabilities		207,536,651	171,987,102
Non-current liabilities			
Loans and borrowings	42	—	1,878,471
Bonds payable	49	67,032,147	55,582,519
Employee benefits payable	46	622,458	631,789
Deferred tax liabilities	32	181,608	103,920
Financial assets sold under repurchase agreements	47	3,000,000	26,950
Financial liabilities at fair value through profit or loss	48	1,013,019	197,017
Other non-current liabilities	51	1,992,196	2,814,714
Total non-current liabilities		73,841,428	61,235,380
Net assets		133,695,223	110,751,722

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

		As at 31 December	
	notes	2017	2016
Equity			
Share capital	52	8,713,934	7,625,000
Other equity instruments	53	11,129,841	10,000,000
Reserves	54	64,936,992	47,782,061
Retained profits	54	38,347,216	34,557,357
Equity attributable to equity holders of the Company		123,127,983	99,964,418
Non-controlling interests		10,567,240	10,787,304
Total equity		133,695,223	110,751,722

Approved and authorized for issue by the Board of Directors on 29 March 2018.

Yang Dehong

Chairman

Wang Song

Executive Director

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity holders of the Company										
	Reserves										
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2017	7,625,000	10,000,000	29,374,285	346,532	137,774	5,729,487	12,193,983	34,557,357	99,964,418	10,787,304	110,751,722
Profit for the year	—	—	—	—	—	—	—	9,881,545	9,881,545	601,364	10,482,909
Other comprehensive income for the year	—	—	—	863,490	(310,110)	—	—	—	553,380	(354,231)	199,149
Total comprehensive income for the year	—	—	—	863,490	(310,110)	—	—	9,881,545	10,434,925	247,133	10,682,058
IPO of H shares (i)	1,088,934	—	14,029,256	—	—	—	—	—	15,118,190	—	15,118,190
Issuance of the convertible bond	—	1,129,841	—	—	—	—	—	—	1,129,841	—	1,129,841
Appropriation to surplus reserve	—	—	—	—	—	767,335	—	(767,335)	—	—	—
Appropriation to general reserve	—	—	—	—	—	—	1,760,601	(1,760,601)	—	—	—
Dividends (note 19)	—	—	—	—	—	—	—	(2,973,750)	(2,973,750)	—	(2,973,750)
Distribution to other equity instrument holders (note 19)	—	—	—	—	—	—	—	(590,000)	(590,000)	—	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	(499,148)	(499,148)
Others	—	—	44,359	—	—	—	—	—	44,359	31,951	76,310
At 31 December 2017	8,713,934	11,129,841	43,447,900	1,210,022	(172,336)	6,496,822	13,954,584	38,347,216	123,127,983	10,567,240	133,695,223

- (i) Capital reserve movement of the Group during the year arose from the issuance of the H shares and it was arrived at after elimination of transaction costs of RMB155,821 thousand.

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

	Attributable to equity holders of the Company										
	Reserves										
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2016	7,625,000	10,000,000	29,293,409	1,337,817	(126,221)	4,989,709	10,266,703	31,937,998	95,324,415	6,312,306	101,636,721
Profit for the year	—	—	—	—	—	—	—	9,841,417	9,841,417	1,511,547	11,352,964
Other comprehensive income for the year	—	—	—	(991,285)	263,995	—	—	—	(727,290)	205,977	(521,313)
Total comprehensive income for the year	—	—	—	(991,285)	263,995	—	—	9,841,417	9,114,127	1,717,524	10,831,651
Issue of perpetual subordinated bonds by subsidiaries	—	—	—	—	—	—	—	—	—	3,150,020	3,150,020
Appropriation to surplus reserve	—	—	—	—	—	739,778	—	(739,778)	—	—	—
Appropriation to general reserve	—	—	—	—	—	—	1,928,745	(1,928,745)	—	—	—
Dividends (note 19)	—	—	—	—	—	—	—	(3,965,000)	(3,965,000)	—	(3,965,000)
Distribution to other equity instrument holders (note 19)	—	—	—	—	—	—	—	(590,000)	(590,000)	—	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	(417,261)	(417,261)
Others	—	—	80,876	—	—	—	(1,465)	1,465	80,876	24,715	105,591
At 31 December 2016	7,625,000	10,000,000	29,374,285	346,532	137,774	5,729,487	12,193,983	34,557,357	99,964,418	10,787,304	110,751,722

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2017	2016
Cash flows from operating activities:		
Profit before income tax	13,661,308	14,773,524
Adjustments for:		
Interest expenses	6,706,110	7,163,756
Share of profits of associates and joint ventures	(14,760)	(42,965)
Depreciation and amortization expenses	463,474	404,234
Provision for impairment losses	737,949	1,211,189
Net losses on disposal of property and equipment	4,980	6,641
Gain on disposal of a subsidiary, an associate and a joint venture	—	(2,894,663)
Gain on purchase of an associate	(238,196)	—
Foreign exchange losses/(gains)	193,190	(30,791)
Listing cost of H-shares	20,860	—
Net realized gains from available-for-sale financial assets	(2,433,871)	(718,689)
Dividend income and interest income from available-for-sale financial assets	(608,106)	(764,737)
Interest income from time deposits, loans and receivables	(541,943)	(510,632)
Unrealized fair value changes in financial instruments		
at fair value through profit or loss	160,123	381,443
Unrealized fair value changes in derivatives	(162,111)	133,197
Gain on other investing activities	(495,885)	—
	17,453,122	19,111,507

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

	Year ended 31 December	
	2017	2016
Decrease/(Increase) in refundable deposits	2,828,227	(3,229,385)
(Increase)/decrease in margin accounts receivable	(5,201,893)	13,361,203
Increase in accounts receivable, other receivables and prepayments and other non-current assets	(4,222,424)	(11,968)
Increase in financial assets held under resale agreements	(26,584,780)	(28,242,904)
(Increase)/decrease in financial instruments at fair value through profit or loss and derivative financial instruments	(13,845,244)	23,892,517
Decrease in cash held on behalf of brokerage customers	24,882,761	40,952,642
Decrease in accounts payable to brokerage customers	(28,600,458)	(34,833,057)
(Decrease)/increase in other current liabilities	(8,641,631)	8,176,128
Decrease in employee benefits payable	(1,272,542)	(489,414)
Increase/(decrease) in financial assets sold under repurchase agreements	7,131,165	(42,400,992)
Increase/(decrease) in placements from other financial institutions	2,900,000	(3,712,000)
Cash used in operations	(33,173,697)	(7,425,723)
Income taxes paid	(3,977,417)	(5,121,979)
Interest paid	(2,554,662)	(3,195,035)
Net cash used in operating activities	(39,705,776)	(15,742,737)

The accompanying notes form part of the interim condensed consolidated financial statements.

Section XI Financial Statements

		Year ended 31 December	
	note	2017	2016
Cash flows from investing activities:			
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		76,695	34,650
Dividends and interest received from available-for-sale financial assets and other investments		988,221	1,281,699
Proceeds from disposal of available-for-sale financial assets and other investments		58,034,614	45,865,113
Disposal of a subsidiary, associate and joint venture		1,045,000	(184,355)
Cash used in acquisition of an associate		(20,100)	—
Purchases of property and equipment, other intangible assets and other non-current assets		(897,902)	(677,524)
Purchases of available-for-sale financial assets and other investments		(52,704,831)	(48,112,475)
Cash used in other investing activities		(30,532)	—
Net cash generated from/(used in) investing activities		6,491,165	(1,792,892)
Cash flows from financing activities:			
Net proceeds from issuance of H shares		15,301,493	—
Proceeds from issuance of convertible bonds		7,000,000	—
Issue of perpetual subordinated bonds by subsidiaries		—	3,150,020
Proceeds from issuance of short-term debt instruments		61,888,052	38,177,362
Proceeds from issuance of bonds payable		19,900,000	32,175,063
Proceeds from loans and borrowings		72,594,513	35,376,371
Repayment of debt securities issued		(70,552,464)	(42,749,246)
Repayment of loans and borrowings		(72,119,953)	(46,443,847)
Interest paid		(4,317,730)	(4,444,869)
Dividends paid		(3,407,048)	(4,189,972)
Distribution to other equity instrument holders		(725,146)	(609,611)
Cash used in other financing activities		(307,755)	—
Net cash generated from financing activities		25,253,962	10,441,271
Net decrease in cash and cash equivalents		(7,960,649)	(7,094,358)
Cash and cash equivalents at the beginning of the year		35,192,601	42,163,328
Effect of foreign exchange rate changes		(174,913)	123,631
Cash and cash equivalents at the end of the year	41(a)	27,057,039	35,192,601

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

Notes to the Consolidated Financial Statements

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

1. CORPORATE INFORMATION

On 25 September 1992, with the approval of the People's Bank of China (the "PBOC"), Guotai Securities Co., Ltd. (國泰證券有限公司) was established in Shanghai, the People's Republic of China (the "PRC"). On 12 October 1992, with the approval of the PBOC, Junan Securities Co., Ltd. (君安證券有限責任公司) was established in Shenzhen, the PRC. On 20 May 1999, as approved by the China Securities Regulatory Commission (the "CSRC"), Guotai Securities Co., Ltd. merged with Junan Securities Co., Ltd. to set up a new company, Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) in Shanghai, the PRC. On 13 August 2001, the Company spun off its non-security business and related assets and liabilities to a newly established company, and continued to use the name of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with stock code 601211. On 11 April 2017, the Company issued H shares which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), with stock code 02611.

The registered office of the Company is located at No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.

The Group is principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consultation, financial advisory business relating to securities trading and securities investment, margin financing and securities lending, agency sale of securities investment funds, agency sale of financial products, introducing brokerage for futures companies, asset management, commodity futures brokerage, financial futures brokerage, futures investment consulting, equity investment, venture capital, investment management, investment consultation and other business activities approved by the CSRC.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Section XI Financial Statements

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Section XI Financial Statements

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	<i>Disclosure initiative</i>
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealized Losses</i>
Amendments to IFRS 12 included in Annual improvements to IFRSs 2014-2016 Cycle	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12</i>

None of the above amendments to IFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 41(b) to the financial statements upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the consolidated financial statements:

IFRS 9	<i>Financial Instruments¹</i>
IFRS 15	<i>Revenue from Contracts with Customers¹</i>
IFRS 16	<i>Leases²</i>
IFRS 17	<i>Insurance Contracts³</i>
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments²</i>
Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts¹</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture⁴</i>
Amendments to IAS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers²</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement²</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to IAS 40	<i>Transfers of Investment Property¹</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to IFRS ¹1 and IAS 28¹</i>
<i>Annual Improvements 2015-2017 Cycle</i>	<i>Amendments to IFRS 3², IFRS 11², IAS 12² and IAS 23²</i>

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

Section XI Financial Statements

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS *(continued)*

Except as described below, the application of the new and revised IFRSs will not have significant impact on the Group's and Company's financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognize any transition adjustments against the opening balance of equity at 1 January. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements are summarized as follows:

(a) Classification and measurement

The Group classify its financial assets in accordance with the features of contractual cash flow characteristics and the entity's business model into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its debt instruments and other receivables, etc. within the next twelve months.

Management has performed detailed assessment and concluded that upon adoption of the standard, the Group's total equity as of 31 December 2017 will decrease by 0.2%.

Section XI Financial Statements

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS *(continued)*

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It introduces a new five-step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 provides specific guidance on capitalization of contract cost and license arrangement. It also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In 2017, the Group continued the testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

The Group will adopt IFRS 15 from 1 January 2018 and plans to adopt the full retrospective approach. The Group has performed a detailed assessment that the adoption of this amendment will not have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payment and a right-of-use asset for virtually all lease contracts, unless the underlying asset is of low value, in the statement of financial position. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability in profit or loss, and also classifies cash repayments of the lease liability into the principal portion and the interest portion for presentation in the statement of cash flows.

In respect of lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the total operating lease commitments of the Group amounted to RMB1,783 million. The Directors do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that a certain portion of these lease commitments will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities. The Group expects to adopt IFRS 16 on 1 January 2019.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

In the Company's statement of financial position, investments in associates and joint ventures of the Company are accounted for using the equity method, unless they are classified as held for sale (or included in a disposal group that is classified as held for sale).

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquirees' identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress (“CIP”), are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.71%-2.74%
Leasehold improvements	Over the shorter of the lease terms and 20%
Machinery	8.64%-19.20%
Electronic equipment	19.00%-50.00%
Communication equipment	10.55%-32.00%
Motor vehicles	10.55%-32.00%
Others	9.50%-32.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, whether there is any indicator of impairment or not. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

	Useful lives
Trading seats rights	Indefinite
Securities and futures brokerage qualification	Indefinite
Software	5 years

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognized initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as net investment gains or losses in the statement of profit or loss. The net investment gains recognized in profit or loss include any dividend or interest earned on the financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Available-for-sale financial investments

Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the statement of profit or loss in net investment gains or losses, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the investment revaluation reserve to the statement of profit or loss in provision for impairment losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognized in the statement of profit or loss as net investment gains.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the statement of profit or loss, is removed from other comprehensive income and recognized in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from other comprehensive income and recognized in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Assets carried at cost *(continued)*

The determination of what is “significant” or “prolonged” requires judgement. The Group considers the extent and duration of the decline in evaluating whether a decline in fair value is significant or prolonged. The Group generally considers a significant decline to be one in which the fair value is below the weighted average cost by more than 30% or a prolonged decline to be one in which fair value is below the weighted average cost for a continuous period of more than twelve months or longer. The Group also takes into consideration of other specific relevant factors when assessing whether there is objective evidence that an investment is impaired or not. Regarding the funds contributed by the Group to the designated accounts managed by China Securities Finance Corporation Limited, owing to the unique characteristics of this investment, that is, the Group cannot control the way in which China Securities Finance Corporation Limited uses the Group’s fund contributions and when the contributions are redeemed, after further considering other relevant factors such as industry practice, etc., the Group considers the threshold for the determination of impairment for this investment to be the fair value below the cost by more than 50% or for a continuous period of more than thirty six months.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Other financial liabilities

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase are recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognizes the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage customers increase by the difference after deducting withholding stamp duty and commission.

Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognizes margin financing services to customers as margin accounts receivable, and recognizes the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivables is determined with reference to policy of provision for impairment of financial assets measured at amortized cost.

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognized as interest income according to the margin financing agreement. The securities lending services are not derecognized. The financial assets are recognized as securities lending services in available-for-sale investments, and are subsequently measured according to available-for-sale investments.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released to profit or loss during the period when the expense is incurred. Government grants that are to compensate incurred expenses or losses are recognized in profit or loss directly.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue is recognized when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following basis:

Securities brokerage and investment consulting business

Income from the securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed, that is, the economic interests may flow into the Group and the relevant revenue and costs may be measured reliably.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants *(continued)*

Asset management business

Income from the asset management business is recognized when the Group is entitled to receive the income under the asset management agreement.

Interest income

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Other income

Other income is recognized on an accrual basis.

Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

Interest expenses

Interest expenses are recognized based on the principal outstanding and at the effective interest rate applicable.

Other expenses

Other expenses are recognized on an accrual basis.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

Share-based payments consist of equity-settled share-based payments and cash-settled share-based payments. The term “equity-settled share-based payments” refers to a transaction in which the Group grants shares or other equity instruments as a consideration in return for services rendered.

The equity-settled share-based payment in return for employee services is measured at the fair value of the equity instruments granted to the employees. If the right of an equity-settled share-based payment may be exercised immediately after the grant date, the fair value of the equity instruments on the grant date is recognized in profit or loss, with a corresponding increase in capital reserve. When the grant of equity instruments is conditional upon the achievement of a performance or service condition, an amount for the services received during the vesting period is recognized based on the best available estimate of the number of equity instruments expected to vest which will be revised, if subsequent information (such as the change on the number of employees who satisfies all vesting conditions, achievement of performance and so on) indicates that the number of equity instruments expected to vest differs from previous estimates. The fair value of equity instruments is calculated based on the binomial model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in capital reserve, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of options that will ultimately vest.

No expense is recognized for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, an expense is recognized as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where equity-settled share-based payment is cancelled, it is treated as if it vested on the date of cancellation, and any expense that otherwise would have been recognized for services received over the remaining vesting period is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

A cash-settled share-based payment rendered by the Group shall be measured in accordance with the fair value of liability based on the shares or other equity instruments undertaken by the Group. It shall be initially measured at fair value on the grant date using the binomial model, taking into account the clauses and conditions of the equity instruments granted. If the right may be exercised immediately after the grant, the fair value of the liability shall, on the date of the grant, be included in the relevant costs or expenses, with a corresponding increase in the liability. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, at the end of each reporting period within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses with a corresponding increase in the liability. The Group shall, at the end of each reporting period and settlement date prior to the settlement of the liability, re-assess the fair values of the liability with changes in fair value recognized in the statement of profit or loss.

Fiduciary wealth management

The Group's fiduciary wealth management business includes targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

Employee benefits

Employee benefits refer to all forms of consideration and other related expense except share based payments given by the Group in exchange for service rendered by employees. The employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependants, family members of deceased employees, or other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Post-employment benefits (Defined contribution plan)

The Group participates in a defined contribution plan in which the employees benefit from pensions and unemployment insurance managed by the government, and annuity plans managed by the Group. Such expenditure is charged to the statement of profit or loss in the period when it is incurred.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits are applicable to the rules on post-employment benefits, to recognize their net liabilities or net assets, while the changes are recorded in current profit or loss or related asset cost.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Section XI Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividend distributions

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve, 10% of after-tax profit for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve funds has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in a shareholder meeting. When the dividends have been approved by the shareholders, they are recognized as a liability.

Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to the statement of profit or loss.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates for the year. The impact on cash caused by the fluctuation of exchange rates is presented as a separate line item in the statement of cash flows.

Section XI Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, apart from those assumptions involving estimations, management has made the following judgements including the classification of financial assets, the transfer of financial assets and consolidation of structured entities, which have significant effects on the amounts recognized in the financial statements.

Classification of financial assets

Management needs to make significant judgement on the classification of financial assets. Different classifications may affect accounting methods as well as the financial position and operating results of the Group.

Transfer of financial assets

Management needs to make significant judgement on the transfer of financial assets. Whether financial assets being transferred or not may affect accounting methods as well as the financial position and operating results of the Group.

Consolidation of structured entities

Management needs to make significant judgement on whether a structured entity is under control and shall be combined. Such judgement may affect accounting methods as well as the financial position and operating results of the Group.

When assessing control, the Group considers: (a) power over the investee, (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

Section XI Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgement *(continued)*

When judging the level of the control over the structured entities, the Group considers the following four elements:

- (a) The decisions the Group applied when setting up the structured entities and the involvement in those entities;
- (b) The related agreement arrangements;
- (c) The Group will only take specific actions under certain conditions or incidents; and
- (d) The commitments made by the Group to the structured entities.

When assessing whether there is control over the structured entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision making scope over the structured entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entities.

Estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, which may result in a significant adjustment to the carrying amounts of assets and liabilities in the next accounting period.

Fair values of financial assets and derivative financial instruments determined using valuation techniques

If the market for a financial instrument is not active, the Group estimates fair value by using valuation techniques, such as the discounted cash flow analysis model, etc. In practice, the discounted cash flow analysis model makes the maximum use of observable inputs, but the management still needs to make estimations on counterparty credit risk, volatility of market interest rate and correlation factors and etc. If there is a change in any assumption of the above factors, the assessment of fair value of financial instruments will be affected.

Section XI Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Deferred income tax assets and liabilities

According to the provisions of the tax law, deferred income tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period when the assets are realized or when the liabilities are settled. Deferred income tax assets are recognized for all unused tax losses, to the extent that it is likely that taxable profit will be available to offset these unused tax losses. Many judgements are needed from management to estimate the amount, timing and applicable tax rate of future taxable profit, together with the tax planning strategies, to determine the amount of deferred income tax assets and liabilities to be recognized.

Impairment of margin accounts receivable and financial assets held under resale agreements

The Group reviews its margin accounts receivable and financial assets held under resale agreements to assess impairment on a periodic basis. In determining whether an impairment loss should be recognized in profit or loss, the Group assesses the recoverable amounts firstly on an individual basis principally by reviewing the collateral received and the creditworthiness of the customers. If the Group determines that no objective evidence of impairment exists for an individually assessed credit asset, then on a collective basis in determining the impairment. The policy for collective impairment allowances for margin accounts receivable and financial assets held under resale agreements of the Group is based on the collateral securities, collateral ratio, volatilities, and concentration, etc. The methodology and assumptions used for estimating the impairment of margin accounts receivable and financial assets held under resale agreements are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Impairment of available-for-sale investments

If there has been a significant or prolonged (after considering all related factors) decline in the fair value of available-for-sale investments, the impairment losses shall be provided by reclassification the cumulative unrealized loss arising from decline in fair value and previously recorded in other comprehensive loss to profit or loss. The Group considers the extent and duration of the decline in evaluating whether a decline in fair value is significant or prolonged. The Group generally considers a significant decline to be one in which the fair value is below the weighted average cost by more than 30% or a prolonged decline to be one in which fair value is below the weighted average cost for a continuous period of twelve months or longer. The Group also takes into consideration of other specific relevant factors when assessing whether there is objective evidence that an investment is impaired or not. Regarding the funds contributed by the Group to the designated accounts managed by China Securities Finance Corporation Limited, owing to the unique characteristics of this investment, that is, the Group cannot control the way in which China Securities Finance Corporation Limited uses the Group's fund contributions and when the contributions are redeemed, after further considering other relevant factors such as industry practice, etc., the Group considers the threshold for the determination of impairment for this investment to be the fair value below the cost by more than 50% or for a continuous period of more than thirty six months.

Impairment losses on debt instruments are reversed through the statement of profit or loss if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Section XI Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5%-25%
Business tax	Taxable revenue	5%
Value added tax ("VAT")	Taxable revenue	6%-17%
City maintenance and construction tax	Business tax and value added tax paid	1%-7%
Education surcharge	Business tax and value added tax paid	3%

Corporate Income tax

The income tax rate applicable to the Company and its subsidiaries in Mainland China is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

Value added tax

Pursuant to the "Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the "VAT Pilot Programs")" (Cai Shui [2016] No. 36), the "Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46) and the "Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions" (Cai Shui [2016] No. 70) issued by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%, instead of business tax at 5% prior to 1 May 2016.

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%. With respect to VAT-able income arising from asset management products prior to 1 January 2018, if no VAT has been paid previously, no VAT will be payable; if VAT has been paid previously, the previously paid VAT can be used to offset against the VAT payable of the managers.

Section XI Financial Statements

6. FEE AND COMMISSION INCOME

	Year ended 31 December	
	2017	2016
Securities brokerage and investment consulting business	6,814,977	8,546,821
Underwriting and sponsorship business	2,707,298	3,333,361
Asset management business	1,785,966	2,375,048
Futures brokerage business	531,251	582,318
Financial advisory business	387,241	510,799
Custodian fee	334,538	233,559
Others	23,132	46,238
Total	<u>12,584,403</u>	<u>15,628,144</u>

7. INTEREST INCOME

	Year ended 31 December	
	2017	2016
Margin financing and securities lending	5,311,538	5,370,290
Stock-pledged financing and securities repurchase	3,592,342	2,342,232
Deposit in financial institutions	3,019,777	3,533,345
Other financial assets held under resale agreements	478,015	350,902
Debt instruments classified as receivables	2,397	47,406
Others	8,883	74,211
Total	<u>12,412,952</u>	<u>11,718,386</u>

Section XI Financial Statements

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2017	2016
Dividend and interest income		
Financial instruments at fair value through profit or loss	2,430,691	2,445,230
Available-for-sale financial assets	608,106	764,737
Net realized gains/(losses)		
Available-for-sale financial assets	2,433,871	718,689
Financial instruments at fair value through profit or loss	1,073,478	1,043,617
Derivative financial instruments	(150,123)	291,798
Unrealized gains/(losses)		
Derivative financial instruments	152,927	(87,352)
Financial liabilities at fair value through profit or loss	98,308	(534,898)
Financial assets at fair value through profit or loss	(258,431)	153,455
Others (i)	45,794	—
Total	6,434,621	4,795,276

(i) Third-party interests in consolidated structured entities.

9. OTHER INCOME AND GAINS

	Year ended 31 December	
	2017	2016
Government grants ⁽¹⁾	727,649	743,159
Gain on purchase of an associate ⁽²⁾	238,196	—
Income from bulk commodity trading	182,097	168,137
Commission from tax withholding and remitting	36,349	17,511
Gains on disposal of property and equipment	505	350
Foreign exchange (losses)/gains	(193,190)	30,791
Gain on deemed disposal of an associate	—	59,324
Others	529,770	26,091
Total	1,521,376	1,045,363

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(2) In October 2017, as approved by the CSRC, the Company's wholly-owned subsidiary, Guotai Junan Innovation Investment Co., Ltd. acquired a 20% equity interest in Hua An Fund Management Co., Ltd. ("Hua An Fund") from Shanghai Electric Group Corp. The excess of the Group's share of the fair value of Hua An Fund's net identifiable assets and liabilities over the cost of the investment was RMB238,196 thousand, which was recognized as other income and gains for the year.

Section XI Financial Statements

10. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2017	2016
Securities brokerage and investment consulting business	1,616,584	1,873,365
Underwriting and sponsorship business	379,458	346,080
Futures brokerage business	84,022	87,487
Others	53,999	61,478
Total	<u>2,134,063</u>	<u>2,368,410</u>

11. INTEREST EXPENSES

	Year ended 31 December	
	2017	2016
Bonds payable	2,938,240	2,999,944
Financial assets sold under repurchase agreements	1,601,008	2,259,421
Short-term debt instruments	785,139	218,018
Accounts payable to brokerage customers	424,468	459,494
Placements from other financial institutions	348,819	270,375
Loans and borrowings	274,985	297,006
Priority tranche holders of structured entities	141,429	514,402
Securities lending	105,360	80,134
Gold borrowing	53,726	48,455
Derivative financial instruments	31,179	16,015
Others	1,757	492
Total	<u>6,706,110</u>	<u>7,163,756</u>

Section XI Financial Statements

12. STAFF COSTS

	Year ended 31 December	
	2017	2016
Salaries, bonuses and allowances	4,947,692	5,994,452
Contributions to defined contribution schemes	658,247	536,349
Other social welfare	417,982	418,217
Total	<u>6,023,921</u>	<u>6,949,018</u>

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

13. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2017	2016
Depreciation of property and equipment	353,726	324,599
Amortization of other intangible assets	88,538	70,497
Amortization of long-term deferred expenses	21,180	9,108
Amortization of prepaid land lease payments	30	30
Total	<u>463,474</u>	<u>404,234</u>

Section XI Financial Statements

14. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2017	2016
Rental expenses	699,468	565,225
Promotion and business development expenses	294,213	236,869
Administrative and office operating expenses	290,589	222,937
Business travel expenses	237,463	186,427
IT expenses	229,677	179,225
Postal and communication expenses	203,505	198,107
Cost of bulk commodity trading	185,045	167,743
Marketing and advertising expenses	182,689	115,293
Consulting fees	142,523	152,765
Stock exchanges management fees	96,887	98,711
Securities investor protection funds	92,875	121,640
Fund and asset management scheme distribution expenses	71,263	91,916
Provisions	50,028	30,000
Utilities	49,446	59,896
Donation	28,473	5,406
Auditors' remuneration	10,972	10,464
Others	222,815	186,674
Total	<u>3,087,931</u>	<u>2,629,298</u>

15. PROVISION FOR IMPAIRMENT LOSSES

	Year ended 31 December	
	2017	2016
Available-for-sale financial assets	324,538	836,025
Financial assets held under resale agreements	155,572	256,510
Margin accounts receivable	116,832	17,486
Other receivables and prepayments	65,605	—
Other non-current assets	63,491	100,354
Other intangible assets	10,000	—
Accounts receivable	1,911	814
Total	<u>737,949</u>	<u>1,211,189</u>

Section XI Financial Statements

16. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
Current tax		
Mainland China income tax	2,783,584	3,745,491
Hong Kong profits tax	194,116	122,144
Adjustment in respect of prior years		
Mainland China income tax	(66,106)	(71,768)
Hong Kong profits tax	(2,066)	305
Deferred tax	268,871	(375,612)
Total tax charges for the year	3,178,399	3,420,560

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2017	2016
Profit before income tax	13,661,308	14,773,524
Tax at the PRC statutory tax rate of 25%	3,415,327	3,693,381
Effect of different tax rates of subsidiaries	(98,678)	(76,000)
Adjustments in respect of current tax and deferred tax of prior years	(68,172)	(71,463)
Non-taxable income	(281,023)	(281,729)
Profits and losses attributable to joint ventures and associates	(9,190)	(1,179)
Non-deductible expenses	265,309	130,093
Utilization of tax losses and deductible temporary differences		
previously not recognized	(60,003)	(14,787)
Tax losses and deductible temporary differences not recognized	14,829	42,244
Total tax charges for the year	3,178,399	3,420,560

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17. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2017 and 2016 is as follows:

Year ended 31 December 2017					
			Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Name	Fees	Salaries, allowances and benefits			
Executive Directors					
Yang Dehong	—	644	89	376	1,109
Wang Song	—	920	89	756	1,765
Yu Jian	—	1,674	146	3,559	5,379
Non-Executive Directors					
Fu Fan ⁽¹⁾	—	—	—	—	—
Zhong Maojun ⁽¹⁾	—	—	—	—	—
Zhou Lei ⁽¹⁾	—	—	—	—	—
Wang Yongjian	150	—	—	—	150
Xiang Dong ⁽³⁾	150	—	—	—	150
Liu Qiang ⁽¹⁾⁽³⁾	—	—	—	—	—
Liu Ying ⁽¹⁾	—	—	—	—	—
Independent Non-executive Directors					
Xia Dawei	250	—	—	—	250
Shi Derong ⁽¹⁾	—	—	—	—	—
Chen Guogang	250	—	—	—	250
Ling Tao	250	—	—	—	250
Jin Qingjun	250	—	—	—	250
LEE Conway Kong Wai ⁽²⁾	188	—	—	—	188

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17. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Year ended 31 December 2017					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Supervisors					
Shang Hongbo	—	—	—	—	—
Zhu Ning	—	580	88	516	1,184
Teng Tieqi	150	—	—	—	150
Shao Chong	150	—	—	—	150
Zuo Zhipeng	150	—	—	—	150
Wang Weijie	—	1,182	118	2,032	3,332
Liu Xuefeng	—	1,195	118	2,125	3,438
	1,938	6,195	648	9,364	18,145

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Appointed on 11 April 2017.

(3) Resigned on 29 March 2018.

Year ended 31 December 2016					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Executive Directors					
Yang Dehong	—	644	214	394	1,252
Wang Song	—	644	214	1,223	2,081
Yu Jian ⁽⁴⁾	—	1,185	324	4,394	5,903
Tuo Qibin ⁽²⁾	—	261	82	669	1,012
Non-Executive Directors					
Fu Fan ⁽¹⁾	—	—	—	—	—
Zhong Maojun ⁽¹⁾	—	—	—	—	—
Zhou Lei ⁽¹⁾	—	—	—	—	—
Wang Yongjian ⁽¹⁾	—	—	—	—	—

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17. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Year ended 31 December 2016					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Xiang Dong ⁽¹⁾⁽⁴⁾	—	—	—	—	—
Liu Qiang ⁽¹⁾	—	—	—	—	—
Liu Ying ⁽¹⁾⁽⁵⁾	—	—	—	—	—
Xiong Peijin ⁽¹⁾⁽²⁾	—	—	—	—	—
Deng Weili ⁽¹⁾⁽³⁾	—	—	—	—	—
Independent Non-executive					
Directors					
Xia Dawei ⁽⁴⁾	167	—	—	—	167
Shi Derong ⁽¹⁾	—	—	—	—	—
Chen Guogang	207	—	—	—	207
Ling Tao	207	—	—	—	207
Jin Qingjun	207	—	—	—	207
Ma Weihua ⁽²⁾	40	—	—	—	40
Supervisors					
Shang Hongbo	—	—	—	—	—
Zhu Ning	—	580	213	660	1,453
Teng Tieqi	127	—	—	—	127
Shao Chong	127	—	—	—	127
Zuo Zhipeng ⁽⁴⁾	100	—	—	—	100
Wang Weijie	—	869	258	3,563	4,690
Liu Xuefeng	—	917	279	3,663	4,859
Zhan Lingzhi ⁽²⁾	27	—	—	—	27
	<u>1,209</u>	<u>5,100</u>	<u>1,584</u>	<u>14,566</u>	<u>22,459</u>

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Retired on 19 May 2016.

(3) Resigned on 25 September 2016.

(4) Appointed on 19 May 2016.

(5) Appointed on 24 October 2016.

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18. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2017 and 2016. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2017	2016
Salaries, allowances and benefits	11,353	12,686
Pension scheme contributions and other social welfare	326	333
Discretionary bonuses	64,145	41,940
Share-based payments	12,954	30,562
Total	<u>88,778</u>	<u>85,521</u>

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2017	2016
RMB14,000,001 to RMB15,000,000 yuan	—	3
RMB15,000,001 to RMB16,000,000 yuan	2	—
RMB17,000,001 to RMB18,000,000 yuan	1	—
RMB18,000,001 to RMB19,000,000 yuan	1	—
RMB19,000,001 to RMB20,000,000 yuan	—	1
RMB20,000,001 to RMB21,000,000 yuan	1	1
RMB22,000,001 to RMB23,000,000 yuan	—	1
	<u>5</u>	<u>5</u>

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19. DIVIDENDS

	Year ended 31 December	
	2017	2016
Proposed and paid dividends	<u>2,973,750</u>	<u>3,965,000</u>
Distribution to other equity instrument holders	<u>590,000</u>	<u>590,000</u>

Pursuant to the resolution of the meeting of shareholders held on 13 March 2017, the Company distributed cash dividends of RMB3.90 yuan for every 10 shares (tax included) amounting to RMB2,974 million in total for the year ended 31 December 2016.

Pursuant to the resolution of the meeting of shareholders held on 19 May 2016, the Company distributed cash dividends of RMB5.20 yuan for every 10 shares (tax included) amounting to RMB3,965 million in total for the year ended 31 December 2015.

Pursuant to the resolution of the 7th meeting of the 5th term of the Board held on 29 March 2018, the Board has proposed the annual profit distribution plan for the year ended 31 December 2017 as follows: after withholding a 10% after-tax profit as statutory common reserve fund, general risk reserves, and trading risk reserves respectively, in accordance with relevant regulations, based on the total common stock on the registered common shareholders as indicated in the statutory records on that date, the Company shall distribute cash dividends of RMB4.00 yuan for every 10 shares (tax included) amounting to RMB3,486 million in total for the year ended 31 December 2017. The total amount of cash dividend is calculated based on the total common stock amounting to 8,713,933,800 shares as at 31 December 2017 (without considering the shares converted from convertible bond during Conversion Period. The profit distribution plan is subject to shareholders' approval in the upcoming shareholders' meeting.

20. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from conversion of dilutive potential ordinary shares into ordinary shares, (c) the dilutive effect of subsidiaries' potential ordinary shares and (d) tax impact of the above adjustments.

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20. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years assumed to be converted at the beginning of the year and those issued in the year assumed to be converted at the issuance date. The Group has the convertible corporate bonds as dilutive potential ordinary shares.

	Year ended 31 December	
	2017	2016
Earnings		
Profit attributable to equity holders of the Company	9,881,545	9,841,417
Less: Profit attributable to other equity instrument holders	590,000	590,000
Profit attributable to ordinary equity holders of the Company	9,291,545	9,251,417
Add: Interest expense on convertible bonds, net of tax	104,446	—
Less: Dilutive effect of a subsidiary's potential ordinary shares	4,377	5,727
Adjusted profit attributable to ordinary equity holders of the Company	9,391,614	9,245,690
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	8,346,878	7,625,000
Weighted average number of ordinary shares assuming conversion of all dilutive shares	168,995	—
Adjusted weighted average number of ordinary shares in issue during the year	8,515,873	7,625,000
Earnings per share attributable to ordinary equity holders of the Company (RMB yuan per share)		
– Basic	1.11	1.21
– Diluted	1.10	1.21

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21. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2017	2,912,621	408,063	30,476	1,151,927	17,208	151,445	523,656	74,740	5,270,136
Additions	32,914	70,437	3,769	159,680	2,953	19,117	428,881	3,228	720,979
Transfers during the year	—	40,811	46	56,958	—	—	(199,237)	479	(100,943)
Disposals	(65,155)	(47,255)	(2,952)	(81,335)	(1,319)	(13,568)	—	(31,631)	(243,215)
As at 31 December 2017	2,880,380	472,056	31,339	1,287,230	18,842	156,994	753,300	46,816	5,646,957
Accumulated depreciation									
As at 1 January 2017	(560,468)	(235,193)	(12,781)	(686,422)	(11,863)	(106,939)	—	(21,101)	(1,634,767)
Depreciation charge	(105,269)	(63,187)	(3,083)	(165,528)	(1,348)	(13,002)	—	(2,309)	(353,726)
Disposals	31,286	38,242	2,813	74,741	1,247	13,103	—	2,956	164,388
As at 31 December 2017	(634,451)	(260,138)	(13,051)	(777,209)	(11,964)	(106,838)	—	(20,454)	(1,824,105)
Impairment									
As at 1 January 2017 and 31 December 2017	(92,253)	—	—	—	—	—	—	—	(92,253)
Net carrying amount									
As at 31 December 2017	2,153,676	211,918	18,288	510,021	6,878	50,156	753,300	26,362	3,730,599

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2016	2,874,799	370,909	50,779	1,123,916	17,680	149,512	348,656	77,754	5,014,005
Additions	37,822	88,322	1,765	129,743	2,316	10,216	349,412	2,965	622,561
Transfers during the year	—	—	193	32,507	—	—	(174,276)	—	(141,576)
Disposals	—	(51,168)	(22,261)	(134,239)	(2,788)	(8,283)	(136)	(5,979)	(224,854)
As at 31 December 2016	2,912,621	408,063	30,476	1,151,927	17,208	151,445	523,656	74,740	5,270,136
Accumulated depreciation									
As at 1 January 2016	(446,376)	(234,929)	(31,083)	(650,183)	(13,186)	(101,175)	—	(24,095)	(1,501,027)
Depreciation charge	(114,092)	(47,659)	(2,948)	(161,260)	(1,343)	(12,771)	—	(2,393)	(342,466)
Disposals	—	47,395	21,250	125,021	2,666	7,007	—	5,387	208,726
As at 31 December 2016	(560,468)	(235,193)	(12,781)	(686,422)	(11,863)	(106,939)	—	(21,101)	(1,634,767)
Impairment									
As at 1 January 2016 and 31 December 2016	(92,253)	—	—	—	—	—	—	—	(92,253)
Net carrying amount									
As at 31 December 2016	2,259,900	172,870	17,695	465,505	5,345	44,506	523,656	53,639	3,543,116

As at 31 December 2017 and 2016, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB239,571 thousand and RMB239,571 thousand, respectively.

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22. PREPAID LAND LEASE PAYMENTS

		Year ended 31 December	
		2017	2016
Cost			
As at 1 January		<u>876,029</u>	<u>876,029</u>
As at 31 December		<u>876,029</u>	<u>876,029</u>
Accumulated amortization			
As at 1 January		(52,534)	(33,429)
Amortization		<u>(19,107)</u>	<u>(19,105)</u>
As at 31 December		<u>(71,641)</u>	<u>(52,534)</u>
Carrying amount			
As at 31 December		<u><u>804,388</u></u>	<u><u>823,495</u></u>

23. GOODWILL

		As at 31 December	
		2017	2016
Cost		581,407	581,407
Less: Impairment losses		<u>—</u>	<u>—</u>
Carrying amount		<u><u>581,407</u></u>	<u><u>581,407</u></u>

Impairment testing on goodwill

		As at 31 December	
		2017	2016
Cost and carrying value			
Unit A — Shanghai Securities Co., Ltd.		578,916	578,916
Unit B — Guotai Junan Futures Co., Ltd.		<u>2,491</u>	<u>2,491</u>
Total		<u><u>581,407</u></u>	<u><u>581,407</u></u>

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23. GOODWILL *(continued)*

The Company acquired 51% of the equity interests in Shanghai Securities Co., Ltd. (“Shanghai Securities”) from Shanghai International Group Co., Ltd. in July 2014. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit (“CGU”) of Shanghai Securities Co., Ltd.

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Guotai Junan Futures Co., Ltd.

The recoverable amounts of Unit A and Unit B have been determined on the basis of value in use calculation. The calculation used cash flow projections based on financial budgets approved by management and a pre-tax discount rate which reflected the risk specific to the cash-generating units. Other assumptions include budgeted income and gross margin estimated based on the past performance and management’s expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

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24. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2017	467,146	207,240	1,066,264	33,241	1,773,891
Additions	156,560	—	—	—	156,560
Disposal	—	—	—	(192)	(192)
As at 31 December 2017	623,706	207,240	1,066,264	33,049	1,930,259
Accumulated amortization					
As at 1 January 2017	(249,088)	(128,079)	—	(1,275)	(378,442)
Amortization	(88,538)	—	—	—	(88,538)
Disposal	—	—	—	—	—
As at 31 December 2017	(337,626)	(128,079)	—	(1,275)	(466,980)
Impairment					
As at 1 January 2017	—	(4,756)	—	(6,252)	(11,008)
Addition	—	—	—	(10,000)	(10,000)
As at 31 December 2017	—	(4,756)	—	(16,252)	(21,008)
Net carrying amount					
As at 31 December 2017	286,080	74,405	1,066,264	15,522	1,442,271

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24. OTHER INTANGIBLE ASSETS (continued)

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2016	365,145	207,240	1,066,264	33,174	1,671,823
Additions	104,455	—	—	68	104,523
Disposal	(2,454)	—	—	(1)	(2,455)
As at 31 December 2016	467,146	207,240	1,066,264	33,241	1,773,891
Accumulated amortization					
As at 1 January 2016	(180,359)	(128,079)	—	(1,235)	(309,673)
Amortization	(70,457)	—	—	(40)	(70,497)
Disposal	1,728	—	—	—	1,728
As at 31 December 2016	(249,088)	(128,079)	—	(1,275)	(378,442)
Impairment					
As at 1 January 2016 and 31 December 2016	—	(4,756)	—	(6,252)	(11,008)
Net carrying amount					
As at 31 December 2016	218,058	74,405	1,066,264	25,714	1,384,441

The respective recoverable amounts of the cash-generating units relating to the securities brokerage business whereby these trading seats rights are allocated to, using a value in use calculation, exceed the carrying amounts. Management determined that there was no impairment of the trading seats rights as at 31 December 2017 and 2016.

The other intangible assets of securities and futures brokerage qualification are generated from the acquisition of Shanghai Securities, and the impairment of which is tested together with the goodwill arising from the acquisition of Shanghai Securities, that is, the carrying amount of securities and futures brokerage qualification was included in the cash-generating unit to which the goodwill was allocated for impairment testing purposes. Management believes that there was no impairment of the securities and futures brokerage qualification as at 31 December 2017 and 2016. Refer to Note 23 for impairment testing of goodwill arising from the acquisition of Shanghai Securities.

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25. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2017	2016
Unlisted shares, carried at cost	12,240,770	11,040,770
Less: Impairment losses	—	—
Total	12,240,770	11,040,770

(a) Details of the subsidiaries held by the Company

The following list contains particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of registration or primary business	Paid-in capital (Expressed in yuan)	Principal activities	Equity interests held as at 31 December	
				2017	2016
Guotai Junan Innovation Investment Co., Ltd. ⁽²⁾	Shanghai PRC	RMB4,900,000,000	Equity investment and investment consulting	100%	100%
Shanghai Guotai Junan Securities Assets Management Co., Ltd. ("GTJA Assets Management") ⁽²⁾	Shanghai PRC	RMB2,000,000,000	Securities assets management	100%	100%
Shanghai Guoxiang Real Estate Co., Ltd. ⁽²⁾	Shanghai PRC	RMB480,000,000	Real estate and property management	100%	100%
Guotai Junan Financial Holdings Limited (HK Co.) ⁽²⁾	HK PRC	HKD31,980,000	Investment service	100%	100%
Guotai Junan Futures Co., Ltd. ⁽²⁾	Shanghai PRC	RMB1,200,000,000	Futures brokerage Future Investment Consulting	100%	100%
Shanghai Securities Co., Ltd. ⁽²⁾	Shanghai PRC	RMB2,610,000,000	Securities brokerage Securities investment Underwriting and consulting	51%	51%
GTJA Allianz Funds Co., Ltd. ⁽¹⁾⁽²⁾ ("GTJA Allianz")	Shanghai PRC	RMB150,000,000	Fund management	51%	51%
Shanghai Gelong Entrepreneurship Investment Co., Ltd.	Shanghai PRC	RMB100,000,000	Venture capital investment and management	100%	100%
Guotai Junan Risk Management Co., Ltd.	Shanghai PRC	RMB200,000,000	Warehouse service Cooperation hedge Investment management Corporate management consulting	100%	100%
Shanghai GTJA Juntong Investment Management Co., Ltd.	Shanghai PRC	RMB10,000,000	Investment management Industrial Investment Investment consulting	90%	90%
Guotai Junan (Shanghai) Science and Technology Equity Investment Fund Management Co., Ltd.	Shanghai PRC	RMB20,000,000	Equity investment Venture capital investment Asset management	90%	90%

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25. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Details of the subsidiaries held by the Company (continued)

Name of company	Place of registration or primary business	Paid-in capital (Expressed in yuan)	Principal activities	Equity interests held as at 31 December	
				2017	2016
Guotai Junan Capital Management Co., Ltd. (Guotai Junan Capital)	Shanghai PRC	RMB100,000,000	Asset management Equity investment Fund management	90%	90%
Shanghai Shipping Capital (Hong Kong) Holding Co., Ltd.	HK PRC	HKD5,000,000	Equity investment Fund management	90%	90%
Hicend Futures Co., Ltd.	Shanghai PRC	RMB160,000,000	Futures brokerage Future investment consulting	51%	51%
Guotai Junan Investments (Hong Kong) Limited	HK PRC	HKD33,500,000	Investment	100%	100%
Guotai Junan Consultancy Services (Shenzhen) Limited	Shenzhen PRC	HKD12,000,000	Investment consulting Marketing planning Corporate management consulting	100%	100%
Guotai Junan Holdings Limited (BVI)	British Virgin Is.	USD1	Investment	100%	100%
Guotai Junan International Holdings Limited	HK PRC	HKD700,568,049	Investment and financing	64.62%	64.99%
Guotai Junan (Hong Kong) Limited	Samoa	USD816,300,000	Investment Administrative management	64.62%	64.99%
Guotai Junan Fund Management Limited ⁽³⁾	HK PRC	HKD10,000,000	Fund management Securities trading	32.31%	32.50%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	64.62%	64.99%
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	64.62%	64.99%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	64.62%	64.99%
Guotai Junan Capital (Hong Kong) Limited	HK PRC	HKD50,000,000	Investment consulting	64.62%	64.99%
Guotai Junan Assets (Asia) Limited	HK PRC	HKD50,000,000	Fund management	64.62%	64.99%
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	64.62%	64.99%
Guotai Junan Finance Holdings Limited (BVI)	British Virgin Is.	USD1	Financial financing	100%	100%
Guotai Junan International (Singapore) Holdings Pte. Limited	Singapore	SGD300,000	Investment management	64.62%	64.99%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD1,000,000	Assets management	64.62%	64.99%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	64.62%	64.99%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD500,000	Securities brokerage	64.62%	64.99%
Guotai Junan Global Limited	British Virgin Is.	USD5,000,000	Investment management	100%	100%
Guotai Junan Securities USA Holding, Inc	USA	USD5,000,000	Investment management	100%	100%
Guotai Junan Securities USA, Inc.	USA	USD5,000,000	M&A Consulting services	100%	100%

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25. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

- (1) In April 2017, the Company agreed to transfer its 51% stake in GTJA Allianz to Pacific Asset Management Co., Ltd. at a price of RMB1,045 million and the consideration has been fully received by the Company. As at 31 December 2017, GTJA Allianz is included in the reportable operating segment of “Investment management” in note 60 to the financial statements. GTJA Allianz engages in fund management services. The Group decided to dispose of the investment in GTJA Allianz in order to integrate the Group’s business resources and optimize the Company’s asset management business. The transaction was approved by the CSRC in March 2018. After the completion of the share transfer, GTJA Allianz will cease to be a subsidiary of the Company.
- (2) These subsidiaries are directly held by the Company.
- (3) GJIHL, a subsidiary which is controlled by the Company through its voting rights of 64.62%, via its wholly-owned subsidiary Guotai Junan (Hong Kong) Limited controls Guotai Junan Fund Management Limited through contractual arrangement between shareholders whereby Guotai Junan (Hong Kong) Limited has been granted the authority to direct relevant activities of Guotai Junan Fund Management Limited unilaterally. As a result, Guotai Junan Fund Management Limited is accounted for as a subsidiary of the Company.

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25. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Partly-owned subsidiaries with material non-controlling interests

The following table lists the information related to the major subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

Shanghai Securities

	As at 31 December	
	2017	2016
NCI percentage	49.00%	49.00%
Current assets	27,621,601	25,909,052
Non-current assets	6,543,025	6,909,925
Current liabilities	16,701,816	16,460,543
Non-current liabilities	6,109,379	4,918,197
Net assets	11,353,431	11,440,237
Carrying amount of NCI	6,561,333	6,603,869
	Year ended 31 December	
	2017	2016
Total revenue and other income	2,164,232	5,224,907
Total expenses and income tax expense	1,709,760	3,014,094
Profit for the year	454,472	2,210,813
Total comprehensive income	256,191	2,160,326
Profit attributable to NCI	264,512	1,112,169
Distribution to NCI	209,890	184,312
Cash flows (used in)/generated from operating activities	(278,821)	419,848
Cash flows used in investing activities	(205,119)	(1,299,991)
Cash flows used in financing activities	(776,542)	(614,000)

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25. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partly-owned subsidiaries with material non-controlling interests *(continued)*

GJIHL

	As at 31 December	
	2017	2016
NCI percentage	35.38%	35.01%
Current assets	61,404,784	39,526,477
Non-current assets	420,179	727,139
Current liabilities	52,575,349	28,922,773
Non-current liabilities	29,444	1,908,224
Net assets	9,220,170	9,422,619
Carrying amount of NCI	3,746,972	3,897,608
	Year ended 31 December	
	2017	2016
Total revenue and other income	2,766,660	2,157,799
Total expenses and income tax expense	1,765,246	1,279,817
Profit for the year	1,001,414	877,982
Total comprehensive income	1,000,072	878,601
Profit attributable to NCI	314,423	333,668
Distribution to NCI	240,258	160,616
Cash flows used in operating activities	(12,571,118)	(5,753,021)
Cash flows used in investing activities	(21,840)	(13,757)
Cash flows generated from financing activities	12,727,968	5,386,017

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26. INTERESTS IN STRUCTURED ENTITIES

(a) INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

The Group has consolidated certain structured entities including asset management schemes, trust schemes and limited partnerships. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of those structured entities that is of such significance that it indicates that the Group is a principal.

The total assets of these consolidated structured entities amounted to RMB12,806 million and RMB15,707 million as at 31 December 2017 and 2016 respectively.

Interests held by other investors in these consolidated structured entities were classified as financial liabilities at fair value through profit or loss, other current liabilities and other non-current liabilities in the consolidated statement of financial position.

(b) INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group exercises the power throughout the structured entities including limited partnerships and asset management products by acting as manager or general partner during the year. Except for the structured entities the Group has consolidated stated in note 26(a), in management's opinion, the variable returns the Group exposed to over these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated limited partnerships and asset management products managed by the Group as available-for-sale financial assets, financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2017 and 2016, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB9,226 million and RMB11,738 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB1,075 million and RMB1,005 million for the years ended 31 December 2017 and 2016, respectively.

The carrying amounts of interests in unconsolidated structured entities in the consolidated statements of financial position are approximately equal to the maximum exposure to the loss of interests held by the Group in the unconsolidated structured entities.

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2017	2016
Share of net assets		
– Associates	1,309,278	431,685
– Joint ventures	2,303,249	829,655
Total	3,612,527	1,261,340

At the end of each reporting period, the Group had the following associates and joint ventures:

				Percentage of equity interests as at 31 December	
Name of associates and joint ventures	Place of incorporation or primary business	Registered capital (Expressed in yuan)	Principal activities	2017	2016
Associates:					
Anhui Guozhen Group Co., Ltd.	Hefei PRC	RMB82,810,000	Project investment and investment management	25%	25%
Anhui Panguhongye Equity Investment Centre LLP	Suzhou PRC	RMB30,300,000	Equity investment	33%	33%
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	RMB400,000,000	Investment management and advisory	25%	25%
Shenzhen GTJA Leading Junding Phase 1 Investment Fund LLP	Shenzhen PRC	RMB130,000,000	Investment management and advisory	38%	38%
Yingtanshi GTJA Chuangtoulongxin Equity Investment Centre LLP	Yingtian PRC	RMB169,181,800	Investment management and advisory	18%	18%
Xiamen Hongxin Electron-Tech Co., Ltd.	Xiamen PRC	RMB104,000,000	Flexible printed circuit board research and design	6%	N/A
Shanghai Kechuang Center Equity Investment Fund Management Co.,Ltd.	Shanghai PRC	RMB100,000,000	Investment management and equity investment	13%	N/A
Huaan Funds Management Co., Ltd.	Shanghai PRC	RMB150,000,000	Fund management	20%	N/A
Joint ventures:					
GTJA Shenyi (Shenzhen) Funds Management Co., Ltd. ⁽¹⁾	Shenzhen PRC	RMB20,000,000	Investment management and equity investment	51%	51%
Shenzhen GTJA Leading Investment Management Co., Ltd. ⁽¹⁾	Shenzhen PRC	RMB15,000,000	Investment management and equity investment	51%	51%
Xiamen GTJA Jianfa Equity Investment Company LLP	Xiamen PRC	RMB200,100,000	Investment management and equity investment	20%	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	RMB100,000,000	Investment management and equity investment	25%	25%

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

At the end of each reporting period, the Group had the following associates and joint ventures: *(continued)*

				Percentage of equity interests as at 31 December	
Name of associates and joint ventures	Place of incorporation or primary business	Registered capital (Expressed in yuan)	Principal activities	2017	2016
Joint ventures: <i>(continued)</i>					
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	RMB500,000,000	Investment management and equity investment	20%	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP ⁽¹⁾	Shanghai PRC	RMB1,000,200,000	Investment management and equity investment	55%	55%
Shanghai North Industries GTJA Investment Management Co., Ltd.	Shanghai PRC	RMB10,000,000	Investment management and advisory	40%	40%
Shanghai Junzheng Investment Management Co., Ltd. ⁽¹⁾	Shanghai PRC	RMB10,000,000	Investment management and advisory	51%	51%
Shanghai GTJA Haojing Investment Management Co., Ltd.	Shanghai PRC	RMB10,000,000	Investment management and advisory	50%	50%
Shanxi GTJA Chuangtou Equity Investment Company LLP	Shanghai PRC	RMB200,000,000	Investment management and advisory	30%	30%
Shanghai Guojun Chuangtou Zhengjun No.4 Equity Investment LLP ⁽¹⁾	Shanghai PRC	RMB42,240,000	Investment management and advisory	63%	N/A
Shanghai Guojun Chuangtou Zhengjun No.2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	25%	N/A
Shanghai Guojun Chuangtou Longbo Investment Management Centre LLP	Shanghai PRC	RMB139,400,000	Investment management and advisory	18%	N/A
Shanghai Guojun Chuangtou Longzhang Investment Management Centre LLP	Shanghai PRC	RMB233,000,000	Investment management and advisory	17%	N/A
Shanghai Juntong Jinglian Investment LLP ⁽¹⁾	Shanghai PRC	RMB701,000,000	Investment management and advisory	100%	N/A
Juntong Phase II Fund ⁽¹⁾	Shanghai PRC	RMB401,000,000	Investment management and advisory	51%	N/A

- (1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to relevant arrangements stipulated in the articles of association or other agreements.

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	Year end 31 December	
	2017	2016
Share of associates' profit for the year	23,423	1,731
Share of joint ventures' profit for the year	(8,663)	41,234
	Year end 31 December	
	2017	2016
Share of associates' total comprehensive income for the year	22,526	9,929
Share of joint ventures' total comprehensive income for the year	14,772	42,918
	As at 31 December	
	2017	2016
Aggregate carrying amount of the Group's investments in associates	1,309,278	431,685
Aggregate carrying amount of the Group's investments in joint ventures	2,303,249	829,655

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28. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	As at 31 December	
	2017	2016
At fair value:		
– Debt securities	10,601,881	4,195,794
– Equity securities ⁽²⁾⁽³⁾	5,345,716	6,910,880
– Funds ⁽³⁾	639,178	143,981
– Contribution to designated accounts at China Securities Finance Corporation Limited ⁽¹⁾	14,078,132	15,964,176
– Other investments ⁽²⁾⁽⁴⁾	5,829,002	9,348,659
At cost:		
– Equity investments	1,846,097	2,075,150
Total	38,340,006	38,638,640
Analyzed as:		
Listed in Hong Kong	1,416,326	2,104,388
Listed outside Hong Kong	7,501,068	6,553,649
Unlisted	29,422,612	29,980,603
Total	38,340,006	38,638,640

Current

	As at 31 December	
	2017	2016
At fair value:		
– Debt securities	1,631,794	1,842,582
Total	1,631,794	1,842,582
Analyzed as:		
Listed outside Hong Kong	1,631,794	1,842,582
Total	1,631,794	1,842,582

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28. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

- (1) As at 31 December 2017, the non-current available-for-sale financial assets included funds contributed by the Company together with various PRC securities firms, to designated accounts managed by China Securities Finance Corporation Limited (“CSFC”). Under the relevant agreements with CSFC, the Company contributed a total amount of RMB17,014 million in July and September 2015. CSFC manages the operation and investment of the designated accounts and securities firms will share the risks and returns from the investments in proportion to their respective contributions. As at 31 December 2017, the cost and fair value of the Company’s contribution were RMB12,688 million and RMB14,078 million based on the investment account statement provided by CSFC.
- (2) As at 31 December 2017 and 2016, the listed equity securities of the Group included restricted shares of approximately RMB56,228 thousand and RMB1,516,551 thousand, respectively. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period. The fair value of the securities is determined by reference to the quoted market prices and discounted to reflect the effect of the restriction.

As at 31 December 2017 and 2016, the collective asset management schemes with lock-up periods held by the Group amounted to approximately RMB163,044 thousand and RMB225,284 thousand, respectively.

As at 31 December 2017 and 2016, the Group entered into securities lending arrangements with clients that resulted in the transfer of available-for-sale investments with total fair values of RMB572,566 thousand and RMB435,835 thousand to external clients, respectively. As at 31 December 2017, the Group had securities transferred to CSFC with a total fair value of RMB597,290 thousand. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy.

- (3) The fair value of the collateral for the securities lending business is analyzed in note 36 together with the fair value of the collateral of the margin financing business.
- (4) Other investments mainly represent investments in asset management schemes issued and managed by the Group, wealth management products issued by banks and targeted asset management schemes (or trust investments) and assets-back securities managed by non-bank financial institutions.
- (5) As at 31 December 2017 and 2016, the impairment losses for the available-for-sale financial assets amounted to RMB639,112 thousand and RMB592,611 thousand, respectively.

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29. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by collateral type:

	As at 31 December	
	2017	2016
Non-current		
Equity securities	27,619,010	23,858,208
Precious metals	—	26,950
Less: Impairment losses	(262,006)	(279,733)
Total	<u>27,357,004</u>	<u>23,605,425</u>
	As at 31 December	
	2017	2016
Current		
Equity securities	50,007,920	30,111,995
Funds	214	2,209
Debt securities	12,562,764	8,492,422
Precious metals	3,110,746	1,265,611
Less: Impairment losses	(439,449)	(266,284)
Total	<u>65,242,195</u>	<u>39,605,953</u>

(b) Analyzed by market:

	As at 31 December	
	2017	2016
Non-current		
Stock exchanges	27,619,010	23,858,208
Over the counter	—	26,950
Less: Impairment losses	(262,006)	(279,733)
Total	<u>27,357,004</u>	<u>23,605,425</u>
	As at 31 December	
	2017	2016
Current		
Stock exchanges	51,192,234	30,684,535
Interbank market	9,426,365	6,166,931
Over the counter	5,063,045	3,020,771
Less: Impairment losses	(439,449)	(266,284)
Total	<u>65,242,195</u>	<u>39,605,953</u>

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30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2017	2016
Non-current		
Designated as at fair value through profit or loss:		
Funds	300,000	46,247
Total	300,000	46,247
Analyzed as:		
Unlisted	300,000	46,247
Total	300,000	46,247
	As at 31 December	
	2017	2016
Current		
Held for trading:		
Equity securities ⁽¹⁾	8,125,365	6,292,979
Funds	18,735,986	13,064,423
Debt securities	40,775,513	43,219,996
Other investments ⁽³⁾	2,794,585	4,291,577
Designated as at fair value through profit or loss:		
Equity securities ⁽²⁾	584,556	1,151,682
Funds	6,987,350	7,428,325
Debt securities	19,245,246	1,228,009
Other investments ⁽³⁾	953,514	—
Total	98,202,115	76,676,991
Analyzed as:		
Listed in Hong Kong	6,516,210	2,486,731
Listed outside Hong Kong	40,193,011	22,860,700
Unlisted ⁽⁴⁾	51,492,894	51,329,560
Total	98,202,115	76,676,991

Section XI Financial Statements

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

- (1) As at 31 December 2017 and 2016, The Group had securities transferred to CSFC with total fair values of RMB1,626,780 thousand and 795,207 thousand. These have not resulted in the derecognition of the financial assets in accordance with the accounting policy.
- (2) As at 31 December 2017, the listed equity securities of the Group included approximately RMB166,056 thousand of restricted shares. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period. The fair value of the securities is determined by reference to the quoted market prices and discounted to reflect the effect of the restriction.
- (3) Other investments mainly represent investments in asset management schemes issued and managed by the Group, wealth management products issued by banks and targeted asset management schemes (or trust investments) and assets-back securities managed by non-bank financial institutions.
- (4) Unlisted securities mainly comprise debt securities traded in the Interbank Bond Market.

31. REFUNDABLE DEPOSITS

	As at 31 December	
	2017	2016
Deposits with exchanges and other financial institutions:		
Futures business	5,887,261	8,282,456
Credit business	515,737	778,889
Trading business	476,442	650,084
Others	35,214	31,452
Total	<u>6,914,654</u>	<u>9,742,881</u>

32. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2017	2016
Deferred tax assets	333,909	762,365
Deferred tax liabilities	(181,608)	(103,920)
	<u>152,301</u>	<u>658,445</u>

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32. DEFERRED TAX (continued)

The following are the major deferred tax assets/(liabilities) recognized and movements thereon:

Deferred tax arising from:	Provision for impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value adjustment arising from acquisition of subsidiaries	Deductible tax losses	Others	Total
As at 1 January 2016	268,176	1,176,592	(980,875)	(470,988)	—	(25,079)	(32,174)
Recognized in profit or loss	170,546	14,887	124,738	9,334	30,107	26,000	375,612
Recognized in other comprehensive income	—	—	317,478	—	—	(2,471)	315,007
As at 31 December 2016	438,722	1,191,479	(538,659)	(461,654)	30,107	(1,550)	658,445
Recognized in profit or loss	55,300	(299,015)	(10,945)	9,333	(16,279)	(7,265)	(268,871)
Recognized in other comprehensive income	—	—	(231,638)	—	—	(5,635)	(237,273)
As at 31 December 2017	494,022	892,464	(781,242)	(452,321)	13,828	(14,450)	152,301

The Group did not have significant unrecognized deductible temporary differences and deductible losses.

33. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2017	2016
Long-term deferred expenses ⁽¹⁾	67,922	57,515
Prepayments ⁽²⁾	572,268	1,212,971
Advances to be recovered from the lawsuit	256,037	256,037
Term loan	25,008	224,950
Others	462,491	579,019
Less: Impairment losses ⁽³⁾	(706,228)	(660,699)
Total	677,498	1,669,793

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33. OTHER NON-CURRENT ASSETS (continued)

(1) The movements in long-term deferred expenses are shown below:

	As at 31 December	
	2017	2016
Balance at beginning of the year	57,515	44,420
Increase	34,243	22,203
Decrease	(23,836)	(9,108)
Balance at the end of the year	<u>67,922</u>	<u>57,515</u>

(2) The details of prepayments are shown below:

	As at 31 December	
	2017	2016
Prepaid construction expenditure (i)	572,268	572,268
Prepaid equity investments	—	640,703
Total	<u>572,268</u>	<u>1,212,971</u>

(i) Prepaid construction expenditure

On 16 October 2013, the Company entered into an agreement with Shanghai Bund & Riverside Comprehensive Development Co., Ltd. ("Bund & Riverside Development"). According to this agreement, the Company agreed to purchase one of the 6 properties to be developed by Bund & Riverside Development, on a land lot located at Huangpu District, Shanghai, provided that Bund & Riverside Development acquired this land use right at auction. Bund & Riverside Development obtained the land use right in December 2013. The consideration includes land cost, construction cost, allocated expenses, etc. As of 31 December 2017 and 2016, the prepayment for this project amounted to RMB572.3 million.

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33. OTHER NON-CURRENT ASSETS *(continued)*

(3) Analysis of the movements of provision for impairment losses:

	As at 31 December	
	2017	2016
At the beginning of the year	660,699	560,356
Charge for the year	63,491	100,354
Amounts written off or decrease	(17,962)	(11)
At the end of the year	<u>706,228</u>	<u>660,699</u>

34. ACCOUNTS RECEIVABLE

(a) Analyzed by nature:

	As at 31 December	
	2017	2016
Accounts receivable from:		
– Brokers and dealers	2,630,485	1,179,862
– Fee and commission	782,652	592,564
– Settlement	639,885	35,640
– Cash and custodian clients	156,758	32,307
– Fund management fee	92,768	63,279
Less: Impairment losses	(14,187)	(12,276)
Total	<u>4,288,361</u>	<u>1,891,376</u>

(b) Analyzed by aging:

	As at 31 December	
	2017	2016
Within 1 year	<u>4,288,361</u>	<u>1,891,376</u>

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34. ACCOUNTS RECEIVABLE *(continued)*

(c) Analysis of the movements of provision for impairment losses:

	As at 31 December	
	2017	2016
At the beginning of the year	12,276	11,464
Charge for the year	1,911	812
At the end of the year	14,187	12,276

35. OTHER RECEIVABLES AND PREPAYMENTS

(a) Analyzed by nature:

	As at 31 December	
	2017	2016
Interest receivable	2,977,099	2,475,654
Term loans	2,541,659	892,709
Dividends receivable	149,399	20,478
Prepayment for expenses	125,068	171,865
Deposit	111,601	112,372
Prepayments	63,722	42,243
Debt Instruments classified as receivables	—	571,670
Others	367,567	216,411
Less: Impairment losses	(65,605)	—
Total	6,270,510	4,503,402

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35. OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

(b) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2017	2016
At the beginning of the year	—	—
Charge for the year	65,605	—
At the end of the year	65,605	—

36. MARGIN ACCOUNTS RECEIVABLE

(a) Analyzed by nature:

	As at 31 December	
	2017	2016
Individuals	60,712,237	57,737,496
Institutions	13,680,943	11,453,791
Less: Impairment losses	(409,233)	(298,502)
Total	73,983,947	68,892,785

Section XI Financial Statements

36. MARGIN ACCOUNTS RECEIVABLE *(continued)*

(b) Analysis of the movements of provision for impairment losses:

	As at 31 December	
	2017	2016
At the beginning of the year	298,502	281,016
Charge for the year	116,832	17,486
Amounts written off or decrease	(6,101)	—
At the end of the year	409,233	298,502

(c) The fair value of collateral for the margin financing and securities lending business is analyzed as follows:

	As at 31 December	
	2017	2016
Fair value of collateral:		
– Equity securities	265,299,828	217,419,588
– Cash	7,037,093	8,635,462
Total	272,336,921	226,055,050

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37. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2017		
	Nominal amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
– Treasury futures	4,830,771	—	(2,777)
– Interest rate swap	566,545,135	1,298	(131,257)
– Interest rate options	6,981	47	—
Currency derivatives			
– Currency swaps	5,235,981	24,020	(33,342)
– Foreign exchange forward	3,224,558	42,508	(2,569)
– Foreign exchange options	1,000	50	—
Equity derivatives			
– Stock index futures	1,975,239	11,354	—
– Forward contracts	1,697,666	3,708	(9,491)
– Equity return swaps	65,704	4,311	—
– Stock options	5,601,567	107,175	(46,611)
Others			
– Precious metals futures	803,012	15,892	—
– Au (T+D)	681,187	6,299	—
– Commodity futures	702,430	—	(26,206)
– Gold options	4,709,714	128,992	(287,045)
– Commodity options	329,357	2,254	(2,552)
– Others	94	871	—
Less: Cash (received)/paid as settlement		(33,546)	139,022
Total		315,233	(402,828)

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37. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2016		
	Nominal amount	Fair value Assets	Liabilities
Interest rate derivatives			
– Treasury futures	1,513,195	3,116	—
– Interest rate swap	70,871,213	12,868	(145,065)
Currency derivatives			
– Currency swaps	2,114,081	40,589	(49,027)
– Foreign exchange forward	989,574	1,951	(17,301)
Equity derivatives			
– Stock index futures	2,106,678	74	(12,469)
– Forward contracts	2,785,769	8,163	(121,280)
– Stock options	7,267,246	111,853	(68,901)
Others			
– Precious metals futures	4,256,463	39,053	—
– Au (T+D)	1,621,405	—	(4,864)
– Commodity futures	814,064	—	(10,129)
Less: Cash (received)/paid as settlement		(42,243)	138,536
Total		175,424	(290,500)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settled in the Shanghai Clearing House, stock index futures, treasury futures, precious metals futures, Au (T+D) and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

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38. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2017	2016
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	2,128,688	1,367,523
– Others	29,001	411,857
Total	<u>2,157,689</u>	<u>1,779,380</u>

As at 31 December 2017 and 2016, the Group's clearing settlement funds of RMB11,945 thousand and RMB30,009 thousand, respectively, were restricted.

39. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Customer Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

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40. CASH AND BANK BALANCES

	As at 31 December	
	2017	2016
Cash on hand	516	780
Bank balances	<u>15,985,433</u>	<u>27,942,327</u>
Total	<u><u>15,985,949</u></u>	<u><u>27,943,107</u></u>

As at 31 December 2017 and 2016, the Group's bank balances of RMB447,789 thousand and RMB710,533 thousand, respectively, were restricted.

41. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash and cash equivalents

	As at 31 December	
	2017	2016
Cash on hand	516	780
Bank balances	<u>15,985,433</u>	<u>27,942,327</u>
Clearing settlement funds	<u>2,157,689</u>	<u>1,779,380</u>
Financial assets held under resale agreements with original maturity of less than three months	<u>11,273,135</u>	<u>8,314,656</u>
Less: bank deposits with original maturity of more than three months, restricted bank balances and clearing settlement funds	<u>(2,359,734)</u>	<u>(2,844,542)</u>
Total	<u><u>27,057,039</u></u>	<u><u>35,192,601</u></u>

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	Short-term debt instrument	Bonds payable
At 1 January 2017	8,140,701	14,847,586	72,738,765
Changes from financing cash flows	3,425,371	21,607,049	(3,457,026)
Equity component of convertible bonds	—	—	(1,129,841)
Non-cash changes	<u>(45,794)</u>	<u>—</u>	<u>160,193</u>
As 31 December 2017	<u><u>11,520,278</u></u>	<u><u>36,454,635</u></u>	<u><u>68,312,091</u></u>

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42. LOANS AND BORROWINGS

Current	As at 31 December	
	2017	2016
Unsecured loans and borrowings ⁽¹⁾	<u>11,520,278</u>	<u>6,262,230</u>
Total	<u><u>11,520,278</u></u>	<u><u>6,262,230</u></u>
Non-current	As at 31 December	
	2017	2016
Unsecured loans and borrowings ⁽²⁾	<u>—</u>	<u>1,878,471</u>
Total	<u><u>—</u></u>	<u><u>1,878,471</u></u>

- (1) As at 31 December 2017 and 2016, the current unsecured loans and borrowings of the Group were repayable within one year, bearing interest at rates ranging from 1.60% to 2.78% and from 1.74% to 4.80%, respectively.
- (2) As at 31 December 2017, there were no non-current unsecured loans and borrowings. As at 31 December 2016, the non-current unsecured loans and borrowings of the Group were repayable within a period of more than one year but not exceeding two years, bearing interest at a rate of 2.67%. The non-current unsecured loans and borrowings were fully settled in 2017.

43. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	Balance as at 1 January 2017	Increase	Decrease	Balance as at 31 December 2017
Short-term financing bills payable	2.75%-4.99%	6,000,000	8,000,000	(8,000,000)	6,000,000
Medium-term notes	0.90%-2.80%	57,606	3,889,446	(191,017)	3,756,035
Short-term corporate bonds	4.30%-5.10%	—	7,999,826	(5,999,876)	1,999,950
Structured notes	3.90%-6.66%	<u>8,789,980</u>	<u>41,998,780</u>	<u>(26,090,110)</u>	<u>24,698,650</u>
Total		<u><u>14,847,586</u></u>	<u><u>61,888,052</u></u>	<u><u>(40,281,003)</u></u>	<u><u>36,454,635</u></u>
	Nominal interest rate	Balance as at 1 January 2016	Increase	Decrease	Balance as at 31 December 2016
Short-term financing bills payable	2.48%-3.15%	1,298,954	25,000,000	(20,298,954)	6,000,000
Medium-term notes	0.90%	260,566	123,212	(326,172)	57,606
Structured notes	2.90%-6.70%	<u>759,950</u>	<u>13,054,150</u>	<u>(5,024,120)</u>	<u>8,789,980</u>
Total		<u><u>2,319,470</u></u>	<u><u>38,177,362</u></u>	<u><u>(25,649,246)</u></u>	<u><u>14,847,586</u></u>

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44. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2017	2016
Placements from banks ⁽¹⁾	900,000	—
Placements from China Securities Finance Co., Ltd. ⁽²⁾	6,700,000	4,700,000
Total	7,600,000	4,700,000

(1) As at 31 December 2017, placements from banks were repayable within one year, bearing annual interest rates ranging from 3.20% to 6.10%.

(2) As at 31 December 2017 and 2016, placements from CSFC were repayable within one year, bearing annual interest rates ranging from 5.10% to 5.40% and from 3.00% to 3.20%, respectively.

45. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2017	2016
Margin financing and securities lending deposits	10,605,418	11,965,276
Other brokerage business deposits	73,750,814	100,991,414
Total	84,356,232	112,956,690

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and are interest-bearing at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of these businesses.

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46. EMPLOYEE BENEFITS PAYABLE

Current	As at 31 December	
	2017	2016
Salaries, bonuses and allowances	4,658,925	5,874,042
Contributions to a defined contribution schemes	16,515	14,300
Social welfare and others	330,514	380,823
Total	5,005,954	6,269,165
Non-current	As at 31 December	
	2017	2016
Salaries, bonuses and allowances	622,458	631,789
Total	622,458	631,789

47. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by collateral type:

Current	As at 31 December	
	2017	2016
Bonds	31,263,560	18,661,203
Margin accounts receivable-backed repurchase	4,900,000	14,800,000
Funds	3,512,237	3,605,049
Precious metals	4,173,788	2,625,218
Total	43,849,585	39,691,470
Non-current	As at 31 December	
	2017	2016
Margin accounts receivable-backed repurchase	3,000,000	—
Precious metals	—	26,950
Total	3,000,000	26,950

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47. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS *(continued)*

(b) Analyzed by market:

Current	As at 31 December	
	2017	2016
Interbank market	17,147,994	10,105,829
Stock exchanges	17,927,803	12,160,423
Over the counter	8,773,788	17,425,218
Total	<u>43,849,585</u>	<u>39,691,470</u>
Non-current	As at 31 December	
	2017	2016
Over the counter	3,000,000	26,950
Total	<u>3,000,000</u>	<u>26,950</u>

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48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current	As at 31 December	
	2017	2016
Held for trading ⁽¹⁾		
— Debt securities	2,740,626	7,744,920
— Gold	2,460,958	—
Designated as at fair value through profit or loss		
— Debt securities ⁽²⁾	17,852,004	8,573,419
— Interest attributable to other holders of consolidated structured entities ⁽³⁾	400,784	—
Total	23,454,372	16,318,339
Non-current	As at 31 December	
	2017	2016
Designated as at fair value through profit or loss		
— Debt securities ⁽²⁾	1,013,019	—
— Interest attributable to other holders of consolidated structured entities ⁽³⁾	—	197,017
Total	1,013,019	197,017

- (1) As at 31 December 2017 and 2016, included in the Group's financial liabilities held for trading through profit or loss were debt securities and gold borrowed by the Group.
- (2) As at 31 December 2017 and 2016, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to equity investments and debt investments.
- (3) As at 31 December 2017 and 2016, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

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49. BONDS PAYABLE

Current	As at 31 December	
	2017	2016
Corporate bonds ⁽¹⁾	—	3,099,568
Subordinated bonds ⁽¹⁾	1,279,944	12,356,678
Structured notes	—	1,700,000
Total	<u>1,279,944</u>	<u>17,156,246</u>
Non-current	As at 31 December	
	2017	2016
Corporate bonds ⁽¹⁾	41,140,610	26,383,076
Subordinated bonds ⁽¹⁾	24,991,537	28,599,443
Structured notes	900,000	600,000
Total	<u>67,032,147</u>	<u>55,582,519</u>

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49. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

As at 31 December 2017

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Subordinated Bonds				
15 Shanghai Securities 02(iii)	1,280,000	2015.04	2018.04	5.00%
Non-current				
Corporate Bonds				
GUOTAI FH B1905(iv)	3,059,553	2014.05	2019.05	3.625%
15 GUOJUN G1(v)	5,000,000	2015.11	2020.11	3.60%
15 GUOJUN G2(vi)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G1(vii)	5,000,000	2016.04	2021.04	2.97%
16 GUOJUN G2(viii)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G3(ix)	5,000,000	2016.08	2021.08	2.90%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
16 GUOJUN G5(x)	3,000,000	2016.09	2021.09	2.94%
17 GUOJUN G1	4,700,000	2017.08	2020.08	4.57%
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
17 GUOJUN G3	3,700,000	2017.10	2020.10	4.78%
GUOJUN Convertible bond(xi)	7,000,000	2017.07	2023.07	0.20%
Subordinated Bonds				
16 GUOJUN C1(xii)	5,000,000	2016.07	2020.07	3.30%
16 GUOJUN C2(xiii)	4,000,000	2016.10	2020.10	3.14%
16 GUOJUN C3	3,000,000	2016.11	2019.11	3.34%
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%
17 GUOJUN C1	5,000,000	2017.02	2020.02	4.60%
17 Shanghai Securities C1	1,400,000	2017.05	2020.05	5.30%
17 Shanghai Securities C2	600,000	2017.08	2020.08	5.30%
17 Shanghai Securities C3	2,000,000	2017.11	2019.11	5.50%
17 GUOZI 01	1,000,000	2017.05	2020.05	4.60%

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49. BONDS PAYABLE (continued)

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows : (continued)

As at 31 December 2016

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate Bonds				
11 GTJA Bond	3,000,000	2011.01	2017.01	5.50%
MTN 34	50,000	2015.07	2017.07	4.10%
MTN 35	50,000	2015.07	2017.07	4.10%
Subordinated Bonds				
13 GTJA Bond	3,000,000	2013.07	2017.07	6.00%
14 GUOJUN 05	3,000,000	2014.09	2017.09	6.10%
14 GUOJUN 06	5,000,000	2014.12	2017.12	5.40%
14 Shanghai Securities 01(xiv)	450,000	2014.09	2017.09	4.80%
14 Shanghai Securities 02(xiv)	908,000	2014.09	2017.09	5.30%
Non-current				
Corporate Bonds				
GUOTAI FH B1905(iv)	3,059,553	2014.05	2019.05	3.625%
15 GUOJUN G1(v)	5,000,000	2015.11	2020.11	3.60%
15 GUOJUN G2(vi)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G1(vii)	5,000,000	2016.04	2021.04	2.97%
16 GUOJUN G2(viii)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G3(ix)	5,000,000	2016.08	2021.08	2.90%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
16 GUOJUN G5(x)	3,000,000	2016.09	2021.09	2.94%
Subordinated Bonds				
15 GUOJUN C1(i)	10,000,000	2015.04	2018.04	5.70%
15 Shanghai Securities 01(ii)	1,500,000	2015.03	2018.03	6.00%
15 Shanghai Securities 02(iii)	2,100,000	2015.04	2018.04	6.00%
16 GUOJUN C1(xii)	5,000,000	2016.07	2020.07	3.30%
16 GUOJUN C2(xiii)	4,000,000	2016.10	2020.10	3.14%
16 GUOJUN C3	3,000,000	2016.11	2019.11	3.34%
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%

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49. BONDS PAYABLE *(continued)*

- (1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows : *(continued)*
- (i) In April 2015, as approved by the CSRC, the Company issued a 3-year subordinated bond with par value of RMB10 billion. The bond bears an annual interest rate of 5.70% payable on an annual basis. The issuer has an option to redeem the bond at the end of the second year. If the redemption option is not exercised, the nominal interest rate of the subordinated bond will increase by 300 bps. The bond was fully redeemed in April 2017.
 - (ii) In March 2015, Shanghai Securities issued a 3-year subordinated bond with par value of RMB1.5 billion. The bond bears a fixed annual interest rate of 6.00% payable on an annual basis. At the end of the second year, Shanghai Securities has a right to adjust the interest rate. The Company has an option to redeem and the investors have an option to put back the bond at the end of the second year. The bond was fully redeemed in March 2017.
 - (iii) In April 2015, Shanghai Securities issued a 3-year subordinated bond with par value of RMB2.1 billion. The bond bears a fixed annual interest rate of 6.00% payable on an annual basis. At the end of the second year, Shanghai Securities has a right to adjust the interest rate. The Company has an option to redeem and the investors have an option to put back the bond at the end of the second year. In April 2017, a total amount of RMB820 million was redeemed as a result of the exercise of the option by investors. the interest rate has been decreased by issuer for 100bps to 5.00%.
 - (iv) In May 2014, Guotai Junan Financial Holding Limited (BVI Co.) issued a 5-year credit enhancement bond with a par value of USD500 million. The bond is listed on the Hong Kong Stock Exchange with the bond code of 5754 and bears a fixed annual interest rate of 3.625% payable on a semi-annual basis.
 - (v) In November 2015, as approved by the CSRC, the Company issued a 5-year corporate bond with par value of RMB5 billion. The bond bears a fixed annual interest rate of 3.60% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the third year.
 - (vi) In November 2015, as approved by the CSRC, the Company issued a 7-year corporate bond with par value of RMB1 billion. The bond bears a fixed annual interest rate of 3.80% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the fifth year.
 - (vii) In April 2016, as approved by the CSRC, the Company issued a 5-year corporate bond with par value of RMB5 billion. The bond bears an annual interest rate of 2.97% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the third year.

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49. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows : *(continued)*

- (viii) In April 2016, as approved by the CSRC, the Company issued a 7-year corporate bond with par value of RMB1 billion. The bond bears an annual interest rate of 3.25% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the fifth year.
- (ix) In August 2016, as approved by the CSRC, the Company issued a 5-year corporate bond with par value of RMB5 billion. The bond bears a fixed annual interest rate of 2.90% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the third year.
- (x) In September 2016, as approved by the CSRC, the Company issued a 5-year corporate bond with par value of RMB3 billion. The bond bears a fixed annual interest rate of 2.94% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed in the remaining two years. The Company has an option to redeem and the investors have an option to put back the bond at the end of the third year.
- (xi) In July 2017, as approved by the CSRC, the Company issued a 6-year A-share convertible bond with par value of RMB7 billion. The convertible bond bears a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB 20.20 per share. The convertible bond holders may exercise their rights to convert the convertible bond into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of par value, including interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not lower than or equal to 130% of the prevailing conversion price in at least 15 trading days out of any 30 consecutive trading days, or the total outstanding amount be less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bond at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity. After considering direct transaction costs, the Company recognized the equity part of the convertible corporate bonds as other equity instruments with the amount of RMB1,129,841 thousand.

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49. BONDS PAYABLE (continued)

- (1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows : (continued)
- (xii) In July 2016, as approved by the CSRC, the Company issued a 4-year subordinated bond with par value of RMB5 billion. The bond bears an annual interest rate of 3.30% payable on an annual basis. The issuer has an option to redeem the bond at the end of the second year. If the redemption option is not exercised, the nominal interest rate of the subordinated bond will increase by 300 bps.
- (xiii) In October 2016, as approved by the CSRC, the Company issued a 4-year subordinated bond with par value of RMB4 billion. The bond bears an annual interest rate of 3.14% payable on an annual basis. The issuer has an option to redeem the bond at the end of the second year. If the redemption option is not exercised, the nominal interest rate of the subordinated bond will increase by 300 bps.
- (xiv) In September 2014, Shanghai Securities issued a 3-year subordinated bond with par value of RMB1.5 billion. The bond includes two tranches. Tranche one is fully secured by China National Investment & Guaranty Corporation, bearing an annual interest rate of 5.80% payable on an annual basis, tranche two is unsecured subordinated bonds, bearing a fixed annual interest rate of 6.30% payable on annual basis. At the end of the first year, the issuer has an option to adjust the interest rate and the investors have a redemption option. In September 2015, a total amount of RMB142 million of tranche two was redeemed as a result of the exercise of the option by investors. The interest rate of tranche one and tranche two has been decreased by issuer for 100bps to 4.80% and 5.30%, respectively.

50. OTHER CURRENT LIABILITIES

	As at 31 December	
	2017	2016
Accounts payable to brokers	1,852,254	347,145
Interest payable	1,492,725	1,814,357
Business tax and other tax payable	1,075,694	1,221,960
Advance received from disposal of a subsidiary	1,045,000	—
Dividends payable	700,673	769,969
Payables to priority tranche holders of structured entities	590,881	3,073,961
Advance received from issuance of financial products	467,879	—
Underwriting fee payable in relation to IPO	294,854	312,881
Accounts payable arising from derivative brokerage	247,162	279,290
Unsettled transaction payables	84,983	217,444
Proceeds from underwriting securities received on behalf of customers	59,674	9,922,296
Payable for a construction project	55,513	65,647
Payables for the securities investor protection fund	50,876	54,754
Distribution expense payable	43,740	34,055
Others	594,663	556,929
Total	8,656,571	18,670,688

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51. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2017	2016
Payables to priority tranche holders of structured entities	1,791,190	2,676,064
Risk reserve for the futures brokerage business	118,864	106,537
Provisions ⁽¹⁾	82,142	32,113
Total	1,992,196	2,814,714

- (1) The Company was sued as a result of a wealth management product dispute with a total claimed amount of RMB124.7 million. As at the reporting date, these lawsuits are on-going, it is uncertain when the court trial will be completed and what the outcome will be. The Company made a provision of RMB50 million based on its assessment of the lawsuits for the year ended 31 December 2017 and RMB30 million for the year ended 31 December 2016.

52. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1 yuan. The Company's number of shares issued and their nominal value are as follows:

	As at 31 December	
	2017	2016
Registered, issued and fully paid ordinary shares of RMB1 yuan each:		
At beginning of the year	7,625,000	7,625,000
Issuance of shares ⁽¹⁾	1,088,934	—
At the end of the year	8,713,934	7,625,000

- (1) In April 2017, the Company listed on the Stock Exchange and issued 1,040,000,000 HKD-denominated ordinary shares to the public and the issue price is HKD15.84 per share. In May 2017, the Company additionally issued 48,933,800 HKD-denominated ordinary shares to the public upon the exercise of over-allotment options and the issue price is HKD15.84 per share. Total proceeds from the issuance of those shares were approximately RMB15,301 million.

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53. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2017	2016
Perpetual subordinated bonds ⁽¹⁾	10,000,000	10,000,000
Equity of convertible bonds ⁽²⁾	1,129,841	—
Total	<u>11,129,841</u>	<u>10,000,000</u>

- (1) On 22 January 2015, the Company issued the first batch of perpetual subordinated bonds amounting to RMB5 billion with an initial interest rate of 6.00%. On 3 April 2015, the Company issued the second batch of perpetual subordinated bonds amounting to RMB5 billion with an initial interest rate of 5.80% (collectively referred to as “Perpetual Subordinated Bonds”). The Perpetual Subordinated Bonds have no fixed maturity dates. The Company has an option to redeem them at their principal amounts plus any accrued interest, on the fifth interest payment date or any interest payment date afterwards.

The interest rate for perpetual subordinated bond is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interests and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The Perpetual Subordinated Bonds issued by the Company are classified as equity instruments and presented under equity in the Group’s statement of financial position.

As at 31 December 2017 and 2016, the Company recognized dividends payable to holders of the Perpetual Subordinated Bonds amounting to RMB590 million and RMB590 million (note 19), respectively.

- (2) Refer to note 49 for the issuance of convertible bonds.

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54. RESERVES AND RETAINED PROFITS

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of available-for-sale financial assets.

(3) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve.

(4) Surplus reserve

The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

(5) General reserve

The general reserve includes the general risk reserve and the transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

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54. RESERVES AND RETAINED PROFITS *(continued)*

(6) Retained profits

The movements in retained profits are set out below:

	As at 31 December	
	2017	2016
At beginning of the year	34,557,357	31,937,998
Profit for the year	9,881,545	9,841,417
Appropriation to surplus reserve	(767,335)	(739,778)
Appropriation to general reserve	(1,760,601)	(1,928,745)
Dividends	(2,973,750)	(3,965,000)
Distribution to other equity instrument holders	(590,000)	(590,000)
Others	—	1,465
At end of the year	<u>38,347,216</u>	<u>34,557,357</u>

55. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize these assets.

(1) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

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55. TRANSFERRED FINANCIAL ASSETS (continued)

(2) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for the securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities lent.

(3) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	Repurchase agreements	Securities lending	Margin financing borrowing
31 December 2017			
Carrying amount of transferred assets	11,326,212	572,566	2,224,070
Carrying amount of related liabilities	10,966,582	N/A	N/A
31 December 2016			
Carrying amount of transferred assets	18,180,285	435,835	795,207
Carrying amount of related liabilities	16,913,971	N/A	N/A

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56. COMMITMENTS

(1) Capital commitments

In June 2014, the Company commenced its self-used office buildings construction project on No. 49 land lot in Jingan District, Shanghai, after obtaining the relevant permit. The total budget of the project is RMB1.62 billion, of which RMB748 million is the development cost and RMB876 million is the land cost. This budget has been approved in the 5th meeting of the 4th term of the board of directors. In August 2016, the adjustment of budget amounting to RMB1.88 billion has been approved in the 2nd meeting of the 5th term of the board of directors. As at 31 December 2017 and 2016, the accumulated amounts paid by Shanghai Guoxiang Real Estate Co., Ltd. were RMB1,352 million and RMB1,139 million, respectively.

On 16 October 2013, the Company entered into an agreement with Bund & Riverside Development. According to this agreement, the Company agreed to purchase one of the six properties to be developed by Bund & Riverside Development on a land lot located at Huangpu District, Shanghai, provided that Bund & Riverside Development acquired this land use right at auction. Bund & Riverside Development obtained the land use right in December 2013. The consideration includes land cost, construction cost, allocated expenses, etc. The budget for this project is RMB1.18 billion, which was approved in the 10th meeting of the 4th term of the board of directors. As at 31 December 2017 and 2016, the accumulated amounts paid by the Company were RMB572 million and RMB572 million, respectively.

(2) Operating lease commitments

	As at 31 December	
	2017	2016
Within 1 year (inclusive)	659,675	529,644
1 to 2 years (inclusive)	394,716	395,693
2 to 3 years (inclusive)	303,303	192,691
After 3 years	425,571	412,229
Total	<u>1,783,265</u>	<u>1,530,257</u>

57. CONTINGENCIES

As at 31 December 2017 and 2016, the contingent liabilities due to pending litigation amounted to RMB42,415 thousand and RMB155,744 thousand, respectively.

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58. SHARE-BASED PAYMENTS OF A SUBSIDIARY

GJIHL, a subsidiary of the Company, operated two equity-settled share-based compensation schemes including a share option scheme (the “Share Option Scheme”) and a share award scheme (the “Share Award Scheme”) for the purpose of motivating and rewarding staff who contributed to GJIHL’s operations. During the year ended 31 December 2017, the total equity-settled share-based compensation expense of RMB65,535 thousand was recognized in profit or loss (For the year ended 31 December 2016: RMB 87,444 thousand).

59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(1) Major shareholders

Major shareholders include shareholders with shareholdings of 5% or above in the Company.

Share percentage in the Company:

	As at 31 December	
	2017	2016
Shanghai State-owned Assets		
Operation Co., Ltd. (“SSAOC”)	21.82%	25.57%
Shanghai International Group Co., Ltd. (“SIG”)	7.83%	9.16%
Shenzhen Investment Holding Co., Ltd. (“SIHC”)	6.99%	8.18%

(2) Subsidiaries of the Company

The detailed information of the Company’s subsidiaries is set out in note 25.

(3) Associates and joint ventures of the Group

The detailed information of the Group’s associates and joint ventures is set out in note 27.

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) Relationship of related parties *(continued)*

(4) Other related parties of the Group

Name of the related parties	Relationship of the related parties
Shanghai Rural Commercial Bank ("SRCB")	The director of the Company acts as a director of the entity
Zheng Tong Co., Ltd.	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd. ("SPDB")	The director of the Company acts as a director of the entity
Anhui Huamao Endi Aishi Fashion Co., Ltd.	The supervisor of the Company acts as a director of the entity
China Minsheng Investment Group ("CMIG")	The director of the Company acts as a senior management of the entity
Great Wall Securities Co., Ltd.	The supervisor of the Company acts as the vice chairman of the entity
Shanghai Huarui Bank Co., Ltd.	The director of the Company acts as the chairman of the entity
Shenzhen Energy Group Co., Ltd. ("Shenzhen Energy")	The supervisor of the Company acts as a senior management of the entity
Yangtze River Economic United Development (Group) Co., Ltd. ("YUDC")	The director of the Company acts as the vice chairman of the entity
Shenzhen Guosen Securities Co., Ltd. ("Guosen Securities")	The director of the Company acts as a director of the entity
Guotai Junan Leasing (Shanghai) Co., Ltd. ("Guotai Junan Leasing")	The SSAOC holds more than 30% equity interests of the entity's parent company
Bright Food (Group) Co., Ltd. ("Bright Food")	The director of the Company acted as a director of the entity
Shanghai International Trust Co., Ltd. ("Shanghai Trust")	The entity used to be under the control of SIG
China International Fund Management Co., Ltd. ("China International Fund")	The entity used to be under the control of SIG
Tullett Prebon SITICO (China) Ltd.	The entity used to be under the control of SIG
Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance")	The resigned director of the Company acts as a director of the entity
Shanghai Ai Jian Group Co., Ltd. ("Ai Jian Group")	The senior management of SIG acted as a director of the entity

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Company and its subsidiaries

(1) Fee and commission income from related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
GTJA Assets Management	Agency sale of financial products	640,260	625,441
Guotai Junan Futures Co., Ltd.	Introducing brokerage	134,720	128,234
Guotai Junan Financial Holdings Limited	Securities brokerage	1,953	2,112

(2) Dividend income from related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
Shanghai Securities Co., Ltd.	Dividend income	133,110	106,488
GTJA Allianz Funds Co., Ltd.	Dividend income	51,000	73,950
Guotai Junan Futures Co., Ltd.	Dividend income	—	200,000
GTJA Assets Management	Dividend income	—	200,000

(3) H-share IPO related expense paid to subsidiaries

The Company paid the H-share IPO related sponsoring fee of RMB3,447 thousand to Guotai Junan Capital Limited and paid an underwriting fee of RMB152,374 thousand to Guotai Junan Securities (Hong Kong) Limited. The total H-share IPO related expense was RMB155,821 thousand.

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
SSAOC	Securities brokerage	20,462	639
SIG	Securities brokerage	1,429	979
Shenzhen Energy	Securities brokerage	13,241	—
Shanghai Trust	Securities brokerage	76	487
Hua An Fund	Trading seats lending	24,156	51,242
China International Fund	Trading seats lending	2,673	33,499
SPDB	Underwriting	6,134	954
YUDC	Underwriting	3,538	—
Bright Food	Underwriting	3,396	—
CMIG	Underwriting	2,025	—
Shanghai Trust	Underwriting	—	41,285
SPDB	Assets management	26,570	33,962
YUDC	Assets management	1,200	—
SSAOC	Assets management	900	—
SRCB	Assets management	711	1,019
Ai Jian Group	Assets management	—	16,559
Ping An Insurance	Assets management	2,085	4,343
SIHC	Financial advisory	708	—
Shanghai Trust	Financial advisory	—	444

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Transactions between the Group and other related parties *(continued)*

(2) Fee and commission expense to related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
SPDB	Third-party funds depository business	2,146	1,143
Tullett Prebon SITICO (China) Ltd.	Currency brokerage	873	4,122

(3) Interest received from related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
SPDB	Financial assets held under resale agreements	8,370	—
Great Wall Securities Co., Ltd.	Financial assets held under resale agreements	815	9
Shanghai Huarui Bank Co., Ltd.	Financial assets held under resale agreements	756	—
SRCB	Financial assets held under resale agreements	—	1,923
Hua An Fund	Financial assets held under resale agreements	9	256
SPDB	Deposit in financial institutions	326,686	242,955

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Transactions between the Group and other related parties *(continued)*

(4) Interest paid to related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
SRCB	Financial assets sold under repurchase agreements	12,470	14,212
SPDB	Financial assets sold under repurchase agreements	213	58
Hua An Fund	Financial assets sold under repurchase agreements	259	1,092
Shanghai Trust	Financial assets sold under repurchase agreements	—	340
SPDB	Placements from other financial institutions	6,545	12,787
SPDB	Bonds	18,000	45,500
Guosen Securities	Bonds	1,570	—
SIG	Accounts payable to brokerage customers	330	453
SIG	Loans and borrowings	—	9,333

(5) Operating expenses and costs paid to related parties

Name of related parties	Description of transaction	Year ended 31 December	
		2017	2016
Zheng Tong Co., Ltd.	Information inquiry fees	1,100	4,200
SPDB	Sales of financial products	239	991
Shanghai Trust	Advisory fee	—	668

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Transactions between the Group and other related parties *(continued)*

- (6) Related party transactions with Shanghai International Group Co., Ltd. constitute continuing connected transactions as defined by Hong Kong Listing Rules. For the year ended 31 December 2017, the annual caps and the actual amounts of securities and financial products transactions and financial services related continuing connected transactions with Shanghai International Group Co., Ltd. and its associates are as follows:

Description of transaction	Year ended 31 December 2017	
	Caps RMB in million	Actual amount RMB in million
Securities and financial products		
Inflow		
Products with fixed income features	3,262.60	951.37
Other products and financing transactions	24.10	—
Outflow		
Products with fixed income features	4,942.40	2,169.09
Other products and financing transactions	20.60	—
Financial services		
Revenue generated	36.88	32.39
Fees paid	58.71	0.67

(d) Balances of related party transactions between the Company and its subsidiaries

- (1) Receivables from or payables to the subsidiaries

Name of related parties	Description of transaction	As at 31 December	
		2017	2016
GTJA Assets Management	Accounts receivable	1,341,643	662,967
Shanghai Guoxiang Real Estate Co., Ltd.	Other non-current assets	892,109	698,218
Guotai Junan Futures Co., Ltd.	Accounts receivable	142,803	135,928

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(e) Balances of related party transactions between the Group and its related parties

(1) Deposits in related parties

Name of related parties	As at 31 December	
	2017	2016
SPDB	2,951,986	9,408,384
SRCB	2,517	213,146

(2) Accounts receivable

Name of related parties	Description of transaction	As at 31 December	
		2017	2016
Hua An Fund	Trading seats lending	7,650	11,727
China International Fund	Trading seats lending	N/A	7,678

(3) Accounts payable

Name of related party	Description of transaction	As at 31 December	
		2017	2016
SPDB	Third-party funds depository business	556	1,958

(4) Related parties' funds, assets management plans and trusts held by the Group

Name of related parties	As at 31 December	
	2017	2016
Shanghai Trust	N/A	476,673
Hua An Fund	—	601,754
China International Fund	N/A	310,030

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59. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(e) Balances of related party transactions between the Group and its related parties *(continued)*

(5) The Group's assets management plans or funds held by related parties

Name of related parties	As at 31 December	
	2017	2016
Anhui Huamao Endi Aishi Fashion Co., Ltd.	7,471	1,008
Guotai Junan Leasing	5,523	16,772
Shanghai Trust	N/A	674,822
SSAOC	—	54,155
SPDB	—	26,000

(6) Bonds payable to related parties

Name of related party	As at 31 December	
	2017	2016
SPDB	500,000	1,000,000

(f) Remuneration of key management personnel

Remuneration of key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 17, is as follows:

	Year ended 31 December	
	2017	2016
Salaries, allowances and benefits	12,638	5,837
Pension scheme contributions and other social welfare	1,235	1,784
Discretionary bonuses	20,965	16,119
Total	34,838	23,740

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60. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

- (1) The institutional finance-Institutional investor services segment, which primarily includes prime brokerage, stock-pledged financing and securities repurchase, research businesses provided to institutional clients, as well as market-making and proprietary trading;
- (2) The institutional finance-Investment banking segment, which primarily includes listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients;
- (3) The personal finance segment, which primarily includes securities and futures brokerage, margin financing, securities lending, wealth management and financial planning services provided to retail clients through both online and offline channels;
- (4) The investment management segment, which primarily includes asset management, fund management, direct investment management services to institutions and individuals;
- (5) The international business segment, which represents the business operation of overseas subsidiaries of the Company, which mainly engage in brokerage, corporate finance, asset management, margin financing, financial products, market-making and investment businesses; and
- (6) The other segment, which primarily includes other operations of head office, including investment holding as well as interest income and interest expense incurred for general working capital purposes.

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60. SEGMENT REPORTING (continued)

(a) Operating segments

	Year ended 31 December 2017						
	Institutional finance						
	Institutional investor services	Investment banking	Personal finance	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	703,681	2,659,284	6,520,665	1,747,216	953,557	—	12,584,403
Interest income	4,932,795	—	6,342,090	41,804	1,096,230	33	12,412,952
Net investment gains	5,181,651	—	—	533,437	719,533	—	6,434,621
Other income and gains	37,196	—	26,553	803,114	(44,427)	698,940	1,521,376
Total revenue and other income	10,855,323	2,659,284	12,889,308	3,125,571	2,724,893	698,973	32,953,352
Segment expenses	(5,503,849)	(1,366,018)	(9,250,872)	(836,156)	(1,719,754)	(630,155)	(19,306,804)
Including: Interest expenses	(3,492,460)	—	(2,686,738)	(29,631)	(497,281)	—	(6,706,110)
Provision for impairment losses	(390,336)	—	20,901	(139,763)	(218,751)	(10,000)	(737,949)
Segment operating profit	5,351,474	1,293,266	3,638,436	2,289,415	1,005,139	68,818	13,646,548
Share of profits of associates and joint ventures	—	—	—	14,760.00	—	—	14,760
Segment profit before income tax	5,351,474	1,293,266	3,638,436	2,304,175	1,005,139	68,818	13,661,308
Income tax expense	(1,259,773)	(304,444)	(856,513)	(542,418)	(199,051)	(16,200)	(3,178,399)
Segment profit for the year	4,091,701	988,822	2,781,923	1,761,757	806,088	52,618	10,482,909
As at 31 December 2017							
Segment total assets	185,747,221	540,669	160,513,532	16,178,073	63,363,860	5,304,832	431,648,187
Segment total liabilities	130,817,301	1,554,101	106,754,629	3,265,240	54,922,796	638,897	297,952,964
Year ended 31 December 2017							
Other segment information:							
Depreciation and amortization expenses	105,235	27,393	227,238	11,149	34,068	58,391	463,474
Capital expenditure	218,908	71,540	166,643	51,006	55,320	334,485	897,902

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60. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2016						
	Institutional finance						
	Institutional investor services	Investment banking	Personal finance	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	775,960	3,451,906	8,272,430	2,326,873	800,975	—	15,628,144
Interest income	3,634,116	184	6,975,272	40,491	1,068,280	43	11,718,386
Net investment gains	4,077,851	—	—	384,569	332,856	—	4,795,276
Gain on disposal of a subsidiary	—	—	—	2,835,339	—	—	2,835,339
Other income and gains	189,828	—	15,383	150,252	13,168	676,732	1,045,363
Total revenue and other income	8,677,755	3,452,090	15,263,085	5,737,524	2,215,279	676,775	36,022,508
Segment expenses	(6,551,388)	(1,641,194)	(10,146,318)	(977,174)	(1,321,156)	(654,719)	(21,291,949)
Including: Interest expenses	(3,568,727)	—	(3,133,467)	—	(461,562)	—	(7,163,756)
Provision for impairment losses	(1,100,352)	—	56,455	(71,125)	(96,167)	—	(1,211,189)
Segment operating profit	2,126,367	1,810,896	5,116,767	4,760,350	894,123	22,056	14,730,559
Share of profits of associates and joint ventures	—	—	—	42,965	—	—	42,965
Segment profit before income tax	2,126,367	1,810,896	5,116,767	4,803,315	894,123	22,056	14,773,524
Income tax expense	(501,642)	(427,218)	(1,207,122)	(1,133,174)	(146,201)	(5,203)	(3,420,560)
Segment profit for the year	1,624,725	1,383,678	3,909,645	3,670,141	747,922	16,853	11,352,964
As at 31 December 2016							
Segment total assets	162,420,115	804,392	190,508,846	13,126,225	41,518,707	3,370,757	411,749,042
Segment total liabilities	112,376,754	2,045,387	149,750,026	3,273,021	33,256,225	295,907	300,997,320
Year ended 31 December 2016							
Other segment information:							
Depreciation and amortization expenses	142,531	1,227	209,766	9,822	30,033	10,855	404,234
Capital expenditure	215,284	1,171	256,825	11,032	62,993	130,219	677,524

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60. SEGMENT REPORTING *(continued)*

(b) Geographical segments

Revenue

	Year ended 31 December	
	2017	2016
Mainland, China	28,662,656	29,939,695
Hong Kong, China	2,769,320	2,202,111
Total	<u>31,431,976</u>	<u>32,141,806</u>

The Group's non-current assets are mainly located in Mainland China (country of domicile).

(c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the years ended 31 December 2017 and 2016.

61. FINANCIAL RISK MANAGEMENT

(1) Policies for and structure of risk management

Policies for risk management

The Group faces various financial risks in the normal course of business, mainly including credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify and evaluate these risks, and continually monitors these risks by setting appropriate risk limits and internal control systems and through reliable management and information systems. The Group's risk management policies include two aspects: the objective of risk management and the principles of risk management.

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Objective for risk management

The overall objective of the Group's risk management is to establish a management mechanism that enables scientific decision-making, standardized operation, efficient management and sustainable development; that can maintain the Group's financial stability and improve its market position and performance. Specifically, it includes:

- ensuring strict compliance with relevant laws, regulations and the Group's policies;
- establishing and improving corporate governance that meets current requirements, and building scientific and proper processes of decision-making, execution, supervision and feedback;
- establishing a set of robust and effective risk management policies to identify errors and fraud, close loopholes, and ensure a healthy conduct of business activities;
- setting up a proper and effective risk measurement and analysis system, which can effectively identify, measure, analyze and evaluate various risks that may arise from the normal course of business, to ensure the safety and integrity of the Group's assets;
- improving management efficiency and effectiveness, striving to keep assets secured and risks well managed based on effective control of risk.

Principles for risk management

The principles for risk management include: compliance, completeness, independence, segregation of duties, prudence, effectiveness, timeliness, Chinese wall and a combination of qualitative and quantitative analyses.

Structure of risk management

The Group's risk management structure includes corporate governance structure and risk management organizational structure.

Corporate governance structure

According to the "Company Law", "Securities Law" and "Code of Corporate Governance for Securities Companies" and other laws and regulations, the Group has established a modern corporate governance structure that features management comprising of Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the senior management. The Group manages risks by explicitly stipulating management's authorization, responsibility and business objectives, and regulating their behavior.

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Structure of risk management *(continued)*

Organizational structure of risk management

The Group has established a four-level risk management system, which consists of the Board of Directors as the core, top management level, dedicated risk supervision departments, and relevant functional and business departments. The dedicated risk supervision departments comprise the First Risk Management Department, the Internal Audit Department, the Compliance Department, the Legal Department and the Second Risk Management Department.

(2) Credit risk

The Group's cash and bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks with adequate capital. Clearing settlement funds are mainly deposited with China Securities Depository and Clearing Corporation Limited. The credit risk on cash and cash equivalents is relatively low.

The Group primarily faces three types of credit risks: firstly, the risk of loss arising from the Group's obligation to settle on behalf of its customers in securities trading or derivative trading on the customers' accounts which become under-margined on the settlement date due to the Group's failure to require full margin deposits before the transactions or because the customers are unable to cover their transactions due to other reasons; secondly, the credit risk associated with its securities financing activities, which is risk of losses due to defaults of its margin financing and securities lending clients, securities repurchase clients and stock-pledged financing clients; thirdly, the default risk of investments in credit products, namely the risk of asset impairment and changes in investment returns due to defaults of borrowers or issuers who refuse to repay the principal and interest when due.

In order to manage the credit risk arising from the brokerage business, securities brokerage transactions in Mainland China are all settled on a full-pledged basis, which enables the Group's credit risk associated with the brokerage business to be well under control.

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61. FINANCIAL RISK MANAGEMENT (continued)

(2) Credit risk (continued)

Credit risk arises from the margin financing and securities lending business, securities repurchase and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full on a timely manner, customers' breach of contracts with respect to the size and structure of trading positions, customers' violation of regulatory requirements in their trading actions, involvement of collateral in legal disputes, among others. The Credit Business Department of the Company and its Hong Kong subsidiary has dedicated employees who are responsible for the approval of limits of margin deposits, stock-pledged financing business, and the margin financing and securities lending business, which are updated based on periodic assessment of customers' ability to repay. The credit and risk management monitors the status of margin deposits and stock-pledged financing, and makes margin call when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. The Company has also put a policy in place which requires a review of individual customer's account balance periodically or whenever it considers necessary. A provision for impairment losses might be made based on the review results.

In order to manage default risks associated with investments in credit products, for bond investments, the Group has established credit lines for counterparties and investment restrictions in accordance with their credit ratings. In respect of investments in trust products, the Group sets entrance criteria and investment caps, and manages its credit risk by means of risk assessment, risk warning, and rights of recourse.

(i) Maximum exposure to credit risk

The table below summarizes the Group's maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

	As at 31 December	
	2017	2016
Available-for-sale financial assets	12,233,675	6,038,374
Financial assets held under resale agreements	92,599,199	63,211,378
Financial assets at fair value through profit or loss	60,020,759	44,448,005
Refundable deposits	6,914,654	9,742,881
Other non-current assets	37,308	399,307
Accounts receivable	4,288,361	1,891,376
Other receivables and prepayments	5,985,385	4,283,120
Margin accounts receivable	73,983,947	68,892,785
Derivative financial assets	200,041	55,408
Clearing settlement funds	2,157,689	1,779,380
Cash held on behalf of brokerage customers	79,476,131	106,378,892
Bank balances	15,985,433	27,942,327
Total maximum credit risk exposure	353,882,582	335,063,233

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities for shortage of capital or fund. The Group has adopted the following measures to manage liquidity risk:

Risk monitoring system built using net capital as the core indicator

The Group establishes a risk monitoring system using net capital as the core indicator and includes other indicators such as the assets liability ratio, the debt to net assets ratio, the proprietary equity investment ratio and the net capital ratio, etc. according to “Administrative Measures for Risk Control Indicators of Securities Companies”. Meanwhile, the Company strictly adheres to the requirements as per “Guidance for Liquidity Risk Management of Securities Companies” and sets up a framework of the liquidity risk management which features with liquidity coverage ratio and the net stable funding ratio as the core indicators. The Company continually monitors these indicators and maintains sufficient liquidity reserves by establishing multi-hierarchies of an efficient liquid asset management system.

Strictly controlling scale of the proprietary trading business

The Group controls the scale of the proprietary trading business strictly. The proprietary investment to net capital ratio falls within the safety zone determined by the regulators. In addition, the Group also sets limits on the percentage of investments in securities and monitors them on a timely basis.

Implementation of risk budget

With the authorization of the Board of Directors, the Group prepares a risk budget for all businesses twice a year, i.e. at the beginning and in the middle of a year. Liquidity risk management is included as part of the risk budget.

Temporary liquidity replenishment mechanism

The Group has good cooperation with various commercial banks and obtains appropriate credit facility, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB8,300 million and RMB6,300 million as at 31 December 2017 and 2016 respectively, in case of any temporary position shortage.

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61. FINANCIAL RISK MANAGEMENT (continued)

(3) Liquidity risk (continued)

The table below lists the maturity profiles of financial liabilities of the Group based on the remaining undiscounted contractual cash flows:

31 December 2017	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Overdue	With no fixed terms	Total
Financial liabilities									
Loans and borrowings	—	7,853,868	3,693,071	—	—	—	—	—	11,546,939
Short-term debt instruments	—	3,406,056	12,802,502	21,233,323	—	—	—	—	37,441,881
Placements from other financial institutions	—	1,052,683	2,614,847	4,101,721	—	—	—	—	7,769,251
Accounts payable to brokerage customers	84,356,232	—	—	—	—	—	—	—	84,356,232
Financial assets sold under repurchase agreements	—	38,314,834	3,802,030	2,059,842	3,270,555	—	—	—	47,447,261
Financial liabilities at fair value through profit or loss	10,331,148	926,126	6,176,673	6,092,715	1,088,341	—	—	—	24,615,003
Derivative financial liabilities	—	71,746	34,938	296,144	—	—	—	—	402,828
Bonds payable	—	—	230,000	2,019,366	65,323,901	8,298,500	—	—	75,871,767
Other current liabilities	247,162	1,981,777	25,007	2,288,630	—	—	—	—	4,542,576
Other non-current liabilities	—	—	—	57,804	1,557,927	291,070	—	—	1,906,801
Total financial liabilities	<u>94,934,542</u>	<u>53,607,090</u>	<u>29,379,068</u>	<u>38,149,545</u>	<u>71,240,724</u>	<u>8,589,570</u>	<u>—</u>	<u>—</u>	<u>295,900,539</u>

31 December 2016	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Overdue	With no fixed terms	Total
Financial liabilities									
Loans and borrowings	—	6,102,925	73,834	103,152	1,945,507	—	—	—	8,225,418
Short-term debt instruments	—	6,482,688	465,687	8,120,047	—	—	—	—	15,068,422
Placements from other financial institutions	—	—	4,748,882	—	—	—	—	—	4,748,882
Accounts payable to brokerage customers	112,956,690	—	—	—	—	—	—	—	112,956,690
Financial assets sold under repurchase agreements	—	25,425,533	8,379,152	8,003,349	27,154	—	—	—	41,835,188
Financial liabilities at fair value through profit or loss	5,051,773	5,280,522	3,598,997	2,470,989	197,017	—	—	—	16,599,298
Derivative financial liabilities	—	93,582	36,759	160,159	—	—	—	—	290,500
Bonds payable	—	3,167,027	100,902	17,248,775	58,495,135	2,103,000	—	—	81,114,839
Other current liabilities	—	11,230,641	189,065	4,284,925	—	—	—	—	15,704,631
Other non-current liabilities	—	—	—	63,768	2,258,857	555,162	—	—	2,877,787
Total financial liabilities	<u>118,008,463</u>	<u>57,782,918</u>	<u>17,593,278</u>	<u>40,455,164</u>	<u>62,923,670</u>	<u>2,658,162</u>	<u>—</u>	<u>—</u>	<u>299,421,655</u>

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, exchange rates and securities' market prices.

The Group also engages in stock and bond underwriting business, and may commit to purchase any remaining shares or bonds in standby underwriting agreements. Under these circumstances, the Group faces the risk that the market prices of the left-over portion may fall below the subscription price due to changes in market conditions.

The Group sets the maximum exposure for market risk. The monitoring and measurement of the exposure is determined according to the principal amount and the stop-loss limit. The market risk is controlled to be within a predetermined range set by management.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to cash and bank balances, cash held on behalf of brokerage clients, clearing settlement funds, margin accounts receivable, derivative financial assets/liabilities, financial assets held under resale agreements, accounts receivable, refundable deposits, other receivables and prepayments, other non-current assets, loans and borrowings, short-term debt instruments, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, other current liabilities, bonds payable, other non-current liabilities, financial assets/liabilities at fair value through profit or loss and available-for-sale financial assets that are interest bearing.

The tables below summarize the interest rate risk of the Group. Financial assets and liabilities are presented with reference to the earlier of the contractual repricing or maturity dates, and are stated in their carrying amounts.

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61. FINANCIAL RISK MANAGEMENT (continued)

(4) Market risk (continued)

(i) Interest rate risk (continued)

31 December 2017	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Available-for-sale financial assets	40,000	366,796	1,224,998	7,607,913	2,993,968	27,738,125	39,971,800
Financial assets held under resale agreements	13,709,402	7,966,415	43,566,378	20,497,658	6,859,346	—	92,599,199
Financial assets at fair value through profit or loss	1,583,545	3,809,147	31,665,094	18,484,257	4,478,716	38,481,356	98,502,115
Refundable deposits	1,295,416	—	—	—	—	5,619,238	6,914,654
Other non-current assets	—	—	—	25,008	—	12,300	37,308
Accounts receivable	2,630,485	—	—	—	—	1,657,876	4,288,361
Other receivables and prepayments	113,524	2,152,409	210,119	—	—	3,509,333	5,985,385
Margin accounts receivable	23,291,015	19,679,236	31,013,696	—	—	—	73,983,947
Derivative financial assets	—	1,294	52	—	—	313,887	315,233
Clearing settlement funds	2,157,689	—	—	—	—	—	2,157,689
Cash held on behalf of brokerage customers	65,580,995	6,385,737	7,509,399	—	—	—	79,476,131
Cash and bank balances	13,935,247	643,498	1,406,688	—	—	516	15,985,949
Total	<u>124,337,318</u>	<u>41,004,532</u>	<u>116,596,424</u>	<u>46,614,836</u>	<u>14,332,030</u>	<u>77,332,631</u>	<u>420,217,771</u>

31 December 2017	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial liabilities							
Loans and borrowings	7,842,274	3,678,004	—	—	—	—	11,520,278
Short-term debt instruments	3,379,248	12,608,403	20,466,984	—	—	—	36,454,635
Placements from other financial institutions	1,050,000	2,550,000	4,000,000	—	—	—	7,600,000
Accounts payable to brokerage customers	75,121,139	—	—	—	—	9,235,093	84,356,232
Financial assets sold under repurchase agreements	38,229,534	3,663,495	1,956,556	3,000,000	—	—	46,849,585
Financial liabilities at fair value through profit or loss	10,846,900	3,661,442	6,084,288	1,013,019	—	2,861,742	24,467,391
Derivative financial liabilities	8,644	11,922	651	—	—	381,611	402,828
Bonds payable	—	—	1,279,944	60,115,421	6,916,726	—	68,312,091
Other current liabilities	267,162	—	100,000	—	—	5,655,840	6,023,002
Other non-current liabilities	—	—	—	1,204,258	—	586,932	1,791,190
Total	<u>136,744,901</u>	<u>26,173,266</u>	<u>33,888,423</u>	<u>65,332,698</u>	<u>6,916,726</u>	<u>18,721,218</u>	<u>287,777,232</u>
Interest rate sensitivity exposure	<u>(12,407,583)</u>	<u>14,831,266</u>	<u>82,708,001</u>	<u>(18,717,862)</u>	<u>7,415,304</u>	<u>58,611,413</u>	<u>132,440,539</u>

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61. FINANCIAL RISK MANAGEMENT (continued)

(4) Market risk (continued)

(i) Interest rate risk (continued)

31 December 2016	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Available-for-sale financial assets	89,495	597,064	1,156,021	3,324,620	871,174	34,442,848	40,481,222
Financial assets held under resale agreements	11,162,690	3,299,106	25,144,157	23,605,425	—	—	63,211,378
Financial assets at fair value through profit or loss	361,262	2,853,232	13,311,008	22,031,303	5,891,200	32,275,233	76,723,238
Refundable deposits	1,911,353	—	—	—	—	7,831,528	9,742,881
Other non-current assets	—	—	—	224,950	—	174,357	399,307
Accounts receivable	1,179,862	—	—	—	—	711,514	1,891,376
Other receivables and prepayments	675,959	260,646	527,774	—	—	2,818,741	4,283,120
Margin accounts receivable	20,772,058	17,169,353	30,951,374	—	—	—	68,892,785
Derivative financial assets	—	12,711	157	—	—	162,556	175,424
Clearing settlement funds	1,779,380	—	—	—	—	—	1,779,380
Cash held on behalf of brokerage customers	89,304,095	5,859,660	11,215,137	—	—	—	106,378,892
Cash and bank balances	25,306,977	1,231,350	1,404,000	—	—	780	27,943,107
Total	<u>152,543,131</u>	<u>31,283,122</u>	<u>83,709,628</u>	<u>49,186,298</u>	<u>6,762,374</u>	<u>78,417,557</u>	<u>401,902,110</u>
31 December 2016	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial liabilities							
Loans and borrowings	6,092,895	69,767	99,568	1,878,471	—	—	8,140,701
Short-term debt instruments	6,438,730	451,250	7,957,606	—	—	—	14,847,586
Placements from other financial institutions	—	4,700,000	—	—	—	—	4,700,000
Accounts payable to brokerage customers	101,408,836	—	—	—	—	11,547,854	112,956,690
Financial assets sold under repurchase agreements	24,919,440	7,668,588	7,103,442	26,950	—	—	39,718,420
Financial liabilities at fair value through profit or loss	10,308,569	3,564,199	2,445,571	—	—	197,017	16,515,356
Derivative financial liabilities	10,068	23,135	789	—	—	256,508	290,500
Bonds payable	3,000,000	—	14,156,246	53,595,450	1,987,069	—	72,738,765
Other current liabilities	712,289	90,000	2,000,000	—	—	14,597,032	17,399,321
Other non-current liabilities	—	—	—	1,428,518	—	1,247,546	2,676,064
Total	<u>152,890,827</u>	<u>16,566,939</u>	<u>33,763,222</u>	<u>56,929,389</u>	<u>1,987,069</u>	<u>27,845,957</u>	<u>289,983,403</u>
Interest rate sensitivity exposure	<u>(347,696)</u>	<u>14,716,183</u>	<u>49,946,406</u>	<u>(7,743,091)</u>	<u>4,775,305</u>	<u>50,571,600</u>	<u>111,918,707</u>

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses the sensitive analysis to measure the impact on net interest income, fair value gains or losses and equity due to changes in interest rates. The sensitivity of net interest income represents the fluctuation of net interest income, as a result of certain changes in interest rates, arising from financial assets and liabilities held at year end which will be repriced within the next year. The sensitivity of fair value gains or losses and equity are calculated as the fluctuations in fair values of fixed-rate financial assets that are classified at fair value through profit or loss and available-for-sale, due to certain changes in interest rates.

The table below summarizes the results of sensitivity analysis, and shows the impact on net profits and other comprehensive income (net of tax) resulting from a reasonably possible change in the interest rate, based on the assets and liabilities held as at 31 December 2017 and 2016, with all other variables held constant.

	As at 31 December			
	2017		2016	
	+50 BP	-50 BP	+50 BP	-50 BP
Change in				
– net profit	(295,224)	303,532	(252,994)	261,558
– other comprehensive income	(122,228)	125,647	(45,112)	45,921
Change in equity	<u>(417,452)</u>	<u>429,179</u>	<u>(298,106)</u>	<u>307,479</u>

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(ii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from movements in foreign exchange rates. The Group's currency risk primarily relates to business activities denominated in foreign currencies different from the Group's functional currency, and its net investments in foreign subsidiaries.

Except for the subsidiaries incorporated in Hong Kong which hold assets mainly denominated in HKD, the assets and liabilities denominated in foreign currencies represent only an insignificant portion of the Group's entire assets and liabilities.

	As at 31 December	
	2017	2016
Total assets of subsidiaries in HK		
/total assets of the Group	14.69%	10.09%
Total liabilities of subsidiaries in HK		
/total liabilities of the Group	18.44%	11.05%
Net assets of subsidiaries in HK		
/net assets of the Group	6.31%	7.46%

The Group's currency risk is not material, because the net foreign currency exposure is relatively low.

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(iii) Price risk

Price risk is the risk that the fair value of equity securities declines because of unfavorable changes in stock index level or the price of individual security.

The Group mainly invests in listed equity securities, warrants, funds and stock futures, etc. The Group's maximum exposure to price risk is determined by the fair value of financial instruments it holds.

The above financial instruments are exposed to price risk due to fluctuations in fair values, which can be caused by factors specific to individual financial instruments or their issuers, or factors affecting all financial instruments traded in the market.

The analysis below is to show the impact on net profit and other comprehensive income (net of tax) due to changes in fair values of investments in equity securities, funds, equity derivative financial assets/liabilities, trust products, stock futures and other equity investments by 10%, based on the carrying amounts at the end of each reporting period, with all other variables held constant. As for available-for-sale equity investments, the impact only takes into account of changes in fair value, without considering the impact on profit or loss due to possible impairment.

Sensitivity analysis

	As at 31 December			
	2017		2016	
	+10%	-10%	+10%	-10%
Change in				
– net profit	2,851,209	(2,851,209)	2,781,030	(2,781,030)
– other comprehensive income	1,939,004	(1,939,004)	2,563,618	(2,563,618)
Change in equity	<u>4,790,213</u>	<u>(4,790,213)</u>	<u>5,344,648</u>	<u>(5,344,648)</u>

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management

The Group's objectives for capital management are:

- to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to maintain a strong capital base to support the development of their business; and
- to comply with the capital requirements under the PRC and Hong Kong regulations.

The Group manages and adjusts its capital structure in accordance with changes in economic situation and risk characteristics of relevant assets. In order to maintain or adjust its capital structure, the Company may adjust profit distribution to shareholders, return capital, issue new shares, subordinated debts and convertible bonds, etc.

The Group adopts the indicator of net capital to manage its capital. Net capital is a comprehensive risk control indicator which is calculated as net assets minus risk adjustments on certain assets, liabilities and business, determined in accordance with securities companies' business scope and liquidity of their assets and liabilities.

On 16 June 2016, the CSRC issued the Administrative Measures for Risk Control Indicators of Securities Companies (2016 amended) and the Calculation Rules for Risk Control Indicators of Securities Companies with amendments to the framework and criteria of risk control indicators with which the securities companies must be continually compliant, and the amended rules came into effect on 1 October 2016. Since then, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) the ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
- (ii) the ratio of net capital divided by net assets shall be no less than 20% ("Ratio 2");
- (iii) the ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");
- (iv) the ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 4");
- (v) the ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5");
- (vi) the ratio of the value of non-equity securities and non-equity derivatives held divided by net capital shall not exceed 500% ("Ratio 6");
- (vii) the ratio of core net capital divided by total assets on and off-balance sheet shall be no less than 8% ("Ratio 7");
- (viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100% ("Ratio 8");

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61. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

- (ix) the ratio of stable funds available divided by stable funds required shall be no less than 100% ("Ratio 9"); and
- (x) the ratio of the value of margin financing, securities lending, stock-pledged financing and securities repurchase divided by net capital shall not exceed 400% ("Ratio 10");

As at 31 December 2017 and 2016, the Company has maintained the above ratios as follows:

	As at 31 December	
	2017	2016
Net capital	96,365,266	80,338,196
Ratio 1	312.79%	313.10%
Ratio 2	86.23%	89.04%
Ratio 3	63.04%	56.80%
Ratio 4	73.11%	63.79%
Ratio 5	27.92%	32.23%
Ratio 6	82.27%	82.46%
Ratio 7	29.32%	26.53%
Ratio 8	364.80%	180.03%
Ratio 9	137.73%	127.17%
Ratio 10	136.62%	128.60%

The above ratios are calculated based on the financial information prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in Mainland China.

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

62. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

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62. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss Held for trading				
– Equity securities	7,665,454	459,911	—	8,125,365
– Funds	11,734,506	7,001,480	—	18,735,986
– Debt securities	3,005,563	37,769,950	—	40,775,513
– Other investments	1,555,641	1,238,944	—	2,794,585
Designated as at fair value through profit or loss				
– Equity securities	418,500	—	166,056	584,556
– Funds	—	5,933,919	1,353,431	7,287,350
– Debt securities	—	19,245,246	—	19,245,246
– Other investments	—	953,514	—	953,514
Available-for-sale financial assets				
– Equity securities	4,899,185	404,731	41,800	5,345,716
– Funds	639,178	—	—	639,178
– Debt securities	2,041,583	10,192,092	—	12,233,675
– Other investments	1,423,186	18,337,536	146,412	19,907,134
Derivative financial assets	85,179	98,708	131,346	315,233
Total	<u>33,467,975</u>	<u>101,636,031</u>	<u>1,839,045</u>	<u>136,943,051</u>
Financial liabilities at fair value through profit or loss				
Held for trading				
– Debt securities	1,217	2,739,409	—	2,740,626
– Others	2,460,958	—	—	2,460,958
Designated as at fair value through profit or loss				
– Debt securities	—	17,476,700	1,388,323	18,865,023
– Others	—	400,784	—	400,784
Derivative financial liabilities	37,126	66,669	299,033	402,828
Total	<u>2,499,301</u>	<u>20,683,562</u>	<u>1,687,356</u>	<u>24,870,219</u>

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62. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: (continued)

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
through profit or loss				
Held for trading				
– Equity securities	5,545,084	747,895	—	6,292,979
– Funds	8,231,261	4,833,162	—	13,064,423
– Debt securities	4,202,534	39,017,462	—	43,219,996
– Other investments	771,354	3,520,223	—	4,291,577
Designated as at fair value through				
profit or loss				
– Equity securities	—	—	1,151,682	1,151,682
– Funds	—	7,428,325	46,247	7,474,572
– Debt securities	—	1,228,009	—	1,228,009
Available-for-sale financial assets				
– Equity securities	4,720,851	691,759	1,498,270	6,910,880
– Funds	132,461	11,520	—	143,981
– Debt securities	477,986	5,560,390	—	6,038,376
– Other investments	1,000,000	23,859,987	452,848	25,312,835
Derivative financial assets	37,268	138,156	—	175,424
Total	25,118,799	87,036,888	3,149,047	115,304,734
Financial liabilities at fair value				
through profit or loss				
Held for trading				
– Debt securities	71,133	7,673,787	—	7,744,920
Designated as at fair value				
through profit or loss				
– Debt securities	—	7,524,771	1,048,648	8,573,419
– Others	—	197,017	—	197,017
Derivative financial liabilities	24,149	266,351	—	290,500
Total	95,282	15,661,926	1,048,648	16,805,856

During the years ended 31 December 2017 and 2016, there were no significant transfers of fair value measurements between Level 1 and Level 2.

Section XI Financial Statements

62. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of each reporting period, the Group's valuation methods and assumptions are as follows:

Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the years ended 31 December 2017 and 2016, the Group held no changes in the valuation techniques for Level 2.

Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For listed equity investments with disposal restriction in a specific period, unlisted equity investments, other investments, financial liabilities and derivative instruments, etc., the Group adopts the counterparties quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, and the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as discount for lack of marketability, volatility and risk adjusted discount rate, etc. Fair value changes resulting from changes in the unobservable inputs were not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

Section XI Financial Statements

62. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(3) Movements in Level 3 financial instruments measured at fair value:

Year ended 31 December 2017					
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Derivative assets	Financial liabilities at fair value through profit or loss	Derivative liabilities
As at 1 January	1,197,929	1,951,118	—	(1,048,648)	—
Gains/(losses) for the year	140,632	463,698	1,191	(144,064)	8,574
Changes in fair value recognized in					
other comprehensive income	—	(431,984)	—	—	—
Purchases	292,403	360,000	133,484	—	—
Issues	—	—	—	(195,611)	(438,332)
Disposal and settlements	(111,477)	(1,982,620)	(3,329)	—	130,725
Transfer out from Level 3	—	(172,000)	—	—	—
As at 31 December	<u>1,519,487</u>	<u>188,212</u>	<u>131,346</u>	<u>(1,388,323)</u>	<u>(299,033)</u>

Year ended 31 December 2016			
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Financial liabilities at fair value through profit or loss
As at 1 January	309,964	2,049,221	—
(Losses)/Gains for the year	(23,280)	—	406
Changes in fair value recognized in other			
comprehensive income	—	(365,344)	—
Purchases	1,048,784	1,023,697	—
Issues	—	—	(1,049,054)
Disposal and settlements	(72,603)	(756,456)	—
Transfer out from Level 3	(64,936)	—	—
As at 31 December	<u>1,197,929</u>	<u>1,951,118</u>	<u>(1,048,648)</u>

Section XI Financial Statements

62. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

Financial assets/ liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investment with disposal restriction in a specific period	Level 3	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Unlisted equity investments	Level 3	Market comparable Model	Discount for lack of marketability	The higher the discount, the lower the fair value
Other investments	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Derivative assets	Level 3	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Financial liabilities	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Derivative liabilities	Level 3	Option pricing model	Volatility	The higher the volatility, the higher the fair value

The fair value of the financial instruments in level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

Section XI Financial Statements

62. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

At 31 December 2017 and 2016, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximate to the their fair values, except for bonds payable whose carrying amounts and fair values are summarized below:

	As at 31 December	
	2017	2016
Bonds payable		
Carrying amounts	68,312,091	72,738,765
Fair values		
– Level 1	7,341,152	—
– Level 2	60,654,792	70,394,226
– Level 3	846,857	2,416,381
	68,842,801	72,810,607

63. EVENTS AFTER THE REPORTING PERIOD

Other than those already disclosed elsewhere in the consolidated financial statements, significant events after the reporting period included the following events:

(1) Establishment of a subsidiary

In July 2017, pursuant to the approval of the 11th meeting of the 5th term of the board of directors, the Company established a wholly-owned subsidiary for alternative investment business ("Alternative Investment Company") with registered capital of RMB1,000 million.

In February 2018, the Company completed the registration of the Alternative Investment Company and obtained the business license.

(2) Placing and subscription shares of subsidiary

In January 2018, the Group's subsidiaries, including GJIHL, Guotai Junan Holdings Limited and Guotai Junan Securities (Hong Kong) Limited, entered into a placing and subscription agreement. A total of 700,000,000 placing shares beneficially owned by Guotai Junan Holdings Limited were placed to not less than 6 places at HKD2.85 per placing share. In February 2018, 700,000,000 subscription shares of GJIHL were issued and allotted to Guotai Junan Holdings Limited at HKD2.85 per subscription share. The net proceeds of HKD1,987 million have been applied towards the general working capital of GJIHL.

(3) Issuance of corporate bonds

On 21 March 2018, the Company issued the first batch of 3-year corporate bonds of Year 2018 amounting to RMB4.3 billion. The bonds bear a fixed annual interest rate of 5.15% payable on an annual basis.

Section XI Financial Statements

64. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2017	2016
Non-current assets		
Property and equipment	1,545,861	1,498,790
Other intangible assets	320,436	269,783
Investments in subsidiaries	12,240,770	11,040,770
Investments in associates	261,469	225,152
Available-for-sale financial assets	33,063,479	31,861,582
Financial assets held under resale agreements	27,357,004	23,049,785
Financial assets at fair value through profit or loss	300,000	—
Refundable deposits	1,030,226	1,393,850
Deferred tax assets	221,843	921,033
Other non-current assets	1,531,099	800,126
Total non-current assets	77,872,187	71,060,871
Current assets		
Accounts receivable	1,773,097	1,003,398
Other receivables and prepayments	2,744,561	3,478,020
Margin accounts receivable	57,362,515	50,497,693
Available-for-sale financial assets	1,195,727	562,470
Financial assets held under resale agreements	59,690,525	36,708,474
Financial assets at fair value through profit or loss	50,599,412	54,657,629
Derivative financial assets	243,277	65,864
Clearing settlement funds	1,687,359	1,218,403
Cash held on behalf of brokerage customers	49,696,777	72,122,660
Cash and bank balances	11,173,907	21,034,577
Total current assets	236,167,157	241,349,188
Total assets	314,039,344	312,410,059

Section XI Financial Statements

64. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	As at 31 December	
	2017	2016
Current liabilities		
Short-term debt instruments	30,298,650	14,789,980
Placements from other financial institutions	7,400,000	4,500,000
Accounts payable to brokerage customers	49,426,727	70,879,422
Employee benefits payable	3,769,414	4,530,880
Income tax payable	1,128,574	1,520,019
Financial assets sold under repurchase agreements	36,011,907	38,316,646
Financial liabilities at fair value through profit or loss	6,361,505	8,695,118
Derivative financial liabilities	385,394	186,167
Bonds payable	—	15,400,000
Other current liabilities	4,921,054	14,174,500
Total current liabilities	139,703,225	172,992,732
Net current assets	96,463,932	68,356,456
Total assets less current liabilities	174,336,119	139,417,327
Non-current liabilities		
Bonds payable	57,883,520	48,532,093
Employee benefits payable	600,000	600,000
Financial assets sold under repurchase agreements	3,000,000	26,950
Financial liabilities at fair value through profit or loss	1,013,019	—
Other non-current liabilities	82,115	32,113
Total non-current liabilities	62,578,654	49,191,156
Net assets	111,757,465	90,226,171
Equity		
Share capital	8,713,934	7,625,000
Other equity instruments	11,129,841	10,000,000
Reserves	63,145,838	45,640,910
Retained profits	28,767,852	26,960,261
Total equity	111,757,465	90,226,171

Section XI Financial Statements

64. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital	Other equity instruments	Capital reserve	Reserves			Retained profits	Total
				Investment revaluation reserve	Surplus reserve	General reserve		
At 1 January 2016	7,625,000	10,000,000	28,453,165	447,426	4,989,708	9,679,867	26,336,811	87,531,977
Profit for the year	—	—	—	—	—	—	7,397,786	7,397,786
Other comprehensive income for the year	—	—	—	(199,890)	—	—	—	(199,890)
Total comprehensive income for the year	—	—	—	(199,890)	—	—	7,397,786	7,197,896
Appropriation to surplus reserve	—	—	—	—	739,778	—	(739,778)	—
Appropriation to general reserve	—	—	—	—	—	1,479,558	(1,479,558)	—
Dividends	—	—	—	—	—	—	(3,965,000)	(3,965,000)
Distribution to other equity instrument holders	—	—	—	—	—	—	(590,000)	(590,000)
Others	—	—	51,298	—	—	—	—	51,298
At 31 December 2016	7,625,000	10,000,000	28,504,463	247,536	5,729,486	11,159,425	26,960,261	90,226,171
Profit for the year	—	—	—	—	—	—	7,673,344	7,673,344
Other comprehensive income for the year	—	—	—	1,304,669	—	—	—	1,304,669
Total comprehensive income for the year	—	—	—	1,304,669	—	—	7,673,344	8,978,013
IPO of H shares	1,088,934	—	13,873,435	—	—	—	—	14,962,369
Issuance of convertible bond	—	1,129,841	—	—	—	—	—	1,129,841
Appropriation to surplus reserve	—	—	—	—	767,335	—	(767,335)	—
Appropriation to general reserve	—	—	—	—	—	1,534,668	(1,534,668)	—
Dividends	—	—	—	—	—	—	(2,973,750)	(2,973,750)
Distribution to other equity instrument holders	—	—	—	—	—	—	(590,000)	(590,000)
Others	—	—	24,821	—	—	—	—	24,821
At 31 December 2017	8,713,934	11,129,841	42,402,719	1,552,205	6,496,821	12,694,093	28,767,852	111,757,465

65. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 29 March 2018.

Section XII Documents Available for Inspection

Documents available for inspection	Text of annual reports signed by the legal representatives of the Company
Documents available for inspection	Text of the audit report issued by Ernst & Young
Documents available for inspection	Annual reports published in other securities markets

Chairman:
Approved by the Board for the submission on

Section XIII Information Disclosure of Securities Company

I. RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

√ Applicable □ Not applicable

(I) Administrative permissions of the Company

No.	Date of approval	Headings of approval	No. of approval
1	12 January 2017	The Reply of Approval on the Qualification of Xie Lebing as a Senior Management Member of a Securities Company	Hu Zheng Jian Xu Ke [2017] No. 6
2	1 March 2017	The Reply of Approval of the Public Issuance of Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd.	Zheng Jian Xu Ke [2017] No. 291
3	13 March 2017	The Reply of Approval of the Issuance of Overseas Listed Foreign-invested Shares of Guotai Junan Securities Co., Ltd.	Zheng Jian Xu Ke [2017] No. 353
4	17 March 2017	The Reply of Approval of the Establishment of 42 Securities Branches by Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2017] No. 28
5	27 March 2017	The Reply of Approval on the Qualification of Luo Dongyuan as a Senior Management Member of a Securities Company	Hu Zheng Jian Xu Ke [2017] No. 29
6	17 July 2017	The Notice of Shanghai Stock Exchange on the Listing of Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd.	SSE Zi Lu Jian Guan Jueding[2017] No. 203
7	28 August 2017	The Approval on Extension of the Period for the Establishment of Branch in Shanghai of Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Ji Gou Zi [2017] No. 329
8	31 August 2017	The Notice on the Evaluation Result for Classification of Securities Companies in 2017	Hu Zheng Jian Ji Gou Zi [2017] No. 332
9	12 October 2017	The Reply of Approval on the Change of Equity Interest in HuaAn Funds Management Co., Ltd.	Zheng Jian Xu Ke [2017] No. 1809
10	18 October 2017	The Opinion Letter on the Investment in Shanghai Kechuang Center Equity Investment Fund of Guotai Junan Securities Co., Ltd.	Ji Gou Bu Han [2017] No. 2400
11	28 December 2017	The Reply on Matters in relation to the Pilot Program of Conducting Cross-Border Business of Guotai Junan Securities	Ji Gou Bu Han [2017] No. 3002

Section XIII Information Disclosure of Securities Company

(II) Administrative permissions of the major controlled subsidiaries

No.	Name of the subsidiary	Date of approval	Headings of approval	No. of approval
1	Shanghai Securities and its subsidiaries	12 January 2017	The Reply of Approval of Shanghai Supervision Bureau of CSRC in relation to the Approval of the Establishment of Eight Branches by Shanghai Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2017] No. 4
		23 January 2017	Shanghai Stock Exchange's No Objection Letter to Shanghai Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Short Term Corporate Bonds	Shang Zheng Han [2017] No. 101
		23 March 2017	Shanghai Stock Exchange's No Objection Letter to Shanghai Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Subordinated Bonds	Shang Zheng Han [2017] No. 264
		7 September 2017	Shanghai Supervision Bureau of CSRC's Reply of Approval on the Establishment of One Securities Branch of Shanghai Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2017] No. 77
		24 October 2017	Shanghai Stock Exchange's No Objection Letter to Shanghai Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Subordinated Bonds	Shang Zheng Han [2017] No. 1108
		14 December 2017	Shanghai Supervision Bureau of CSRC's Reply of Approval on the Change of Important Articles of the Articles of Association of Shanghai Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2017] No. 108

Section XIII Information Disclosure of Securities Company

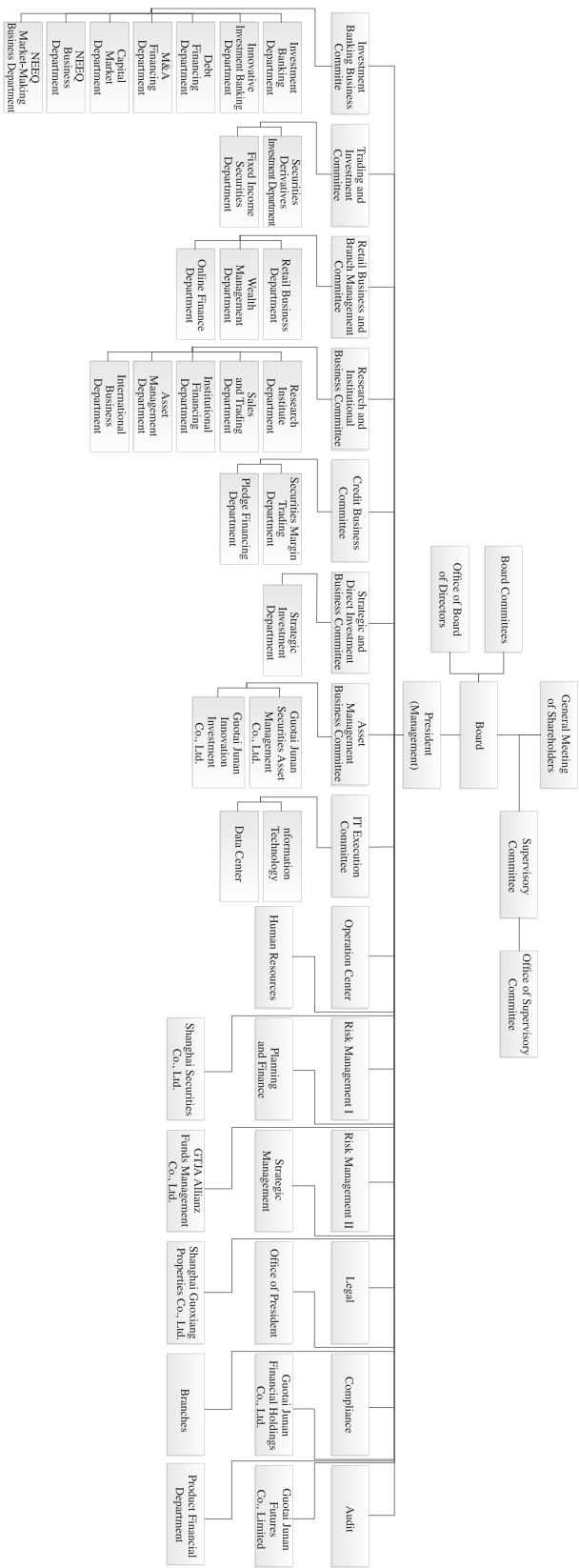
No.	Name of the subsidiary	Date of approval	Headings of approval	No. of approval
2	Guotai Junan Asset Management	19 January 2017	Shanghai Supervision Bureau of CSRC's No Objection Letter to Guotai Junan Securities Asset Management Co., Ltd. in relation to the Appointment of YE Ming (葉明) as Compliance Officer	Hu Zheng Jian Ji Gou Zi [2017] No. 26
		13 February 2017	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Fu Nanping as Supervisor of Securities Company	Hu Zheng Jian Xu Ke [2017] No. 18
		8 March 2017	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Cheng Fei as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2017] No. 24
		8 March 2017	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Li Yan as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2017] No. 25
		27 April 2017	Shanghai Stock Exchange's No Objection Letter to Guotai Junan Securities Asset Management Co., Ltd. in relation to the Listing and Transfer of Nonpublic Issuance of Subordinated Bonds	Shang Zheng Han [2017] No. 397

II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

√ Applicable □ Not applicable

The Company's classified evaluation result in 2017: Class A Grade AA

Appendix I Organization Chart of the Company



Appendix II Basic Information of Branch Office

1. BRANCH OFFICE OF THE COMPANY

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Anhui Branch Office	Rooms 2501,2510,2511 and 2512, AHCOF International Trade Center, Intersection of South Second Ring Road and Jinzhai Road, Shushan District, Hefei City	2013.2.21	RMB 5 million	Xia Zhanghao (夏章皓)	0551-62844071
Guangxi Branch Office	Rooms 2201 & 2205, 22/F, Tower A, Nanhu Mingdu Plaza, 30 Shuangyong Road, Qingxiu District, Nanning City	2013.2.20	Nil	Hu Lan(胡蘭)	0771-5581281
Xinjiang Branch Office	256 Xinhua North Road, Tianshan District, Urumchi	2013.3.4	500	Zhang Qingsong (張青松)	0991-2329255
Beijing Branch Office	Room 202, Zhizhen Building, 7 Zhichun Road, Haidian District, Beijing City	2000.9.6	RMB 10 million	Zhang Zhipeng (張志明)	010-82311188
Shanghai Branch Office	369 Jiangsu Road	2000.8.15	RMB 10 million	Jiang Wei (江偉)	4001-518-369
Shanghai FTZ Branch Office	1503-A, B, C, D, E, F, G, H, 2 Maji Road, China (Shanghai) Pilot Free Trade Zone	2013.12.13	RMB 5 million	Zhang Neng (張能)	021-58695588
Shenzhen Branch Office	3401-3411, 3509, New World Center, Yitian Road West and Fuzhong Road North, Futian District, Shenzhen City	2000.7.21	RMB 10 million	Liu Jindong (劉敬東)	400-998-0338
Sichuan Branch Office	China Resources Building, 10 Shuangqing Road, Chenghua District, Chengdu City	2000.7.31	Nil	Jiang Tao (薑濤)	028—86784566
Hubei Branch Office	7/F, 137 Xudong Street, Hongshan District, Wuhan City	2000.8.11	RMB 10 million	Hu Sufei (胡肅飛)	027-87300557
Tianjin Branch Office	Units 07-09, 42F, Surveying and Mapping Level, Jinta Office Building, Tianjin Worldwide Finance Center, No.2 Dagui North Road, Xiaobailou, Heping District, Tianjin City	2009.6.30	RMB 5 million	Geng Xunling (耿旭令)	022-27819829
Hebei Branch Office	161 Jianhua South Street, Shijiazhuang City	2009.7.2	RMB 5 million	Wang Zhiyong (王志勇)	0311-85668228
Shanxi Branch Office	Rooms 1204 & 1205, 12/F, Building 1, 15 Taiyuan High-tech Zone	2009.7.3	Nil	Fan Xiaojun (範曉軍)	0351-4187585

Appendix II Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Inner Mongolia Branch Office	Room 2102, International Finance Building, 18 Xinhua East Street, Hohhot City	2009.6.30	Nil	Xu Xihai (徐錫海)	0471-6685667
Liaoning Branch Office	68 Shiyiwei Road, Heping District, Shenyang City	2009.7.1	RMB 5 million	Luan Jinchang (樂金昶)	024-22716828
Jilin Branch Office	Rooms 2506-2509, 2607, Huamao International Building, 4848 Renmin Street, Nanguan District, Changchun City, Jilin Province	2009.6.30	RMB 5 million	Fei Weifu (費維富)	0431-89183411
Heilongjiang Branch Office	3/F Keji Building, 90 Xidazhi Street, Nangang District, Harbin City, Heilongjiang Province	2009.6.30	RMB 5 million	Hou Xiaopeng (侯霄鵬)	0451-86225464
Jiangsu Branch Office	Room 401, 389 Taiping South Road, Qinhuai District, Nanjing City	2009.7.9	Nil	Wang Yuansong (王原松)	025-84575133
Zhejiang Branch Office	Room 1401, Unit 1, Building 6, Fanhai International Center, 185 Wuxing Road, Sijiqing Sub-district, Jianggan District, Hangzhou City	2009.6.30	RMB 5 million	Cao Chenglong (曹成龍)	400-883-8533
Fujian Branch Office	11/F, Export-Import Bank of China Building, 350 Jiangbin Central Boulevard, Taijiang District, Fuzhou City, Fujian Province	2009.7.2	RMB 5 million	Lin Jian (林堅)	0591-87670491
Jiangxi Branch Office	Room 908, 9/F, Nanchang Sunny World Center Office and Serviced Apartment Building, 1218 Ganjiang Central Boulevard, Honggutan New District, Nanchang City, Jiangxi Province	2009.7.3	RMB 5 million	Huang Quan (黃全)	0791-86119889
Shandong Branch Office	5F, Building 1, Longao Jinzuo Office Building, No. 8000 Jingshi Road, Lixia District, Jinan City	2009.6.29	RMB 5 million	Zhang Congxuan (張從宣)	0531-86555680
Henan Branch Office	39 Jinshui East Road, Zhengdong New District, Zhengzhou City	2009.6.29	RMB 5 million	Yu Ping (于萍)	0371-89962698
Hunan Branch Office	4/F, 89 Wuyi Boulevard, Changsha City, Hunan Province	2009.7.1	RMB 5 million	Yin Ping (尹萍)	400-026-9688

Appendix II Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Hainan Branch Office	Northwest Side, 3/F, Beijing Building, 56 Guomao Boulevard, Haikou City, Hainan Province	2009.6.30	RMB 5 million	Lin Guokui (林國奎)	0898-68551173
Guizhou Branch Office	12-13/F, Unit 1, Summit International Building, 1 Zhonghua Central Road, Yunyan District, Guiyang City	2009.7.1	RMB 5 million	Ma Hong(馬鴻)	0851-5810973
Yunnan Branch Office	Rooms 1706, 1707, 1708, 1709 and 1710, 17/F, Building 4, Qicaijunyuan, Baita Road, Panlong District, Kunming City, Yunnan Province	2009.6.30	RMB 5 million	Zhang Wenzhou (張文洲)	0871-63190147
Shaanxi Branch Office	2/F, Finance Commerce Center, Telecom Plaza, 56 Gaoxin Road, Yanta District, Xi'an City, Shaanxi Province	2009.7.2	RMB 5 million	Chen Bin(陳兵)	029-88304629
Gansu Branch Office	215 Jiuquan Road, Chengguan District, Lanzhou City	2009.6.30	Nil	Lan Geru (蘭革儒)	0931-8462246
Guangdong Branch Office	Units 2602&2603, R&F Center, No. 10 Huaxia Road, Zhujiang Xincheng, Tianhe District, Guangzhou City	2009.6.29	RMB 5 million	Li Xiaodong (李曉東)	020-28023158
Chongqing Branch Office	17-1/F, 3 Finance Street, Jiangbei District, Chongqing City	2009.6.30	RMB 5 million	Huang Feng (黃鋒)	023-63727019

2. BRANCH OFFICE OF SHANGHAI SECURITIES

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Wenzhou Branch Office	2/F, Tower D, Xiechi Mall, Renmin East Road, Wenzhou	2012/6/1		Cai Xiaomin (蔡曉敏)	0577-88812528
Shanghai Branch Office	3/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone	2017/11/9		Zhou Kan(周侃)	021-53686918

Appendix III Basic Information of Securities Branch

1. SECURITIES BRANCH OF THE COMPANY

Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Beijing	15	Beijing Dewai Street Securities Branch	109-A (De Sheng Zone), Building 1, Court 13, Deshengmenwai Street, Xicheng District, Beijing City	Chen Ping(陳平)	010-82263966, 82263977
		Beijing Zhichun Road Securities Branch	105, 1/F and 204, 2/F, Tower B, Zhizhen Building, 7 Zhichun Road, Haidian District, Beijing City	Cai Ming(柴明)	010-82263500
		Beijing Finance District Securities Branch	G/F and 203, 204, 2/F, Building 2, Yingtai Business Center, 28 Finance Street, Xicheng District, Beijing City	Li Hao(李浩)	010-82263944
		Beijing Fangzhuang Road Securities Branch	1 Fangzhuang Road, Fengtai District, Beijing City	Chen Bin(陳兵)	010-82263737
		Beijing Tongzhou Xinhua West Street Securities Branch	101, 1/F, Building 1, Court 60, Xinhua West Street, Tongzhou District, Beijing City	Wang Zhijun(王志軍)	010-82263830
		Beijing Huairou Fuqian Street Securities Branch	3 Fuqian Street, Hairou District, Beijing City	Wang Jinfu(王金福)	010-82263860
		Beijing Lugu Road Securities Branch	106, 107 and 108, South Tower, 1/F, Building 1, Court 6, Yinhe Street, Jingshan District, Beijing	Fu Lin(付林)	010-82263800
		Beijing Yizhuang Hongda North Road Securities Branch	Rooms 101 and 518, 16 Hongda North Road, Beijing Economic-Technological Development Area, Beijing City	Zhang Guowei(張國偉)	010-82263888

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Beijing Chaonei Street Securities Branch	Room 10203, 2/F, Yinhe Souhou Center, 2 Nanzhugan Alley, Dongcheng District, Beijing City	Yang Xiaopeng(楊曉鵬)	010-82263777
		Beijing Jianguo Road Securities Branch	119, Building 5, Court 93, Jianguo Road, Chaoyang District, Beijing City	Wang Xiaolu(王曉路)	010-82263767
		Beijing Jintong West Road Securities Branch	1/F, 12 Jintong West Road, Chaoyang District, Beijing City	Teng Shangguo(滕上國)	010-82263788
		Beijing Zhongguangcun Street Securities Branch	107, 1/F, 8 Haidian North Second Street, Haidian District, Beijing City	Mo Xiankun(莫獻坤)	010-82263754
		Beijing Anzhen Men Securities Branch	Unit 105, 1/F, Building 9, Court 5, Anding Road, Chaoyang District, Beijing City	Peng Yin(彭寅)	010-82263818
		Beijing Suzhou Bridge Securities Branch	105A and 106A, 1/F, Xihai International Center, Court 99, North Third Ring West Road, Haiding District, Beijing City	Lu Xiangguang(魯獻光)	010-82263808
		Beijing Wangjing Futong East Street Securities Branch	101A of 101 and 105A of 105, Building 12, Futong East Street, Chaoyang District, Beijing City	Li Sheng(李盛)	010-82263828

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Shanghai	20	Shanghai Jiujiang Road Securities Branch	Building 16, 663 Jiujiang Road, Huangpu District, Shanghai City	Ding Bing(丁冰)	021-63620285
		Shanghai Dapu Road Securities Branch	92 Dapu Road, Shanghai City	Gu Liwen(顧立文)	021-63055570
		Shanghai Hongqiao Road Securities Branch	188 Hongqiao Road	Shen Liang(沈亮)	021-33568100
		Shanghai Jiangsu Road Securities Branch	369 Jiangsu Road, Shanghai City	Li Yongcai(李永才)	021-52400166
		Shanghai Lique Road Securities Branch	1-2/F, No. 728 and 720 700 Lane, Lique Road, Putuo District, Shanghai City	Qiao Yiyin(喬亦穎)	021-52808812、52808850
		Shanghai Lujiazui East Road Securities Branch	161 Lujiazui East Road, Pudong New District	Luo Haojun(駱浩鈞)	021-58829029
		Shanghai Mudanjiang Road Securities Branch	1 & 2/F, Baixin Building, 1188 Mudanjiang Road	Huang Fang(黃芳)	021-56673730
		Shanghai Tuanjie Road Securities Branch	1, 3 and 4/F, 41 Tuanjie Road, Baoshan District, Shanghai City	Fu Lianjie(付連傑)	021-56698900
		Shanghai Fushan Road Securities Branch	450 Fushan Road, Pudong New District	Yu Liang(于梁)	021-68755035
		Shanghai Shangcheng Road Securities Branch	618 Shangcheng Road, Pudong New District	Wen Shixu(文詩序)	021-58312622、58316630
		Shanghai Siping Road Securities Branch	1962 Siping Road, Shanghai City	Yan Zheyang(閆澤英)	021-55580607
		Shanghai Yishan Road Securities Branch	Rooms 103, 502 and 503, Tower C, 900 Yishan Road	Cao Mingang(曹敏剛)	021-64511144
		Shanghai Tianshan Road Securities Branch	Room 340-1 and Room 402-1, No. 1 338 Lane, Tianshan Road, Changning District, Shanghai City	Zang Jialin(臧佳霖)	021-33536116

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Shanghai Jingan District Nanjing West Road Securities Branch	Rooms 2202-2205, 688 Nanjing West Road, Jingan District, Shanghai City	Wu Yong(吳勇)	021-61765201
		Shanghai Hongkou District Datian Road Securities Branch	179 Dalian Road, Hongkou District, Shanghai City	Zhen Yong(鄭勇)	021-65191867, 65191684
		Shanghai Weihai Road Securities Branch	No 363, 1-2/F, No 369 and 2/F, No 373 Weihai Road, Jingan District, Shanghai City	Yao Yiyin(姚軼穎)	021-63400000
		Shanghai Jiading Tacheng Road Securities Branch	Building 4, 885 Tacheng Road, Jiading District, Shanghai City	Zhang Jianjun(張建軍)	021-69016100
		Shanghai Songjiang Zhongshan East Road Securities Branch	1 & 2/F, Building 4, 298 Zhongshan East Road, Songjiang District, Shanghai District	Zhen Jun(鄭軍)	021-67848900
		Shanghai Putong New District Jinkang Road Securities Branch	18/F (nominal level, actual level: unit 03, 16/F), 308 Jinkang Road, China (Shanghai) Pilot Free-Trade Zone	Yan Jia(嚴佳)	021-68823683
		Shanghai Yincheng Central Road Securities Branch	Room 501, 168 Yincheng Central Road, Pudong New District, Shanghai City	Ye Jia(葉佳)	021-38674674

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Shenzhen	20	Shenzhen Shennan Boulevard Kingkey 100 Securities Branch	Unit 2801-02, 28/F, Tower A, Kingkey 100 Building, 5016 Shennan East Road, Guiyuan Sub-district, Luohu District, Shenzhen City	Cao Yun(曹韻)	0755-82060009
		Shenzhen Xiangmihu Road Securities Branch	Unit B1, 44F, NEO Building, intersection of Shennan Road and Tairan Road, Shatou Sub-district, Futian District, Shenzhen City	Zhen Lin(鄭琳)	0755-25831566
		Shenzhen Bihai Boulevard VC & PE Building Securities Branch	Room 02-06, 07/F, Shenzhen Bay VC & PE Building, 1001 Keyuan Road, Yuehai Sub-district, Nanshan District, Shenzhen City	Huang Liya(黃麗亞)	0755-25771311
		Shenzhen Fuhua Third Road Securities Branch	3802B, 3803 and 3805, Shenzhen International Chamber of Commerce Building, intersection of Yitian Road and Fuhua Third Road, Futian District, Shenzhen City	Zhou Jiafeng(周佳鋒)	0755-88312625、88312611、88313380
		Shenzhen Huafa Road Securities Branch	15/F, Tower C, Electronic Science and Technology Building, 2070 Shennan Central Road, Futian District, Shenzhen City	He Tie(何鐵)	0755-83273168
		Shenzhen Hongli West Road Securities Branch	305, 3/F, Donghai City Plaza, South Side of Hongli West Road, Futian District, Shenzhen City	Ren Yuan(任遠)	0755-83667748, 83667268
		Shenzhen Renming South Road Securities Branch	18/F, Tower C, Tianan International Building, Renmin South Road, Luohu District, Shenzhen City	Wang Yifen(汪義芬)	0755-82293333

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Shenzhen Shangbu Middle Road Securities Branch	3/F, Shenkan Building, Shangbu Middle Road, Futian District, Shenzhen City	Li Yongshi(李世永)	0755-83755292
		Shenzhen Coastal City Haide 3rd Road Securities Branch	2304-2306, 23/F, East Tower, Coastal City, Haide 3rd Road, Nanshan District, Shenzhen City	Yang Yanan(楊顏安)	0755-26578198, 26572119
		Shenzhen Songgang Securities Branch	2/F, Baolilai Commercial City, Lougang Avenue, Songgang Town, Baoan District, Shenzhen City	Peng Guojia(彭國嘉)	0755-27080070, 27080202
		Shenzhen Huaqiang North Road Securities Branch	13/F, Shenfang Building, No. 2001 Huaqiang North Road, Futian District, Shenzhen City	Tian He(田禾)	0755-83776476
		Shenzhen Yitian Road Securities Branch	7/F, Tower A, Jiangsu Building, Yitian Road, Lianhua Street, Futian District, Shenzhen City	Cheng Xiuli(程秀麗)	0755-25310143
		Shenzhen Longhua Unitown Securities Branch	Shops L1-005 006, L2-001 and L1-013/ L2-007.008, Uniworld LIFE Plaza, No. 1111 Meilong Road, Longhua Street, Longhua District, Shenzhen City	Liu Zhong(劉中)	0755-28232033
		Shenzhen High-Tech South 4th Road Securities Branch	Room 202, East Tower, Skyworth Semiconductor Design Building, No.18 High-Tech South 4th Road, Yuehai Sub-district, Nanshan District, Shenzhen City	Yin Pei(尹培)	0755-86562505

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Shenzhen Qianhai Securities Branch	Registration place: Room 201, Block A, No.1 Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen City (premises of Shenzhen Qianhai Commercial Secretary Co. Ltd.)	Wu Xian(吳弦)	0755-86637860
		Shenzhen Meilin Road Securities Branch	No. 1006, Tower B, Zhuoyue Meilin Center Square (South Area), Meilin Road, Meilin Sub-district, Futian District, Shenzhen City	Yu Shangyong(虞尚勇)	0755-23485696
		Shenzhen Longgang Avenue Securities Branch	No. 1B-1, Huifengxuan, No. 6006 Longgang Avenue, Longgang Sub-district, Longgang District, Shenzhen City	Yang Huixia(楊輝霞)	0755-28896569
		Shenzhen Baoan Unicenter Securities Branch	Shops 18-22, Haili Road, South District, Unicenter, No. 99 Xinhua Road, Xinan Street, Baoan District, Shenzhen City	Zhang Qining(張琦寧)	0755-23009523
		Shenzhen Fuming Road Securities Branch	2C, No. 196 Fuming Road, Fubao Street, Futian District, Shenzhen City	Tang Yunfeng(唐雲峰)	0755-82777160
		Shenzhen Shennan Road CR City Securities Branch	Room 1302A, Building 1, Tower 1, Dachong Business Center, No. 9680 Shennan Road, Yuehai Sub-district, Nanshan District, Shenzhen City	Deng Feng(鄧峰)	0755-26924939

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Sichuan	13	Chengdu North 1st Ring Road Securities Branch	No. 99, Section 1 of North 1st Ring Road, Chengdu City	Guo Min(郭旻)	028-87649669
		Chengdu Shuangqing Securities Branch	CR Building, No. 10 Shuangqing Road, Chenghua District, Chengdu City	Liu Ting(劉婷)	028-84319008
		Chengdu Shuncheng Avenue Securities Branch	1/F, 2/F and 3/F, Shuncheng Building, No. 229 Shuncheng Avenue, Qingyang District, Chengdu City	Zhu Tongyu(朱彤宇)	028-86781953
		Luzhou Xingguang Road Securities Branch	4/F, No. 11 Xingguang Road, Jiangyang District, Luzhou City, Sichuan Province	Yang Jiuxian(楊久鮮)	0830-2297547
		Chengdu Jintang County Shili Avenue Securities Branch	No. 559-561 and No. 563-565, Section 1 of Shili Avenue, Jintang County	Ma Baojie(馬寶傑)	028-84992023
		Luzhou Naxi District Yunxi East Road Securities Branch	2/F, Building 10, Section 2 of Yunxi East Road, Naxi District, Luzhou City	Zhu Libin(朱立斌)	0830-4250306
		Yaan Chaoyang Street Securities Branch	5/F, No. 66 Chaoyang Street, Yucheng District, Yaan City, Sichuan Province	Xu Yongjiang(許永江)	0835-2361753
		Yibin Jinshajiang Avenue Securities Branch	Unit 8, 2/F, Tower A, South Bank Xinjiezuo, Cuiping District, Yibin City, Sichuan Province	Peng Shibao(彭世寶)	0831-2399568

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Tianjin	6	Chengdu Jianshe Road 2nd Securities Branch	1/F, Sub No.17-18, No. 9 Jianshe Road, Chenghua District, Chengdu City	Li Ya(黎焯)	028-84330172
		Chengdu Tianfu 2nd Street Securities Branch	No. 204, 2/F, Building 1, No. 138 Tianfu 2nd Street, Hi-Tech Zone, Chengdu City	Xu Heng(徐衡)	028-86787613
		Nanchong Beihu Road Securities Branch	Sub No. 2, 3 and 4, No. 99 Beihu Road, Shunqing District, Nanchong City	Chen Hong(陳泓)	0817-8119888
		Mianyang Jiannan Road Securities Branch	No. 3, 2/F, Tower 2, Fulin Oriental Plaza, No. 8 West Section of Jiannan Road, Fucheng District, Mianyang City	Wang Pengyang(王鵬揚)	0816-2553569, 2553595
		Xichang Hangtian Avenue Securities Branch	1/F, Liangshan Guotou Building, 4th Section of Hangtian Avenue, Xichang City	Zhang Yuanhong(張遠洪)	0834-3352806
		Tianjin Xinkai Road Securities Branch	No. 69 Xinkai Road, Hedong District (portion of 1/F, 4/F of the South Section)	Chen Yuan(陳媛)	022-58186733
		Tianjin Binhai New District Fuzhou Road Securities Branch	No. 1256 Fuzhou Road, Binhai New District, Tianjin City	Cao Xingang(曹欣剛)	022-25879649
		Tianjin Youyi Road Securities Branch	Unit 03, 04, 8/F, City Building (Tower 2 of Junyi Building) No. 35 Youyi Road, Hexi District, Tianjin City	Li Xiuping(李秀萍)	022-59959031
		Tianjin Qingnian Road Securities Branch	No. 281 Qingnian Road, Nankai District, Tianjin City	Liu Jianguo(劉建國)	022-27829001
		Tianjin High-tech District Meiyuan Road Securities Branch	Room -320, 321, Jinzuo Plaza, No. 5 Meiyuan Road, Binhai High-tech District, Tianjin City	Zhang Yan(張豔)	022-58928877
Tianjin	6	Tianjin Binhai New District Huanghai Road Securities Branch	No. 16, 3rd Avenue, Economic and Technological Development Area, Tianjin City	Zhang Lipei(張麗沛)	022-59830000, 59839001

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Hebei	10	Handan Renmin East Road Securities Branch	No.34 Renmin East Road, Handan City	Shi Rongyan(石榮豔)	0310-5516998
		Shijiazhuang Jianhua South Avenue Securities Branch	No. 161, Jianhua South Avenue, Yuhua District, Shijiazhuang City	Xie Ying(謝穎)	0311-85061140
		Tangshan Jianhua West Road Securities Branch	No. 25-1 Jianhua West Road, Lubei District, Tangshan City	Hu Yanzhuo(胡彥卓)	0315-5911068
		Cangzhou Can Coutu Jiaotong North Avenue Securities Branch	No. 11 Jiaotong North Avenue, Cangzhou City	Wang Jixiang(王冀湘)	0311-85868064
		Chengde West Avenue Securities Branch	No. 104, 204 Commercial Units, Tianze Jiayuan, West Avenue, Shuangqiao District, Chengde City, Hebei Province	Yan Gaojie(閆高傑)	0314-2568369
		Baoding Ruixing Road Securities Branch	No. 377 Ruixing Road, Baoding City, Hebei Province	Gao Zong(高縱)	0312-3126661
		Qinghuangdao Hebei Avenue Securities Branch	No. 285 Hebei Avenue, Haigang County, Qinghuangdao City, Hebei Province	Shi Guobin(史國斌)	0335-5811033
		Langfang Guangyang Road Securities Branch	Room 101, 102, 1/F, Unit 2, Building 1, Wanhe Community, Guangyang District, Langfang City	Zhao Qingtao(趙清濤)	0316-5125151
		Zhangjiakou Zuanshi Middle Road Securities Branch	No. 19 Commercial Unit, Building 8, Longshan Shuijun Community, No.63 Zuanshi Middle Road, Qiaodong District, Zhangjiakou City	Yang Xiwang(楊希望)	0313-5806609
		Hengshui Renmin West Road Securities Branch	No.109 Commercial Unit, 1-2/F, Building 1, Jincheng Huafu, No.567 Renmin West Road, Taocheng District, Hengshui City, Hebei Province	Lv Ning(呂寧)	0318-5171168

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Shanxi	7	Taiyuan Jianshe South Road Securities Branch	No. 632, Jianshe South Road, Xiaodian District, Taiyuan City	Cheng Yanqing(程延慶)	0351-4187223
		Jincheng Hongxin West Street Securities Branch	3/F, Huibang Yinzuo, No.1951 Hongxin West Street, Jincheng City	Wu Jianfeng(毋劍峰)	0356—3050377
		Lishi Binhe Beidong Road Securities Branch	No.88 Binhe Beidong Road, Lishi District	Sun Chong(孫沖)	0358-8259377
		Linfen Xiangyang West Road Securities Branch	Shop 2, Building 3, Xiangyang Huafu Community, Middle Section, Xiangyang West Road, Linfen City	Sun Tingting(孫婷婷)	0357-6788902
		Datong Hongqi Street Securities Branch	Shop 10, Building 2, Ronghe Garden, Hongqi Street, Hongqi Village, Xinwang Town, Nanjiao District, Datong City	Zhou Hongru(周鴻儒)	0352-5353555
		Taiyuan Binzhou North Road Securities Branch	4/F, No. 143 Binzhou North Road, Yingze District, Taiyuan City	Liu Ze(劉澤)	0351-4187585
		Jinzhong Xinjian North Road Securities Branch	No.46 Xinjian North Road, Yuci District, Jinzhong City, Shanxi Province	Zhang Xiaolong(張小龍)	0354-3051811
Inner Mongolia	5	Hohhot Ulanqab West Street Securities Branch	Commercial Building, South Side of Xintai Yudu Community, Ulanqab West Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region	Wang Chong(王翀)	0471-6685326
		Baotou Shifu West Road Securities Branch	1/F and 11/F, Keyuan Building, Shifu West Road, Kunlun District, Baotou City, Inner Mongolia Autonomous Region	Zhao Lixia(趙麗霞)	0472-2143311
		Chifeng Xar Moron Street Securities Branch	No. 03015-03016, Building 5, Plot A, Wanda Plaza, North of Xar Moron Street, Hongshan District, Chifeng City, Inner Mongolia Autonomous Region	Zhang Zilong(張子龍)	0476-8286025

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		ErdosYihua North Road Securities Branch	107 on 1/F and 201 on 2/F, Yixing Garden, No.4 Dongsheng Yihua North Road, District, Erdos City	Zhao Lixia (趙麗霞)	0472-2143311
		Bayannur Jinchuan Avenue Securities Branch	B5103 B5203, Building B5, Section 2 of Siji Garden, Xinhua West Street, Linhe District, Bayannur City, Inner Mongolia Autonomous Region	Ma Yunchi(馬雲馳)	0478-8772260
Liaoning	8	Shenyang Huanghe South Avenue Securities Branch	No. 48 Huanghe South Avenue, Huanggu District, Shenyang City	Pan Hongyan(潘洪豔)	024-31068235
		Shenyang Shiyiwei Road Securities Branch	No.68 Shiyiwei Road, Heping District, Shenyang City	Zhang Bo(張博)	024-31257935
		Dalian Chengyi Street Shenyang Securities Branch	No. 6 Chengyi Street, Shahekou District, Dalian City	Ba Qian(白茜)	4000411965
		Anshan Xinhua Street Securities Branch	No. -2, Building 35, Xinhua Street, Tiedong District, Anshan City	Yao Ruyan(姚如妍)	4122215307
		Panjin Xinglongtai Street Securities Branch	No. 02, Building 0001, Xinyihe Community Shangwang, Zhenxing Area, Xinglongtai District, Panjin City	Ma Xiangming(馬向明)	0427-7808859
		Dalian Jinma Road Securities Branch	No.135 Jinma Road, Economic Development Zone, Dalian City, Liaoning Province	Zhang Liang(張亮)	0411-39265935
		Chaoyang Xinhua Road Securities Branch	No. 24 Section 3 of Xinhua Road, Shuangta District, Chaoyang City, Liaoning Province	Xu Peng(徐鵬)	0421-2995521
		Shenyang Beier East Road Securities Branch	No.22 (No. 9 Gate), Beier East Road, Tiexi District, Shenyang City	Liu Hao(劉浩)	024-31375855

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Jilin	9	Changchun Renmin Avenue Securities Branch	Room 2501-2505, 25/F and Room 102, Huamao International Office Building, No. 4848 Renmin Avenue, Nanguan District, Changchun City, Jilin Province	Jiang Weifeng(姜衛峰)	0431-88761000
		Changchun Weixing Road Securities Branch	B301-B304, B306, Tower B, Pearl Plaza, No. 8788 Renmin Avenue, Nanguan District	Zhang Yinjia(張寅甲)	0431-88599242
		Jilin Songjiang Road Securities Branch	Room 0001005, Building 11, No. 145 Songjiang Road, Chuanying District, Jilin City, Jilin Province	Lv Sanling(呂三令)	0432-64801001
		Huadian City Huadian Avenue Securities Branch	Shop 6, No. 5 of Xuefu, No. 1 Huadian Avenue, Minhua Street, Huadian City, Jilin Province	Duan Hongwei(段宏偉)	0432-66197267
		Siping Central West Road Securities Branch	No. 58 Central West Road, Renxing Street, Tiexi District, Siping City, Jilin Province	Sui Chuanyong(隋傳勇)	0434-3107555
		Yanji Changbaishan Road Securities Branch	No.5 East, Block 2, Builing 5, Minghao Morden City Community, Changbaishan Road, Yanji City	Liu Jun(劉君)	0433-4379666
		Tonghua Guangming Road Securities Branch	No. 47 Guangming Road, Dongchang District, Tonghua City	Dong Yuxin(東虞新)	0435-3571166
		Jilin Jiefang Road Securities Branch	No.2, 1/F, Building 2, Phase 3 of Jiangpan Renjia, No. 332 Jiefang North Road, Changyi District, Jilin City, Jilin Province	Wang Xiaohang(王曉航)	0432-64851886
		Changchun Linhe Street Securities Branch	Room 112, Block B-1, Phase 2 of Langting 1865 Project, East of Linhe Street, Jingyue Development Zone, Changchun City	Wang Kexin(王可心)	0431-89825678

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Heilongjiang	6	Harbin Shangzhi Avenue Securities Branch	No. 109 Shangzhi Avenue, Daoli District, Harbin City	Li Li(李力)	0451-87657017
		Harbin Xidazhi Street Securities Branch	2/F No. 90 Xidazhi Street, Nangang District, Harbin City	Wu Ning(吳凝)	0451-86235849
		Harbin City Harbin Avenue Securities Branch	Room 8, 1-2/F, Block C Shangfu, East of Chengnang, Enclosed Area between Xining South Road and Zhongxinzu Road, Nanxing Street, Harbin Avenuet, Nangang District, Harbin City	Liu Desheng(劉德勝)	0451-55592011
		Harbin Shangzhi Central Street Securities Branch	No. 205, Central Street, Shangzhi Town, Shangzhi City	Tang Xiong(唐雄)	0451-53358594
		Qiqihar Central Plaza Securities Branch	No. 31, Central Plaza, Longsha District, Qiqihar City	Liu Xiaobo(劉曉波)	0452-2436377
		Daqing Huojuxin Street Securities Branch	Room 03, Jinying Guoji Shangfu, No. 24 Huojuxin Street, High-tech District, Daqing City, Heilongjiang Province	Zhang Huanyu(張環宇)	0459-6281381
Guangdong	22	Guangzhou Dongfeng Middle Road Securities Branch	3-5/F, Guangdong Provincial Reserve Grain Management Corporation Building, No. 313, Dongfeng Middle Road, Yuexiu District, Guangzhou City	Jian Wanming(簡婉鳴)	020-83606288
		Guangzhou Huangpu Avenue Securities Branch	1/F of No. 185-5 and 2/F of No. 187, West Road of Huangpu Avenue, Tianhe District, Guangzhou City	Xiao Qi(肖琦)	020-87535085
		Guangzhou Renmin Middle Road Securities Branch	1601-1608, 1619, Bank of America Plaza, No. 555 Renmin Middle Road, Liwan District, Guangzhou City, Guangdong Province	Dong Hong(董紅)	020-81303266
		Shantou Jinsha Road Securities Branch	No.46 Jinsha Road, Shantou City	Xu Shaoliang(許少亮)	0754-8629898

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		Shunde Daliang Securities Branch	Office Building 1&2, 2F, Tower B, Guangdeye Building, No. 1 Dongle Road, Daliang Central Neighborhood Committee, Shunde District, Foshan City, Guangdong Province	Li Zhijian(李志堅)	0757-22312181
		Dongguan Tiyu Road Securities Branch	101, 102, 103, A306, A307, HongXi Center, No. 2 Tiyu Road, Dongguan City	Chen Guangming(陳光明)	0769-22819900
		Zhongshan City Zhongshan 3rd Road Securities Branch	No. 1, 2, 5, 6, 7 of 1/F and East Side of 3/F, Xinlongji Building, No.30 Zhongshan 3rd Road, East District, Zhongshan City	Lin Gaoliang(林杲亮)	0760-89983285
		Guangzhou Xingang East Road Securities Branch	No. 05, 101/F, No. 51, 53, 55 Xingang East Road, Haizhu District, Guangzhou City	Dai Peng(戴鵬)	020-28368000
		Meizhou Xinzhong Road Securities Branch	Duplex Shop No. 14-17, Block A, Xianhua Garden, Xinzhong Road, Meizhou City	Xu Ye(許燁)	0753-2179898
		Zhanjiang Renmin Avenue Securities Branch	Room 1101, Minda Commercial and Trading Building, No.45 South of Renmin Avenue, Xiashan District, Zhanjiang City	Chen Guoxian(陳國賢)	0759-2695866
		Jiangmen Heshan Dongsheng Road Securities Branch	No. 181, 183, 185 Dongsheng Road, Shaping, Heshan City, Jiangmen	Lao Zhibiao(勞志標)	0750-8819398
		Zhuhai Jingshan Road Securities Branch	Shop 201 and 202, No. 91 Jingshan Road, Xiangzhou District, Zhuhai City	Zhang Shugeng(張述庚)	0756-3344211
		Maoming Youcheng 8th Road Securities Branch	Room 105, 1/F, No. 15, 17, 19 Youcheng 8th Road, Maoming City, Guangdong Province	Cao Lisan(曹禮三)	0668-2860222

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Jieyang Huangqishan Avenue Securities Branch	No. 29, 30, Block C, District B, Huarong Commercial and Trading Plaza, West of Huangqishan Avenue and North of Meiyang Road, Dongshan, Rongcheng District, Jieyang City, Guangdong Province	Chen Hui(陳輝)	0663-8069999
		Zhaoqing Xinghu Road Securities Branch	Shop A01, A08, A09, A10, A11, 1/F, Bihu Plaza, No.1 Xinghu East Road, Duanzhou District, Zhaoqing City	Kong Hao(孔豪)	0758-2348383
		Chaozhou Lvrong Road Securities Branch	No. 605, 6/F, Times Plaza, Office Building Block C, Lvrong Hupan, Northwest of the junction between Lvrong Road and Binyuan Road, Chaozhou City, Guangdong Province	Chen Zhixin(陳植欣)	0768-2120666
		Heyuan Yuewang Avenue Branch	Room D105 & D106, Building D, Liyuan Shijinianhua, Huangsha Avenue West, Weishier Road South, Dongchengxipian District, New City District, Heyuan City	Li Xiaolan(李曉蘭)	0762-3868666
		Guangzhou Hanxing Middle Road Securities Branch	No. 19, 21 & 2/F, 23, Hanxing Middle Road, Zhongcun Street, Panyu District, Guangzhou	Liu Gang(劉鋼)	18688438524
		Qingyuan Jingfu Road Securities Branch	One of Shop 01, 02 & 27, G/F, Chaonan International Business Centre, No.27 Jingfu Road, Xincheng, Qingyuan City	Huang Shizhang(黃石章)	0763-3886288
		Huizhou Wenchangyi Road Securities Branch	Shop 1101, 1102 & 1103, Building A5, Dihaoxuan, Dijingwan, No.1 Wenchangyi Road, Jiangbei Street, Huizhou City	Lin Zibin(林子斌)	0752-28888950

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Hainan	5	Foshan Nanhai Avenue Securities Branch	Shop 12, Nanhai Avenue, South Area of Liyayuan, No.33 Nanhai Avenue North, Guicheng, Nanhai District, Foshan City	Mai Shibao(麥時寶)	0757-86287166
		Guangzhou Shanxiang Road Securities Branch	Room 117, 118, 128, 129 & 130, G/F, No.5 Shanxiang Road, Huangpu District, Guangzhou City	Chen Rui(陳睿)	020-82108586
		Haikou Longkun South Road Securities Branch	Shop 1208-1308, Longquan Garden, No.56 Longkun South Road, Haikou City	Sun Xingsong(孫杏松)	0898-68512330
		Haikou Guomao Avenue Securities Branch	3/F, Beijing Building, No.56 Guomao Avenue, Haikou City	Lin Feng(林鋒)	0898-68551177
		Qionghai Jinhai Road Securities Branch	No.163 Jinhai Road, Jiaji Town, Qionghai City, Hainan Province	Lin Minghong(林明宏)	0898-62818468
		Danzhou Zhongxing Avenue Securities Branch	1/F, Telecom Building, Zhongxing Avenue, Danzhou City, Hainan Province	Liu Yuexiang(劉躍湘)	0898-23880572
		Sanya Yingbin Road Securities Branch	Shop 6A#, Building D, 25 Degree Sunshine Project, No.126 Yingbin Road, Jiyang District, Sanya City, Hainan Province	Lin Han(林瀚)	0898-88985116

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Fujian	15	Fuzhou Hualin Road Securities Branch	Room for Commercial Use 02, 2/F, 03, 2/F& 01, 2/F, Commercial and Residential Building, Guofa Plaza, No.138 Hualin Road, Huada Street, Gulou District, Fuzhou City, Fujian Province	Chen Hairong(陳海榕)	4009181710
		Fuzhou Yangqiao East Road Securities Branch	Shop 02, 1/F & shop 01, 2/F, Connector of Building 1-2, the second phase of Lane 1, Sanfangqixiang Protection and Renovation Works, No.19 Yangqiao East Road, Gulou District, Fuzhou City	Cai Bingzheng(蔡炳政)	4009181710,0591-87677326
		Xiamen Lujiang Road Securities Branch	Unit E, F, G, 7/F & unit B, 1/F, International Bank Building, No.8 Lujiang Road, Siming District, Xiamen City	Chen Meilin(陳鎰琳)	4009181710
		Changle Chaoyang Middle Road Securities Branch	No.189 Chaoyang Middle Road, Changle City	Lin Jie(林傑)	4009181710
		Longyan Hualian Road Securities Branch	2B, 2/F, Building 1, Duotejiayuan, No.5 Hualian Road, Xicheng, Xinluo District, Longyan City	Zhang Huan(張歡)	40088-18925
		Quanzhou Baiyuan Road Securities Branch	1-3/F, Zhongnan Commercial Building, No.1 Houcheng Intersection, Baiyuan Road, Quanzhou City, Fujian Province	Zhuang Jinlong(莊金龍)	4009181710
		Zhangzhou Shuixian Street Securities Branch	D06, D2, Block C, Rongchang Plaza, Rongchang Garden, Xinpu East Road South, Buwen Town, Longwen District, Zhangzhou City	Jiang Fenglei(蔣鳳蕾)	4008818925
		Jinjiang Changxing Road Securities Branch	Unit 601, 605, 6/F, Mingxin Wealth Centre, No.222 Changxing Road, Qingyang Street, Jinjiang, Quanzhou City, Fujian Province	Zhuang Qiang(莊強)	4009181710
		Luoyuan Donghuan Road Securities Branch	4/F, Building 1, Donghuanxincun, Fengshan Town, Luoyuan Country	Chen Minghong(陳銘宏)	400881825

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Minqing Tianxing Street Securities Branch	Shops 13, 1/F& 13/F, 2/F, Building No.2, Hengxianguancheng, No. 2 Tianxing Street, Meicheng Town, Minqing County, Fuzhou City, Fujian Province	Chen Hong(陳洪)	4009181710
		Sanming Liedong Street Securities Branch	1/F, Building 31, Meilingxincun, Lieming District, Sanming City, Fujian Province	Chen Xupeng(陳旭鵬)	4009181710
		Fuqing Qiaorong City Securities Branch	Shop 101, 1/F, 211, 2/F & 212, 2/F, Building 12, Qiaorong Garden, Shimen Village, Honglu Street, Yinxi Village, Yinxi Street, Fuqing City, Fuzhou City, Fujian Province	Ye Zhaofang(葉兆芳)	0591-86556077
		Nan'an Chenggong Street Securities Branch	Unit 18-23, 25-31, 3/F, Commercial Building 1-2, Xin Yi Wealth Centre, Chenggong Street, Liucheng Office, Nan'an, Quanzhou, Fujian Province	Yang Ziwei(楊紫薇)	0595-22167219
		Xiamen International Financial Centre Securities Branch	Unit 2402, 24/F, Xiamen International Financial Centre, No.82 Zhanhong Road, Lianqian Street, Siming District, Xiamen City	Hou Yihan(侯伊翰)	0592-5033289
		Ningde Qiao Xing Road Securities Branch	2-3/F, Shop 110, Building 17, Ningde Wanda Plaza, No. 1 Tianhu East Road, Jiaocheng District, Ningde City, Fujian Province	Chen Meixin(陳美心)	0593-2951557

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Guangxi	6	Nanning Minzu Avenue Securities Branch	Room 2501, 2502, 2503&2505, Office Building, Block A, Yongkai Chunhui Garden, No. No.137 Minzu Avenue, Qingxiu District, Nanjing City	Su Yi(蘇翊)	0771-5555661
		Guilin Kongming West Road Securities Branch	No. 16 Kongming West Road, Qixing District, Guilin City	Huang Shuang(黃爽)	0773-5824168
		Guangxi Hechi Jincheng Road Securities Branch	Room 01, 4/F, Building 9, Jinlongwan Garden and Room 01& 02, 4/F, Commercial Plaza, Block B East, No. 98 Jincheng Middle Road, Hechi City	Chen Jiang(陳江)	0778-2786602
		Liuzhou Guizhong Avenue Securities Branch	Room 2202, 2203, 2211, 2212, 2213 & 2214, 22/F and Shop 1-17, 1/F, Building 4, Oriental Parkson, No. 7 Guizhong Avenue, Guilin City	Zhu Ying(朱瑩)	0772-3800108
		Yulin Guangchang East Road Securities Branch	No. 139 Guangchang East Road, Yulin City	Du Haiping(杜海平)	0775-2888018
		Nanning Shuangyong Road Securities Branch	Room 2206, Office Building A, Nanhu Mingdu Plaza, No. 30 Shuangyong Road, Qingxiu District, Nanning City	Chen Zhe(陳喆)	0771-5555653
		Nanchang Zhanqian Road Securities Branch	No. 109 Zhanqian Road, Nanchang City	Xiong Liqing(熊麗卿)	0791-86113091
		Jiujiang Gantang Road Securities Branch	No.159 Gantang North Road, Xunyang District, Jiujiang City	Yan Yan(鄧嫣)	0792-8239800
Jiangxi	20	Yingtian Huangcheng West Road Securities Branch	No. 2 Huangcheng West Road, Yuehu District, Yingtian City, Jiangxi Province	Huang Changjun(黃昌俊)	0701-6255686
		Yichun Zhongshan Middle Road Securities Branch	No. 354 Zhongshan Middle Road, Yichun City, Jiangxi Province	Li Juan(李娟)	0795-3215168
		Fuzhou Gandong Avenue Securities Branch	No. 939 Gandong Avenue, Fuzhou City	Wu Xianmin(吳憲民)	0794-8265715
		Nanchang Xiangshan North Road Securities Branch	4-5/F, No. 237 Xiangshan North Road, Donghu District, Nanchang City, Jiangxi Province	Li Jie(栗捷)	0791-86735055

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Guixi Jianshe Road Securities Branch	2/F, Building 6, Jiayu Garden, No. 120 Jianshe Road, Guixi City, Jiangxi Province	Zhu Yanjun(祝豔軍)	0701-3786918
		Jiuijiang Shili Road Securities Branch	No. 1299, Shili Road, Lianxi District, Jiuijiang City, Jiangxi Province	Cheng Gang(程剛)	0792-8250699
		Nanchang Jinxian Junhu Road Securities Branch	No. 251 Junhu Road, Minhe Town, Jinxian Coutry, Nanchang City, Jiangxi Province	Shao Gang(邵剛)	0791-85667615
		Guixi Yejin Avenue Securities Branch	1/F, Dormitory Building of the Construction Bank, No.19 Yejin Avenue, Guixi City, Jiangxi Province	Lin Haihui(林海暉)	0701-3350236
		Jiuijiang Nanhai Road Securities Branch	Block A, Chaisang International, No. 7 Nanhai Road, Jiuijiang Economic Development Zone, Jiuijiang City, Jiangxi Province	Wu Yansong(吳岩松)	0792-8617760
		Fuzhou Nanfeng Judu Avenue Securities Branch	No. 42 Judu Avenue, Nanfeng Country	YanYougen(嚴友根)	0794-3286878
		Yichun Gao'an ruizhou Road Securities Branch	No. 70 Ruizhou Road, Gao'an City, Jiangxi Province	Gao Yong(高勇)	0795-5286404
		Ganzhou Zhangjiangnan Avenue Securities Branch	92, 93 & 94, 1/F and 93 & 94, 2/F, Haode Shui'anxintian, No. 18 Zhangjiangnan Avenue, Zhanggong District, Ganzhou City, Jiangxi Province	Peng Zhiling(彭志靈)	0797-8456999
		Pingxiang Yuejin South Road Securities Branch	No. 154 Yuejin South Road, Anyuan District, Pingxiang City	Yu Yongliang(余永亮)	0799-6841116、6841118
		Nanchang Honggu Middle Avenue Securities Branch	Shop 120, 1-2/F, Building 1, Shangcheng Shijicun, No.728 Honggu Middle Avenue, Honggutan New Zone, Nanchang City, Jiangxi Province	Zheng Anhua(鄭安華)	0791-83961712
		Shangrao Gandong North Avenue Securities Branch	1-1, No. 13, Gandong North Avenue, Xinzhou District, Shangrao City	Liu Wenchao(劉文超)	13767409869
		Jingdezhen Cidu Avenue Securities Branch	No. 558 Cidu Avenue, Changjiang Country, Jingdezhen City, Jiangxi Province	Zhang Ying(張瑩)	0798-7111999

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Jiangsu	22	Xinyu Zhongshan Road Securities Branch	No. 285 Zhongshan Road, Yushui District, Xinyu City, Jiangxi Province	Nie Xu (聶勗)	0790-6653158
		Ji'an Jinggangshan Avenue Securities Branch	No. 108 Jinggangshan Avenue, Jizhou District, Ji'an City, Jiangxi Province	Ouyang Huijian (歐陽暉健)	0796-8269678
		Nanjing Middle Road Securities Branch	2/F, Li'ao Building, 323 Middle Road, Gulou District, Nanjing City	Chen Xin (陳鑫)	025-83376311
		Nanjing Taiping South Road Branch	East Side of 1/F, Room 401, 389 Taiping South Road, Qinhuai District, Nanjing City	Tian Lan (田嵐)	025-84455666
		Changzhou Yanling Middle Road Securities Branch	No. 29-1 Yanling Middle Road, Tianning District, Changzhou City	Yin Min (殷敏)	0519-86614856
		Xuzhou Heping Road Securities Branch	Nos. 102-1 & 505-511 & 513 & 514, Wenyuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City	Xia Qian (夏謙)	0516-83815666
		Wuxi Hubin Road Securities Branch	No. 101, 1/F & Nos. 201, 202, 203, 204, 2/F, 688 Hubin Road, Wuxi City	Cheng Meiyin (成美穎)	0510-82737123
		Pizhou Zhujiang Road Securities Branch	Nos. 111 & 112, Unit 1, Building 2, Yinxiang Zhujiang Commercial Complex, North Side of Zhujiang Road, Pizhou City	Guo Yong (郭勇)	0516-86252888
		Nanjing Lishui Zhongda Street Securities Branch	No. 77 Zhongda Street, Lishui District, Nanjing City	Zou Jian (鄒健)	025-84575111
		Nantong Gongnong Road Securities Branch	No. 33 Gongnong Road, Congchuan District, Nantong	Lin Ming (林鳴)	0513-55085033
		Nanjing Tianyuan East Road Securities Branch	No. 391 Tianyuan East Road, Jiangning District, Nanjing City	Wang Xingxiang (王興祥)	025-52297458
		Suzhou Suyu Road Securities Branch	No. 388 Suyu Road, Suzhou Industrial Park	Dong Jie (董傑)	0512-67625592
		Yangzhou Yangzijiang Middle Road Securities Branch	701-703 Building 1, No. 438-1 Yangzijiang Middle Road, Yangzhou Development Zone	Miao Jin (繆進)	0514-82988799
		Yancheng Jiefang South Road Securities Branch	No. 58 Jiefang South Road, Yancheng City	Wang Hao (汪浩)	0515-88538059

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Zhejiang	24	Huai'an Jiankang East Road Securities Branch	Rooms 101&601, No. 30 Jiankang East Road, Qinghe District, Huai'an City	Li Yongyan (李永岩)	0517-89951109
		Taizhou Gulou South Road Securities Branch	No. 398 Gulou South Road, Hailing District, Taizhou City	Cui Jianwei (崔健偉)	0523-86998686
		Lianyungang Julong South Road Securities Branch	No. 59 Julong South Road, Haizhou District, Lianyungang City	Zhuang Qingchao (莊慶超)	0518-85631777
		Zhenjiang Changjiang Road Securities Branch	1/F, No. 9 Changjiang Road, Jingkou District, Zhenjiang City	Shi Wei (史薇)	0511-83816455
		Changshu Huanghe Road Securities Branch	Rooms 105&112&113, Tower 1, Building 1-4, HSBC Times Square, No. 22 Huanghe Road, Changshu City	Wang Jie (王潔)	0512-52985558
		Wuxi Renmin Middle Road Securities Branch	25/F, Tower 1, Wuxi Henglong Square Office Building No. 139 Renmin Middle Road, Liangxi District, Wuxi City	Cai Chenqiong (蔡晨瓊)	0510-85860099
		Kunshan Qianjin Middle Road Securities Branch	10/F, International Building, No. 167 Qianjin Middle Road, Development Zone, Kunshan City	Xu Peihang (徐培航)	0512-50333919
		Nanjing Lushan Road Branch	Room 303, No. 94 Lushan Village, Jianye Country, Nanjing City, Jiangsu Province	Zhang Dingkun (張定坤)	025-83606855
		Jiangyin Huancheng North Road Securities Branch	Room 1502, 1503, No. 27 Huancheng North Road, Jiangyin City	Zhang Jing (張晶)	0510-81600312
		Suzhou Shishan Road Branch	Paradise Walk, Shishan, Shishan Road, High-tech Zone, Suzhou City	Shen Fangchao (沈方超)	0512-68201568
		Hangzhou Qingchun Road Securities Branch	No. 26 Qingchun Road, Xiacheng District, Hangzhou City	Zhang Hong (張虹)	4008838533
		Ningbo Caihong North Road Securities Branch	No.97 Caihong North Road, Yinzhou District	Zhu Xuequan (朱雪泉)	4008838533
		Quzhou Kecheng Securities Branch	Complex Building, Kecheng Garden, Quzhou City, Zhejiang Province	Ye Zhaoming (葉兆明)	4008838533
		Linhai Jinshan Middle Road Securities Branch	No. 59 Jinshan Middle Road, Linhai, Taizhou	Zhu Liemin (朱列旻)	4008838533

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		Shaoxing Zhongxing Middle Road Securities Branch	No. 25 Zhongxing Middle Road, Shaoxing City	Shen Guanghui (沈光輝)	4008838533
		Yuyao Shunshui South Road Securities Branch	Nos. 63 and 65 Shunshui South Road, Yuyao City	Wang Pengwei (王澎偉)	4008838533
		Tiantai Huancheng East Road Securities Branch	No. 277 Huancheng East Road, Chicheng Subdistrict, Tiantai County (Yuelong Building)	Ding Chunling (丁春玲)	4008838533
		Xianju Jiufang Alley Securities Branch	No. 139 Jiufang Alley, Fuying Subdistrict, Xianju County	Yuan Liang (袁亮)	4008838533
		Ningbo Min'an East Road Securities Branch	2-3 and 2-4, Block 002, No. 181 Heji Street, Yinzhou District, Ningbo City, Zhejiang Province	Xu Jinjing (徐錦晶)	4008838533
		Jinhua Bayi South Street Securities Branch	Rooms 102-01 and 102-02, 1F, and Rooms 201 and 202, 2F, Block A, Tianhe Building, Bayi South Street, Wucheng District, Jinhua City	Yao Xuehong (姚雪紅)	4008838533
		Jiaxing Zhongshan West Road Securities Branch	No. 914 Zhongshan West Road, Jiaxing City	Yu Jingsheng (余京生)	4008838533
		Wenzhou Jiangbin West Road Securities Branch	Room 103 (southeastern), Block 1, Rongxing Building, Jiangbin West Road, Lucheng District, Wenzhou City	Zhang Wei (章巍)	4008838533
		Ningbo Junzi Street Securities Branch	No. 58 Qizha Road, No. 92 Junzi Street, Haishu District	Chen Xin (陳欣)	4008838533
		Quzhou Hehua Middle Road Securities Branch	Nos. 63-5 Hehua Middle Road, Quzhou City, Zhejiang Province	Jiang Meifeng (江美峰)	4008838533
		Hangzhou Tianmushan Road Securities Branch	1F, No. 139 Tianmushan Road, Xihu District (Yuquan Building), Hangzhou	Shen Ming (沈明)	0571—87233809
		Hangzhou Wuxing Road Securities Branch	Rooms 501-A and 1401-2, Unit 1, Block 6, Fanhai International Center, No. 185 Wuxing Road, Jianggan District, Hangzhou City	Gao Cuifeng (高翠峰)	4008838533

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Hangzhou Xiaoshan Shixin Middle Road Securities Branch	Nos. 81 and 83 Shixin Middle Road, Beigan Street, Xiaoshan District	Gu Yonggang (顧勇剛)	0571-83697166、83697168
		Deqing Wuyuan Street Securities Branch	Nos. 181, 181-1, 183, 183-1, 185 and 185-1 Wuyuan Street, Deqing County	Shi Jinping (施縉平)	0572-8080770
		Huzhou Binhe Road Securities Branch	Eastern side of 1F, Shidai Commercial Building, No. 688 Binhe Road, Huzhou City	Fan Yin (範寅)	0572-2022116
		Yihu Chouzhou North Road Securities Branch	1F, Nos. 701 and 703 Chouzhou North Road, and 1F, No. 2, 6, 8 and 10 Jinmao Building, No. 699 Chouzhou North Road, Yiwu City, Zhejiang Province	Du Wei (杜威)	0579-85892620
		Cixi Kaifa Avenue Securities Branch	No. 200 Kaifa Avenue (1F of south section of Zhongyi Building), Gutang Subdistrict, Cixi City, Ningbo, Zhejiang Province	Wu Lifeng (伍立鋒)	0574-63081161
		Wenling Wanchang Central Road Securities Branch	Nos. 18 and 20 Wanchang Central Road, Taiping Subdistrict, Wenling City, Zhejiang Province	Zhang Ting (張挺)	0576-86224222
		Hangzhou Binjiang Science and Technology Museum Street Securities Branch	Room 101, Kai Rui Jin Zuo, No. 1505 Science and Technology Museum Street, Binjiang District, Hangzhou City, Zhejiang Province	Zhang Kai (章凱)	0571-86630809
		Ruian Xinyang Avenue Securities Branch	No. 380-386 Xinyang Avenue, Xinsheng Subdistrict, Rui'an City, Wenzhou, Zhejiang Province (West Side of Shops, 1F, Building 2, Jin Yang Jia Yuan)	Lin Changchun (林長春)	0577-66811850

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Anhui	5	Hefei Changjiang West Road Securities Branch	No. 130 Changjiang West Road, Hefei City	Xia Zhanghao (夏章皓)	0551-62825915、62841681
		Anqing Fangzhi South Road Securities Branch	No. 80 Fangzhi South Road, Daguan District, Anqing City, Anhui Province	Fang Mihu (方密虎)	0556-5592345、5585168
		Huainan Chaoyang East Road Securities Branch	Shop 103, Building 3, Roman Plaza, North side of Chaoyang East Road, Tianjia'an District, Huainan City	Xu Yan (徐雁)	0554-2665535、2670803
		Wuhu Wenhua Road Securities Branch	39-2 Wenhua Road, Wuhu City	Yue Hao (嶽浩)	0553-3937990、3937991
		Fuyang Huaihe Road Securities Branch	1F, Shops 108 and 109, Building 2, No. 666 Huaihe Road, Yingzhou District, Fuyang City	NiuJinwei (牛金偉)	0558-2595521
Shandong	13	Jinan Jiefang Road Securities Branch	19F, Lidong Commercial Building, No. 112 Jiefang Road, Lixia District, Jinan City	Xu Meifei (絮美飛)	0531-87031420
		Jinan Shengli Street Securities Branch	9F of training building and 1F of business building of Shangdong Book Mall, No. 56 Shengli Street, Shizhong District, Jinan City, Shandong Province	Liu Lin (劉琳)	0531-87511666、86124380
		Linyi Beijing Road Securities Branch	Rooms 103 and 1701, Tower 1, Jinyushan Building, No. 39 Beijing Road, Lanshan District, Linyi City, Shandong Province	Lv Dawei (呂大偉)	0539-8321515
		Qingdao Nanjing Road Securities Branch	No. 108B Nanjing Road, Shinan District, Qingdao City	Li Jian (李建)	0532-85959888
		Linyi Shuangyuehu Road Securities Branch	100 meters to west of Silver Plaza, Shuangyuehu Road, Luozhuang District, Linyi City	Liu Tao (劉濤)	0539-8251739
		Weifang Dongfeng East Street Securities Branch	South side of Building 14, No. 181 Dongfeng East Street, Yuandu Community, Xincheng Subdistrict, Weifang Gaoxin District, Shandong Province	Feng Shiguang (馮世光)	0536-8052399

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Shandong	10	Jining Wutaizha Road Securities Branch	1F, west skirt building of Shantui Building, No. 71 Wutaizha Road, Jining City	Zhang Rongrong (張榮榮)	0537—7978666
		Yantai South Street Securities Branch	No. 9 South Street, Zhifu District, Yantai City, Shandong Province	Geng Dianni (耿殿妮)	0535-3392188
		Zibo Liuquan Road Securities Branch	Nos. 010105, 010106 and 010107, Unit 1, Building 2, Zibo Pancheng Commerce Shopping Plaza, west of Liuquan Road and south of Liantnog Road, Zhangdian District, Zibo City, Shandong Province	Wang Gang (王剛)	0533-6202988
		Dongying Huanghe Road Securities Branch	Room 806, Building 1, No. 430-6 Huanghe Road, Dongying City, Shandong Province	Qi Pengyun (齊鵬雲)	0546-6092100
		Qingdao Songling Road Securities Branch	No. 118, Songling Road, Laoshan District, Qingdao City, Shandong Province	Wang Anyi (王安宜)	0532-67783865、67783896
		Zaozhuang Guangming West Road Securities Branch	No. 1677 Guangming West Road, Gaoxin District, Zaozhuang City, Shandong Province	Liu Riqun (劉日群)	0632-5766088
		Liaocheng Dongchang West Road Securities Branch	Shop 01, 1-2F, Building 50, Zhongtong Shidai Garden, No. 99 Dongchang West Road, Liaocheng City	Wang Jin (王進)	0635-8507666
		Zhengzhou Huanghe Road Securities Branch	No. 16 Huanghe Road, Zhengzhou City	Huang Yong (黃勇)	0371-63328188
		Jiyuan Jishui Street Securities Branch	No. 523 middle section of Jishui Street	Yu Haisong (余海松)	0391-6695521
		Xingyang Guotai Road Securities Branch	Southeast corner of Guotai Road and Sangong Road intersection, Xingyang City	Tang Jing (唐靜)	0371-63257122
Henan	11	Luoyang Zhongzhou Middle Road Securities Branch	Eastern side of 5F, Zhongzhou International, Block 1, Courtyard 605, Zhongzhou Middle Road, Xigong District, Luoyang City	Liu Gang (柳剛)	0379-63305566

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Pingdingshan Chang'an Avenue Securities Branch	3rd room at 1F and basement level counting from east to west, Building 5, Block D, Cuilin Lanwan, South of Weiyi Road and East of Jing'er Road, New Urban Area, Pingdingshan City	Geng Qianqi (耿千淇)	0375-6195521
		Nanyang Jianshe East Road Securities Branch	Flats 213-214, 2F, Unit 1, Block 9, Zixin Triumph City, Jianshe East Road and Mingshan Road intersection, Nanyang City	Hou Yanjie (侯燕傑)	0377-63195521
		Xuchang Jian'an Avenue Securities Branch	3rd room starting from the west at 1-2F, Palladio Block 1, Jian'an Avenue, Dongcheng District, Xuchang City	Zhang Guangqing (張廣慶)	0374-8389888
		Anyang Yongming Road Securities Branch	B04 and B05, Building 1, No. 15 bottom floor shops, southeast corner of Zhonghua Road and Yingchun East Street intersection	Xu Minghui (徐銘徽)	0372-3695521
		Sanmenxia Liufeng Road Securities Branch	1F, commerce section of Fengqiao International, No. 1# Courtyard, Fourth Block, Hedi North Road, Hubin District, Sanmenxia City	Jin Xin (金鑫)	0398-2395521
		Jiaozuo Tower South Road Securities Branch	Flat 6, Taiji Tower, Taiji Jinrun Garden, No. 399 Tower South Road, Shanyang District, Jiaozuo City, Henan Province	Wang Taotao (王濤濤)	0391-3995521
		Zhengzhou Jinshui East Road Securities Branch	West lobby, 1F, Tower A, Central Publication Building, No. 39 Jinshui East Road, Zhengzhou Area (Zhengdong) Pilot Free Trade Zone, Henan Province	Zhang Lu (張璐)	0371-89962698
Hubei	15	Wuhan Dongting Street Securities Branch	Jun'an Building, No. 30 Dongting Street, Jiang'an District	Xiong Dongping (熊東平)	027-82800933
		Wuhan Jinghan Avenue Securities Branch	1& 4F, Hankou Central Park, No. 528 Jinghan Avenue, Qiaokou District, Wuhan City	Zhou Chunyan (周春豔)	027-83736885

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Wuhan Ziyang East Road Securities Branch	No. 77 Ziyang East Road, Wuchang, Wuhan City	Liu Jun (劉駿)	027-87250560
		Jinzhou Bianhe East Road Securities Branch	Room 401, 4F, Block 5, Bianhe East Road (Shenhua), Shashi District	Li Mao (李茂)	0716-8229331
		Xiangyang Xiangcheng West Street Securities Branch	No. 18-1 Xiangcheng West Street, Xiangyang City, Hubei Province	Zhao Qing (趙青)	0710-3542854
		Yichang Sixin Road Securities Branch	No. 2 Sixin Road, Yichang City	Li Mao (李茂)	0716-8229331
		Yichang Zhenzhu Road Securities Branch	No. 33 Zhenzhu Road, Xiling District, Yichang City	Wang Yong (王勇)	0717-6770560
		Xiangyang Dongfeng Motor Avenue Securities Branch	2F, Block B, No. 30 Dongfeng Motor Avenue, Gaoxin District, Xiangyang City	Zhai Huijun (翟慧君)	0710-3322601
		Xianning Xianning Avenue Securities Branch	1F, the International Building, No. 39 Xianning Avenue	Liu Fei (劉飛)	0715-8893659
		Wuhan Luoyu Road Securities Branch	Rooms 1505-1510, 15F, Unit 1, Block 1, Parcel B of Optical Valley World City, shops 490-518 along Luoyu Road, Donghu New Technology Development Zone, Wuhan City	Lu Aijun (魯艾軍)	027-87883122
		Shiyan Beijing North Road Securities Branch	Flat 1-4, Block 1, No. 76 Beijing North Road, Wuyan Street Office, Maojian District, Shiyan City	Yang Bo (楊波)	0719-8611755、8611770
		Wuhan Maying Road Securities Branch	Rooms 3 and 4, 1F and Rooms 4 and 5, 2F, Building 7, Phase I Reconstruction Project of Suji Area Old and Dilapidated Buildings, No. 9 Maying Road, Hanyang District, Wuhan City	Zhu Liang (朱亮)	027-84880887
		Xiaogan Beijing Road Securities Branch	1F, Minbang Furnitures, Teyihao Xigongguan, Beijing Road, Xiaogan City, Hubei Province	Lv Qiang (呂強)	0712-2628937

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Hunan	19	Huangshi Wuhan Road Securities Branch	Shop 5122, 1F, 5# Commercial Building, Mo'er City, No. 193 Wuhan Road, Huangshi City	Hua Mei (華梅)	0714-3865619
		Wuhan Xudong Street Securities Branch	1 & 7F, No. 137 Xudong Street, Hongshan District, Wuhan City	Yu Wei (喻偉)	027-86628882
		Changsha Wuyi Avenue Securities Branch	No. 89 Wuyi Avenue, Changsha City	Gao Yuan (高源)	0731-84116325
		Changde Wuling Avenue Securities Branch	Building 2, No. 197 Wuling Avenue, Chaoyang Road Community, Chuanzihe Street Office, Wuling District, Changde City, Hunan Province	Huang Wei (黃薇)	0736-7223153
		Chenzhou Guoqing North Road Securities Branch	6F, Wealth Center, left to 1F of the office building of ICBC Beihu Sub-branch, No. 3 Guoqing North Road, Beihu District, Chenzhou City, Hunan Province	Li Chenghong (李承洪)	0735-2291660
		Xiangtan Jianshe South Road Securities Branch	Wing building at the east end of the municipal State Taxation Bureau building, No. 280 Jianshe South Road, Yutang District, Xiangtan City	Hua Xin (華欣)	0731-55567633, 55567622
		Hengyang Jiefang Avenue Securities Branch	No. 8 Jiefang Avenue, Gaoxin District, Hengyang City, Hunan Province	Liu Xia (劉霞)	0734-8277202, 8213125
		Zhuzhou Changjiang South Road Securities Branch	No. 291 Changjiang South Road, Tianyuan District, Zhuzhou City, Hunan Province	Wu Shaojie (吳邵傑)	0731-22727630
		Hengyang Yancheng Road Securities Branch	No. 1 Yancheng Road, Yanfeng District, Hengyang City	Wang Zi (王梓)	0734-8213123
		Shaoyang Baoqing West Road Securities Branch	No. 81 Baoqing West Road, Daxiang District, Shaoyang City, Hunan Province	Liao Zhaoliang (廖照良)	0739-5022009
		Changsha Furong Middle Road Securities Branch	2F, Huasheng Building, No. 420 Section 3, Furong Middle Road, Changsha City, Hunan Province	Zhou Zhenwu (周振武)	0731-5233126

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
		Changde Renmin Road Securities Branch	No. 1888 Renmin Road, Guangmingxiang Community, Chengxi Rrepresentative office, Wuling District, Changde City, Hunan Province	Li Jun (李軍)	0736-7139103
		Zhuzhou Jianshe Middle Road Securities Branch	No. 40 Jianshe Middle Road, Lu Song District, Zhuzhou City, Hunan Province	Ceng Shanshan (曾山珊)	0731-28211608
		Yongzhou Meiwan Road Securities Branch	1F, No. 474 Meiwan Road, Lengshuitan District, Yongzhou City, Hunan Province (opposite to ABC Lengshuitan District Sub-branch)	Zhou Jingjie (周靖傑)	0746-8795521
		Zhangjiajie Ziwu Road Securities Branch	Room 106, Building 1, North Side of Ziwu East Road, Fengwan Neighborhood Committee, Chongwen Representative Office, Yongding District, Zhangjiajie City	Chen Kai (陳凱)	0744-8899900
		Huaihua Remin Road Securities Branch	2F, No. 21 Remin North Road, Hecheng District, Huaihua City, Hunan Province	Li Bing (李冰)	0745-2295521
		Yueyang Nanhu Avenue Securities Branch	No. 335 Nanhu Avenue, Yueyang City, Hunan Province	Wang Jingyang (王景楊)	0730-8383778
		Jishou Renmin Middle Road Securities Branch	No. 408 Renmin Middle Road, Qianzhou Representative Office, Jishou City, Hunan Province	Jia Chen (賈晨)	0743-2137666
		Yiyang Yiyang Avenue Securities Branch	Blocks 1 and 2, Mini Space, Zi Shan Lake New Town, Gaoxin District, Yiyang City, Hunan Province	Zhao Rongjuan (趙蓉娟)	0731-85233100
		Loudi Dixing Road Securities Branch	Rooms 1-213, 1-208 and 1-209, Building 004, Wanhao Urban Commercial Plaza of Dixing Road, Louxing District, Loudi City, Hunan Province	Li Yiming (李益明)	0738-8285521
		Changsha Yuelu Avenue Securities Branch	Rooms 1020 and 1021, Buildings 5 and 6, Greenland Times Square, No. 31 Yinshan Road, Yinpenling Street, Yuelu District, Changsha City, Hunan Province	Pi Guanya (皮冠雅)	13908479999

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Guizhou	5	Guiyang Zhonghua Middle Road Securities Branch	9F, 12F & 13F, Fenghui International Building, No.1 Zhonghua Middle Road, Guiyang City	Jin Shengce (金聖策)	4008510011
		Zunyi Kunming Road Securities Branch	Hangtian Luo Zhuang Podium 1-3F, Kunming Road, Huichuan District, Zunyi City	Su Dan (蘇丹)	4008510011
		Anshun Nanhua Road Securities Branch	No. 67 Nanhua Road, Xixiu District, Anshun City, Guizhou Province	Tang Fang (唐方)	4008510011
		Xingyi Ruijin Road Securities Branch	12F, Jinzhou Meifu West Building, the intersection of Ruijin Road & B4 Road, Jushan Committee, Xingyi City	Xie Xiaoyan (謝小豔)	4008510011
		Kaili Beijing West Road Securities Branch	5F, Oriental Culture Building, No. 25 Beijing West Road, Kaili City, Qiandongnan Miao Autonomous Region, Guizhou Province	Lu Zhongjian (盧忠健)	0855-8068333
Yunnan	8	Kunming Renmin Middle Road Securities Branch	No. 9-2 Renmin Middle Road, Kunming City, Yunnan Province	Su Haiyan (蘇海燕)	0871 -63196511
		Lijiang Fuhui Road Securities Branch	2F, Attached Building of ICBC Office Building, Fuhui Road, Ancient Town, Lijiang City	Dong Shicai (董詩才)	0888-5107096
		Gejiu Jinhu West Road Securities Branch	2F, Yunxi Jianshe Plaza, No. 304 Jinhu West Road, Gejiu City, Yunnan Province	Wang Zengxiang (王增祥)	0873-2156058
		Mang City Kuoshi Road Securities Branch	Nos. 64-3, 64-4 & 64-5 Kuoshi Road, Mang City	Zhu Xiang (朱翔)	0692-2138043
		Wenshan Dongfeng Road Securities Branch	2F, Building A, Guangda Commercial & Residential Building, Dongfeng Road, Kaihua Town, Wenshan City	Yang Peng (楊鵬)	0876-2130653
		Funing Wenti Road Securities Branch	Shop West No. 18, Leisure & Sports Centre, Wenti Road, Xinhua Town, Funing County, Wenshan Prefecture, Yunnan Province	Wang Chaoyang (王朝陽)	0876-6123616

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Chongqing	11	Qujing Cuifeng East Road Securities Branch	Podium 1F, Huibao Building, Cuifeng East Road, Qilin District, Qujing City, Yunnan Province	Hu Kai (胡凱)	0874-3955655
		Yuxi Yuxing Road Securities Branch	No. 72 Shanhu Road, Hongta District, Yuxi City, Yunnan Province	Yang Wei (楊威)	0877-2611217
		Chongqing Jiuchikan Securities Branch	1&2 F, Tai'an Building, No. 66 Jiuchikan, Yuzhong District	Zhang Jiapeng (張佳鵬)	023-63788888
		Chongqing Minsheng Road Securities Branch	5F, Minsheng Building, No. 181 Minsheng Road, Yuzhong District	Zhou Daqing (周大慶)	023-63708366、63708025
		Chongqing Zhongshan Three Road Securities Branch	No. 168 Zhongshan Three Road, Yuzhong District	He Xianyu (賀顯羽)	023-63860226
		Chongqing Wanzhou Xincheng Road Securities Branch	4F, No. 20 Xincheng Road, Wanzhou District, Chongqing City	Zhan Xinjian (詹新建)	023-58254788
		Chongqing Fengjie Securities Branch	1F, No. 139 Danzhou Road, Yongan Town, Fengjie County, Chongqing City	Xu Mingfei (許鳴飛)	023-56555266
		Chongqing Wushan Securities Branch	2F, Building No. 1, No. 80 Jingtang First Road, Wuxia Town, Wushan County	Chen Liang (陳亮)	023-57684443
		Chongqing Xinnan Road Securities Branch	No. 1, Unit 2, Buildings 4 & 5, Longhuiyuan, No. 285 Xinnan Road, Longshan Street, Yubei District, Chongqing City	Wang Huan (王歡)	023-67570668
		Chongqing Zhong Securities Branch	1&2 F, No. 21 Bridge Road, Zhongzhou Town, Zhong County, Chongqing City	Lv Yunwei (呂運偉)	023-54215998
		Chongqing Nanping Huigong Road Securities Branch	4F-01, No. 3 Huigong Road, Nanping Street, Nan'an District, Chongqing City	Zhang Tao (張濤)	023-62925821
Chongqing	2	Chongqing Jinyu Road Securities Branch	Podium Building 2-4-1, Qibo Building, No. 99 Jinyu Road, Jingkai Yuan, New Northern Zone, Chongqing City	Wang Juan (王雋)	023-67890515
		Chongqing Guanyin Bridge Pedestrian Street Securities Branch	Office Zone, Units 1-5, 18 F, Building 2, No. 16 Guanyin Bridge Pedestrian Street, Jiangbei District, Chongqing City	Shen Lijun (沈莉君)	023-67733383

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Shaanxi	6	Xi'an Dongguanzheng Street Securities Branch	World Trade Centre, No. 66 Dongguanzheng Street, Beilin District, Xi'an City	Hu Lei (胡磊)	029-82490033
		Xi'an Gaoxin Road Securities Branch	2E, Financial Business Centre, Telecom Plaza, No. 56 Gaoxin Road, Yanta District, Xi'an City	Gu Xin (顧鑫)	029-88304602
		Xianyang Century Avenue Securities Branch	No. 2-1-1 Business Street, Fengwei Jiayuan (Birchwood • Image), Century Avenue, Xixian Fengdong New Town, Shaanxi Province	Wen Quan (溫泉)	029-32065000
		Weinan Cangcheng Road Securities Branch	Room 801, Block A, Xinzhou Time Square, Cangcheng Road, Weinan City	Li Kai (李開)	0913-3033851
		Xi'an Wenjing Road Securities Branch	Room 10102, Unit 1, Building 23, No. 158 Fengcheng Eight Road, Economic & Technological Development Area, Xi'an City	Yan Honglin (閻泓霖)	029-62736855
		Xi'an Yanzhan Road Securities Branch	1F, Room 10106, Unit 1, Building 1, Overseas Chinese Town Tianebao, No. 463 Yanzhan Road, Yanta District, Xi'an City	Wang Yi (王怡)	029-61819280
		Lanzhou Jiuquan Road Securities Branch	No. 215 Jiuquan Road, Chengguan District, Lanzhou City	Lu Xin (魯欣)	0931-8462115
		Lanzhou Donggang West Road Securities Branch	Chunfeng Plaza, No. 561 Donggang West Road, Chengguan District, Lanzhou City	Liu Zhe (劉喆)	0931-8874385
Gansu	9	Lanzhou Fuli West Road Securities Branch	Building 136, Lanzhou Shihua Block 15, No. 305 Fuli West Road, Xigu District, Lanzhou	Chen Ye (陳燁)	0931-7538817
		Tianshui Jianshe Road Securities Branch	No. 42 Jianshe Road, Qinzhou District, Tianshui City, Gansu Province	Liu Chen (劉琛)	0938-8220068
		Jiuquan South Avenue Securities Branch	No. 1 South Avenue, Jiuquan City	Ding Xiaolin (丁小林)	0937-2662699
		Dunhuang Yangguan Middle Road Securities Branch	No. 1 Yangguan Middle Road (2F & 3F), Shazhou Town, Dunhuang City, Jiuquan City	Li Penggang (李鵬剛)	0937-8829460

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Geographic area (provinces, cities and autonomous regions)	Number of securities branches	Names of securities branches	Address of securities branches	Person-in-charge	Contact number
Xinjiang	3	Jiayuguan Xinhua Middle Road Securities Branch	South Shop 1F, No. 565 Xinhua Middle Road, Jiayuguan City, Gansu Province	Zhou Yani (周雅妮)	0937-6235879
		Zhangye Xianfu South Street Securities Branch	No. 188 Xianfu South Street, Ganzhou District, Zhangye City, Gansu Province	Wang Yanjun (王燕軍)	0936-8237274
		Qingyang Anding East Road Securities Branch	Shop 108, 1-2F, Tower A, Dijinghaoting, Anding East Road, Xifeng District, Qingyang City, Gansu Province	Yang Qing (楊青)	0934-8609909
		Urumqi Xinhua North Road Securities Branch	1-2F, Building 1, No. 256 Xinhua North Road, Urumqi	Lu Hailong (盧海龍)	0991-2329255
		Changji City Wuyi West Road Securities Branch	1-2F, Shop 150 (Building 103, Block 2, District 40) nearby the passenger station, South of Wuyi West Road, Changji City, Changji Prefecture, Xinjiang	Wang Gang (王剛)	0994-2349196
		Urumqi Hebei East Road Securities Branch	No. C-17 Pedestrian Street, Stage II, Kangchengguoling, No. 966 Hebei East Road, High-tech District, Urumqi City, Xinjiang	Qian Lei (錢磊)	15099325552
Qinghai	1	Xining Shengli Road Securities Branch	1&4F, Building No. 1, No. 1 Shengli Road, Chengxi District, Xining City	Xu Kai (許凱)	0991-2839659
Ningxia	1	Yinchuan Jiefang West Street Securities Branch	East of 18F, Ginza, Jianfa Modern City, No. 31 Jiefang West Street, Xingqing District, Yinchuan City	Kou Jianbo (寇劍波)	0951-5139977

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2. SECURITIES BRANCHES OF SHANGHAI SECURITIES

Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Shanghai	34	Jing'an Nanjing West Road Securities Branch	22F, No. 758 Nanjing West Road, Jing'an District, Shanghai City	Shao Jie (邵捷)	021-62470279
		Buzhen Securities Branch	No. 378 Buzhen Middle Road, Buzhen, Chongming County, Shanghai City	Ni Weikai (倪衛凱)	021-59421582
		Chongming Securities Branch	No. 177 Dongmen Road, Chengqiao Town, Chongming County	Fei Min (費敏)	021-69613311
		Gao'an Road Securities Branch	No. 107 Gao'an Road, Xuhui District, Shanghai City	Xue Ni (薛旎)	021-64373480
		Hongkou Xinshi Road Securities Branch	Rooms 103 and 203, No. 228 Xinshi Road, Hongkou District, Shanghai City	Deng Boxiong (鄧伯雄)	021-65440007
		Baoshan Youyi Road Securities Branch	Rooms 105, 106, 107, 306, 312 and 313, No. 1506 Youyi Road, Baoshan District, Shanghai City	Li Jing (李菁)	021-56932790
		Jiading Securities Branch	No. 156 Qinghe Road, Jiading District	Wang Tao (王濤)	021-59927997
		Jinshan Securities Branch	3F, No. 10 Lane 939, Shihua Mengshan Road, Jinshan District, Shanghai City	Lu Hao (盧浩)	021-60892201
		Jiujiang Road Securities Branch	Nos. 41 and 47 Jiujiang Road	Zhang Guofa (張國發)	021-68380025
		Linping Road Securities Branch	2F, No. 19 Linping North Road, Shanghai City	Chen Ji (陳冀)	021-65214658
		Miaojing Road Securities Branch	No. 829 Miaojing Road, Pudong New Area	Gong Zhehao (龔哲浩)	021-58903018
		Tianshan Road Securities Branch	4F, No. 919 Tianshan Road, Shanghai City	Tang Hua (唐華)	021-62336196
		Nanqiao Securities Branch	Nos. 9707-9719 Nanfeng Road, Nanqiao Town, Fengxian District, Shanghai City	Pan Shengzhong (潘勝忠)	021-57422933
		Tibet South Road Securities Branch	No. 889 Tibet South Road, Shanghai City	Yi Weixiong (易偉雄)	021-63453130
		Shangcheng Road, Securities Branch	Flat A, 1&2F, No. 373 Shangcheng Road, the China (Shanghai) Pilot Free Trade Zone	Zhang Weihua (張衛華)	021-58880271

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Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		Yanchang West Road Securities Branch	No. 80 Yanchang West Road, Shanghai City	Duan Haidong (段海東)	021-56953225
		Qingpu Securities Branch	No. 566 Chengzhong East Road, Qingpu Town, Qingpu District	Hou Jiangtao (侯江濤)	021-59729992
		Ledu Road Securities Branch	5-6F, No. 251 Ledu Road, Songjiang District, Shanghai City	Yu Jingtao (于靜濤)	021-57823703
		Zhoupu Securities Branch	No. 388 Nianjiabang Road, Zhoupu Town, Pudong New Area	Hu Hongrui (胡弘睿)	021-58110508
		Zhabei North Suzhou Road Securities Branch	Unit 410, No. 1056 North Suzhou Road, Zhabei District, Shanghai City	Liu Haihao (劉海浩)	021-56666269
		Xiangyang North Road Securities Branch	No. 27 Xiangyang North Road	Lin Mingkang (林明康)	021-54034465
		Xinzhuan Securities Branch	No. 319 Xinxi Road, Minhang District	Hu Xiaoyong (胡曉鏞)	021-64923077
		Hongmei Road Securities Branch	No. 3309 Hongmei Road, Shanghai City	Chen Zhiqing (陳智慶)	021-64469598
		Pingshun Road Securities Branch	No. 108 Pingshun Road	Yu Lin (于林)	021-56911405
		Datong Road Securities Branch	1-2F, Building B, 988 Datong Road, Zhabei District, Shanghai City	Ji Dongming (姬東明)	021-56557590
		Fengxian Huhang Highway Securities Branch	Rooms 2001 and 2002, 2F, Building 2, Lane 228, Huhang Highway, Fengxian District, Shanghai City	Li Bin (李冰)	021-60753818
		Dingxi Road Securities Branch	Rooms 305-310, North Wing, Building 12, No. 1122 Dingxi Road, Changning District, Shanghai City	Wang Haidong (汪海東)	021-62523182
		Jiuting Securities Branch	3F, No. 289-1 Jiuxin Road, Jiuting Town, Songjiang District, Shanghai City	Mo Yichong (莫一冲)	021-33730733
		Qingpu Mingzhu Securities Branch	No. 145 Mingzhu Road, Xujing Town, Qingpu District, Shanghai City	Zhu Fuyuan (朱福元)	021-69760705
		Yangpu Yulin Road Securities Branch	1F, No. 825 Yulin Road, Yangpu District, Shanghai City	Zhao Xiaoli (趙曉曆)	021-55270081

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Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Beijing	3	Gulang Road Securities Branch	1-2F, Nos. 806 and 808 Gulang Road, Sijing Town, Songjiang District, Shanghai City	Chen Wei (陳偉)	021-57799100
		Songjiang Xinzhuan Road Securities Branch	Room 102, No. 668 Xinzhuan Road, Songjiang District, Shanghai City	Wang Yi (王毅)	021-33551177
		Baoshan Yueluo Road Securities Branch	No. 253 and No. 20 Lane 249, Yueluo Road, Baoshan District, Shanghai City	Yang Xudong (楊旭東)	021-56870833
		Baoshan Huaqiu Road Securities Branch	No. 8 Lane 58, Huaqiu Road, Baoshan District, Shanghai City	Cao Qiwei (曹琦瑋)	021-56673567
		Beijing Wanshou Road Securities Branch	Building 14, Cuiwei Zhongli Wanshou Road, Haidian District, Beijing City	Wang Yu (王禹)	010-68254022
		Beijing Hepingli North Street Securities Branch	1F, Hepingli Hotel, Building 16, Hepingli North Street, Dongcheng District, Beijing City	Zhang Haoyu (張皓宇)	010-84085502
		Beijing Chaoyang Hongyan Road Securities Branch	Shop 06, 1F, Building 5, Zhouzhuang Shanshuiwen Garden Chaoyang District, Beijing City	Zhang Xintang (張新堂)	010-67301198
		Tianjin Youyi Road Securities Branch	505, Block B, Da'an Building, Intersection of Youyi Road and Pingjiang Avenue, Hexi District, Tianjin City	Zi Lijuan (訾麗娟)	022-88270976
		Nanjing Jiangdong North Road Securities Branch	Room 1701, No. 289 Jiangdong North Road, Gulou District, Nanjing, Jiangsu Province	Lv Meimei (呂梅梅)	025-86267397
Jiangsu Province	7	Nanjing Shengtai Road Securities Branch	Room 301, Huijin Qilin Building, No. 6 Shengtai Road, Jiangning Economic and Technological Development Zone, Nanjing, Jiangsu Province	Wu Peng (吳鵬)	025-52768883
		Nanjing Lishui Zhiyuan Road Securities Branch	Room 110, Buiding 2, Kang Li Hua Fu, No. 68 Zhiyuan Road, Lishui, Nanjing	Chen Wenjie (陳文捷)	025-56218955

Appendix III Basic Information of Securities Branch

Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		Suzhou Ganjiang West Road Securities Branch	No. 456 Ganjiang West Road, Suzhou, Jiangsu Province	Peng Hongbin (彭洪斌)	0512-65580677
		Suzhou Wujiang LiuHong Road Securities Branch	No. 70 LiuHong Road, Songling Town, Wujiang District, Suzhou, Jiangsu Province	Sun Jie (孫潔)	0512-63185869
		Suzhou Wuzhong Fengjin Road Securities Branch	Room 109, Building 7, Dongwu Lvjun Gardon, Chengnan Street, Wuzhong Economic Development Zone, Suzhou	Chen Hong (陳宏)	18913556258
		Yangzhou Guangling Wenchang Central Road Securities Branch	Room 110, Huatai Shouxi Guoji Building, No. 8 Wenchang Central Road, Guangling District, Yangzhou City	Liu GuanJun (劉官軍)	18652775166
		Chongqing Nancheng Avenue Securities Branch	12/F, Zhenglian Building, No. 199 Nancheng Avenue, Nanping Street, Nan'an District, Chongqing	Li Yifeng (李毅鋒)	023-62988805
Jiangxi Province	1	Nanchang Minde Road Securities Branch	No. 349 Minde Road, Donghu District, Nanchang, Jiangxi Province	Cai Qing (蔡青)	0791-86799787
Guangdong Province	5	Shenzhen Fuhong Road Securities Branch	Room 503C, World Trade Plaza, Fuhong Road, Futian District, Shenzhen	Qiu Gang (仇剛)	0755-83003113
		Shenzhen Mintian Road Securities Branch	Room 1103-1106, Huarong Building, No. 178 Mintian Road, Futian Street, Futian District, Shenzhen	Yang Dongyun (楊東雲)	0755-83298561
		Guangzhou Yuan Village Erheng Road Securities Branch	South of 4th floor, Tianhe City Plaza, No. 2 Lanting Street, Erheng Road, Yuan Village, Tianhe District, Guangzhou, Guangdong Province	Chen Lilin (陳麗琳)	020-85572298
		Shenzhen Nanshan Houhai Avenue Securities Branch	Room 1907&1908, Tianli Central Business Square, east of Houhai Avenue, Yuehai Street, Nanshan District, Shenzhen City	Deng Kaishan (鄧愷汕)	0755-86547648
		Foshan Chancheng Jihua 5th Road Securities Branch	No. 612-613, No. 55 Jihua 5th Road, Chancheng District, Foshan City	Chen Liping (陳麗蘋)	13600303000

Appendix III Basic Information of Securities Branch

Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Zhejiang Province	19	Hangzhou Jiefang Road Securities Branch	9/F, No. 85 Jiefang Road, Hangzhou, Zhejiang Province	Wang Zhou (王洲)	0571-87169605
		Hangzhou Wen'er Road Securities Branch	16/F, Block A, West Lake International Science and Technology Building, No. 391 Wen'er Road, Hangzhou, Zhejiang Province	Fu Peijun (傅培軍)	0571-88994523
		Jiaxing Zhongshan West Road Securities Branch	11/F, West Side of Xingye Building, No. 299 Zhongshan West Road, Jiaxing, Zhejiang Province	Fei Jinxing (費金星)	0573-82113558
		Taizhou Donghuan Avenue Securities Branch	Shop 4049, Junyue Building, 1/F, No. 222 & 224 Donghuan Avenue, Taizhou, Zhejiang Province	Yang Min (楊旻)	0576-88825988
		Wenzhou Xiechi Mall Securities Branch	1-2/F, Towers C & D, Xiechi Mall, Renmin East Road, Lucheng District, Wenzhou	Han Xuejun (韓學軍)	0577-88835658
		Aojiang Xing'ao Central Road Securities Branch	3-4/F, No. 342 Xing'ao Central Road, Aojiang Town, Pingyang County, Wenzhou, Zhejiang Province	Jiang Feng (江楓)	0577-63196319
		Wenzhou Yuele West Street Securities Branch	Room 113, 114 and 206, Building 1, Yuele Nanyuan, Wutian Street, Ouhai District, Wenzhou	Zhang Sheng (張盛)	0577-88595508
		Wenzhou Yongzhong West Road, Securities Branch	Room 116 & 117, Building 1-6, Wan Xin Jin Yuan, Yongzhong Street, Longwan District, Wenzhou	Zhu Limin (祝立敏)	0577-86882921
		Yueqing Xuyang Road Securities Branch	Room 103, Building 21, Xuyang Community, Chengnan Street, Yueqing	Lin Lijun (林麗君)	0577-62578208
		Yueqing Liushi Huifeng Road Securities Branch	6/F of Agricultural Bank Building and 1/F of Agricultural Bank Ancillary Building, No.1 Huifeng Road, Liushi Town, Yueqing, Zhejiang Province	Yu Changqi (余常其)	0577-62728573
		Yueqing Hongqiao Feihong South Road Securities Branch	No. 223, Feihong South Road, Hongqiao Town, Yueqing, Zhejiang Province	Zhao Zhangyi (趙章益)	0577-62373360
		Rui'an Luoyang Avenue Securities Branch	1-2/F, Street Shops of Building 3, Jingdu Garden, No. 1096-1112 Luoyang Avenue, Anyang Street, Rui'an, Zhejiang Province	Qian Xinyun (錢新雲)	0577-65801119

Appendix III Basic Information of Securities Branch

Geographic area	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		Rui'an Tangxia Avenue Securities Branch	1-2/F, North Side of Complex Building of Hong Xu Group Co., Ltd., Tangxia Avenue, Tangxia Town, Rui'an, Zhejiang Province	Ye Jianyu (葉建餘)	0577-66070689
		Wenzhou Yongjia Huancheng West Road Securities Branch	No. 332-334 Huancheng West Road, Dongcheng Street Yongjia County, Wenzhou, Zhejiang Province	Jiang Fan (江帆)	0577-67911930
		Wenzhou Cangnan Longgang Avenue Securities Branch	Room 101-102, Unit 1, Xinhua Building, Longgang Avenue, Longgang Town, Cangnan County, Wenzhou, Zhejiang Province	Zheng Weiqiang (鄭偉強)	0577-68097188
		Taizhou Luqiao East Luqiao Avenue Securities Branch	1/F, No. 399 East Luqiao Avenue, Luqiao District, Taizhou City, Zhejiang Province	Jin Xin (金鑫)	0576-82558918
		Taizhou Wenling Renmin East Road Securities Branch	1-2F, No. 136 Renmin East Road, Taiping Street, Wenling City, Taizhou City, Zhejiang Province	Wang Zhengfeng (王崢鋒)	18858805000
		Shaoxing Xinchang Renmin West Road Securities Branch	1-2F, No. 3-3 Renmin West Road, Nanming Street, Xinchang County	Yu Feng (俞鋒)	13757562333
		Jinhua Yiwu Chouzhou North Road Securities Branch	1 & 3/F, No. 783 Chouzhou North Road, Futian Street, Yiwu City, Zhejiang Province	Lou Wencai (樓文才)	18457939666
Hainan Province	1	Haikou Jinlong Road Securities Branch	Room 902, 9/F, Wan Li Long Business Building, No. 51 Guomao Jinlong Road, Longhua District, Haikou, Hainan Province	Liu Xiuzhen (劉秀貞)	0898-68535698
Fujian Province	1	Fuzhou Wusi Road Securities Branch	2/F, Yifa Building, No. 111 Wusi Road, Fuzhou, Fujian Province	Ke Yurong (柯玉蓉)	0591-87879209
Liaoning Province	1	Dalian Minzhu Plaza Securities Branch	No. 8 Minzhu Plaza, Zhongshan District, Dalian, Liaoning Province	Sun Xinzhu (孫馨竹)	0411-82531939

Appendix III Basic Information of Securities Branch

3. FUTURES BRANCHES OF GUOTAI JUNAN FUTURES

Geographic area (provinces, cities and autonomous regions)	Number of futures branches	Names of futures branches	Address of futures branches	Person-in-charge	Contact number
Shanghai	3	Shanghai City Guobin Road Futures Branch	Rooms 1607 and 1608, No. 36 Guobin Road, Yangpu District, Shanghai City	Chen Yunjing (陳蘊菁)	021-55892980
		Shanghai Zhongshan North Road Futures Branch	Unit 507 & 508, 5/F, No. 3000 Zhongshan North Road, Putuo District, Shanghai	Shen Yiping (沈益平)	021-32522838
		Shanghai Futures Building Futures Branch	Room 2001B, Futures Building, No. 300 Songlin Road, China (Shanghai) Pilot Free Trade Zone	Jiang Tao (江濤)	021-68402110
Shenzhen	1	Shenzhen Futures Branch	Room 1502, 1503 and 1504, New World Center, Yitian Road West and Fuzhong Road North, Lianhua Street, Futian District, Shenzhen City	Chen Xiongying (陳雄英)	0755-23982567
Tianjin	1	Tianjin Futures Branch	6/F, Hong Kong and Macao Building, No. 18, Zhengzhou Road, Heping District, Tianjin	Wang Yigang (王毅崗)	022-23304929
Beijing	1	Beijing Futures Branch	Unit 06, 7/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing	Wei Wen (魏文)	010-58795766
Zhejiang Province	2	Hangzhou Futures Branch	Room 501-B, Unit 1, Building 6, Fanhai International Center, No. 185, Wuxing Road, Jianggan District, Hangzhou, Zhejiang Province	Wei Ye (魏業)	0571-86921029
		Ningbo Futures Branch	No. 4 <6-1> Lane 999, Yangfan Road, High-tech Zone, Ningbo	Jiang Bo (江波)	0574-87816661

Appendix III Basic Information of Securities Branch

Geographic area (provinces, cities and autonomous regions)	Number of futures branches	Names of futures branches	Address of futures branches	Person-in-charge	Contact number
Jilin Province	1	Changchun Futures Branch	Room 2302 & 2303, Building 1, Phase II, Chuan Yu Hong Tai International World Trade Center, Jingyue Development Zone, Changchun City, Jilin Province (Lease Term to 2021-10-10)	Qin Zhiguo (秦志國)	0431-88515559
Guangdong Province	1	Guangzhou Futures Branch	Room 1102, No. 10 Huaxia Road, Tianhe District, Guangzhou City	Li Hui (李暉)	020-38628582
Liaoning Province	1	Dalian Futures Branch	Room 2703, Dalian Futures Building, Block A, Dalian International Financial Center, No.129, Huizhan Road, Shahekou District, Dalian, Liaoning Province	Wang Wei (王偉)	0411-84807767
Henan Province	1	Zhengzhou Futures Branch	Room 805, Futures Building, No. 30 Shangwu Waihuan Road, Zhengdong New Area, Zhengzhou	Liang Bin (梁彬)	0371-65600699
Jiangsu Province	1	Nanjing Futures Branch	Room 11, 18/F, Block B, Office Tower 2, Nanjing Xindi Center, Block of Hexi Business Center, Jianye District, Nanjing	Cao Xianghui (曹祥輝)	025-87780996
Shandong Province	1	Qingdao Futures Branch	Room 501, 5/F, Jiezheng Wealth Center, No. 195 Hong Kong East Road, Laoshan District, Qingdao, Shandong Province	Xu Yang (許陽)	0532-80993639
Hubei Province	1	Wuhan Futures Branch	Office (5), 40/F, Zheshang Building, No. 718 Jianshe Avenue, Jiang'an District, Wuhan	Ma Zhongqiang (馬忠強)	027-82883009

Appendix III Basic Information of Securities Branch

4. FUTURES BRANCHES OF HICEND FUTURES

Geographic area	Number of futures branches	Names of futures branches	Address of futures branches	Person-in-charge	Contact number
Shanghai	1	Shanghai Lujiazui Futures Branch	Room 2101 & 2108, No. 707 Zhangyang Road, China (Shanghai) Pilot Free-Trade Zone	Chen Jiajie (陳佳傑)	021-68771290
Hunan	1	Changsha Futures Branch	Room B2108 & B2109, No. 458 South Lake Road, Pengxin Building Tianxin District, Changsha City, Hunan Province,	Xia Lilian (夏麗蓮)	18975171180
Sichuan	1	Chengdu Futures Branch	Room 811, 8/F, Unit 2, Building 5, No. 8 Liuli Road, Jinjiang District, Chengdu	Zhang Jingya (張婧雅)	028-65103816
Jiangsu	1	Suzhou Futures Branch	Room 04, 12/F, Block A, Building 58, Suzhou Center Plaza, Suzhou Industrial Park	Zhao Zuoyin (趙作銀)	0512-81880109

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

1. THE COMPANY

1) Newly-established securities branches:

No.	Names of newly-established securities branches	Locations of newly-established securities branches	Permit issuing date
1	Fuyang Huaihe Road Securities Branch	Room 108 & 109, Commercial and Commercial Building 2#, Tian Zhu Yi Jing, No. 666 Huaihe Road, Jingjiu Office, Fuyang Development Zone	14 August 2017
2	Beijing Anzhen Men Securities Branch	Unit 105, 1/F, Building 9, Court 5, Anding Road, Chaoyang District, Beijing City	2 August 2017
3	Beijing Wangjing Futong East Street Securities Branch	101A of 101 and 105A of 105, Building 12, Futong East Street, Chaoyang District, Beijing City	18 September 2017
4	Beijing Suzhou Bridge Securities Branch	105A and 106A, 1/F, Xihai International Center, Court 99, North Third Ring West Road, Haidian District, Beijing City	31 July 2017
5	Ningde Qiao Xing Road Securities Branch	2-3/F, Shop 110, Building 17, Ningde Wanda Plaza, No. 1 Tianhu East Road, Jiaocheng District, Ningde City, Fujian Province	28 August 2017
6	Xiamen International Financial Centre Securities Branch	Unit 2402, 24/F, Xiamen International Financial Centre, No.82 Zhanhong Road, Lianqian Street, Siming District, Xiamen City	11 July 2017
7	Qingyang Anding East Road Securities Branch	Shop No. 108, 1-2F, Tower A, Dijinghaoting, Anding East Road, Xifeng District, Qingyang City, Gansu Province	13 June 2017
8	Foshan Nanhai Avenue Securities Branch	Shop 12, Nanhai Avenue, South Area of Liyayuan, No.33 Nanhai Avenue North, Guicheng, Nanhai District, Foshan City	1 September 2017
9	Guangzhou Hanxing Middle Road Securities Branch	No. 19, 21 & 2/F, 23, Hanxing Middle Road, Zhongcun Street, Panyu District, Guangzhou	15 September 2017
10	Guangzhou Shanxiang Road Securities Branch	Room 117, 118, 128, 129 & 130, G/F, No.5 Shanxiang Road, Huangpu District, Guangzhou City	1 September 2017

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of newly-established securities branches	Locations of newly-established securities branches	Permit issuing date
11	Heyuan Yuewang Avenue Branch	Room D105 & D106, Building D, Liyuan Shijinianhua, Huangsha Avenue West, Weishier Road South, Dongchengxipian District, New City District, Heyuan City	1 September 2017
12	Huizhou Wenchangyi Road Securities Branch	Shop 1101, 1102 & 1103, Building A5, Dihaoxuan, Dijingwan, No.1 Wenchangyi Road, Jiangbei Street, Huizhou City	14 August 2017
13	Qingyuan Jingfu Road Securities Branch	One of Shop 01, 02 & 27, G/F, Chaonan International Business Centre, No.27 Jingfu Road, Xincheng, Qingyuan City	18 September 2017
14	Hengshui Renmin West Road Securities Branch	No.109 Commercial Unit, 1-2/F, Building 1, Jincheng Huafu, No.567 Renmin West Road, Taocheng District, Hengshui City, Hebei Province	28 August 2017
15	Zhengzhou Jinshui East Road Securities Branch	West lobby, 1F, Tower A, Central Publication Building, No.39 Jinshui East Road, Zhengzhou Area (Zhengdong), Pilot Free Trade Zone, Henan Province	13 June 2017
16	Wuhan Xudong Street Securities Branch	1/F and 7/F, 137 Xudong Street, Hongshan District, Wuhan City	20 July 2017
17	Changsha Yuelu Avenue Securities Branch	Nos. 1020&1021, Buildings 5&6, Greenland Times Square, No.31 Yinshan Road, Yinpenling Street, Yuelu District, Changsha City, Hunan Province	30 June 2017
18	Changshu Huanghe Road Securities Branch	Rooms 105&112&113, Tower 1, Building 1-4, HSBC Times Square, No. 22 Huanghe Road, Changshu City	14 August 2017
19	Jiangyin Huancheng North Road Securities Branch	Room 1502, 1503, No. 27 Huancheng North Road, Jiangyin City	30 August 2017
20	Kunshan Qianjin Middle Road Securities Branch	10/F, International Building, No. 167 Qianjin Middle Road, Development Zone, Kunshan City	30 August 2017

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of newly-established securities branches	Locations of newly-established securities branches	Permit issuing date
21	Nanjing Lushan Road Branch	Room 303, No. 94 Lushan Village, Jianye Country, Nanjing City, Jiangsu Province	5 September 2017
22	Suzhou Shishan Road Branch	Room 902-905, Building 8, Paradise Walk, Shishan, Shishan Road, High-tech Zone, Suzhou City	5 September 2017
23	Wuxi Renmin Middle Road Securities Branch	Room 2510-2511, 25/F, Tower 1, Wuxi Henglong Square Office Building, No. 139 Renmin Middle Road, Liangxi District, Wuxi City	24 August 2017
24	Shenyang Beier East Road Securities Branch	No.22 (No. 9 Gate), Beier East Road, Tiexi District, Shenyang City, Liaoning Province	13 June 2017
25	Jinzhong Xinjian North Road Securities Branch	No.46 Xinjian North Road, Yuci District, Jinzhong City, Shanxi Province	24 August 2017
26	Xi'an Yanzhan Road Securities Branch	1F, Room 10106, Unit 1, Building 1, Overseas Chinese Town Tianebao, No. 463 Yanzhan Road, Yanta District, Xi'an City	30 June 2017
27	Shenzhen Baoan Unicenter Securities Branch	Shops 18-22, Haili Road, South District, Unicenter, No. 99 Xinhua Road, Xinan Street, Baoan District, Shenzhen City	11 July 2017
28	Shenzhen Fuming Road Securities Branch	2C, No. 196 Fuming Road, Fubao Street, Futian District, Shenzhen City	24 August 2017
29	Shenzhen Shennan Road CR City Securities Branch	Room 1302A, Building 1, Tower 1, Dachong Business Center, No. 9680 Shennan Road, Yuehai Sub-district, Nanshan District, Shenzhen City	18 September 2017
30	Shenzhen Longgang Avenue Securities Branch	No. 1B-1, Huifengxuan, No. 6006 Longgang Avenue, Longgang Sub-district, Longgang District, Shenzhen City	30 June 2017
31	Shenzhen Meilin Road Securities Branch	No. 1006, Tower B, Zhuoyue Meilin Center Square (South Area), Meilin Road, Meilin Sub-district, Futian District, Shenzhen City	30 June 2017

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of newly-established securities branches	Locations of newly-established securities branches	Permit issuing date
32	Mianyang Jiannan Road Securities Branch	No. 3, 2/F, Tower 2, Fulin Oriental Plaza, No. 8 West Section of Jiannan Road, Fucheng District, Mianyang City	11 July 2017
33	Nanchong Beihu Road Securities Branch	Sub No. 2, 3 and 4, No. 99 Beihu Road, Shunqing District, Nanchong City	11 July 2017
34	Xichang Hangtian Avenue Securities Branch	1/F, Liangshan Guotou Building, 4th Section of Hangtian Avenue, Xichang City	20 July 2017
35	Yuxi Yuxing Road Securities Branch	B12, Tower B, Zhicheng Building, Yuxing Road, Hongta District, Yuxi City, Yunnan Province	20 July 2017
36	Cixi Kaifa Avenue Securities Branch	No. 200 Kaifa Avenue (1F of south section of Zhongyi Building), Gutang Street, Cixi City, Ningbo, Zhejiang Province	24 August 2017
37	Hangzhou Binjiang Science and Technology Museum Street Securities Branch	Room 101, Kai Rui Jin Zuo, No. 1505 Science and Technology Museum Street, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province	5 September 2017
38	Wenling Wanchang Central Road Securities Branch	1/F of No. 18 and 20, Room 201 of No. 18 and Room 201 of No.20, Wanchang Central Road, Taiping Street, Wenling City, Taizhou, Zhejiang Province	30 August 2017
39	Ruian Xinyang Avenue Securities Branch	No. 380-386 Xinyang Avenue, Xinsheng Street, Rui'an City, Wenzhou, Zhejiang Province (West Side of Shops, 1/F, Building 2, Jin Yang Jia Yuan)	18 September 2017
40	Chongqing Guanyin Bridge Pedestrian Street Securities Branch	Office Zone, Units 1-5, 18 F, Building 2, No. 16 Guanyin Bridge Pedestrian Street, Jiangbei District, Chongqing City	28 August 2017

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

2) Relocated branch offices and securities branches:

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Shandong Branch Office	Shandong Branch Office	5F, Building 1, Longao Jinzuo Office Building, No. 8000 Jingshi Road, Lixia District, Jinan City
Minqing Meicheng Street Securities Branch	Minqing Meicheng Street Securities Branch	Shops 13, 1F& 13F, 2F, Building No.2, Hengxianguancheng, No. 2 Tianxing Street, Meicheng Town, Minqing County, Fuzhou City, Fujian Province
Changzhou Guanghua Street Securities Branch	Changzhou Yanling Middle Road Securities Branch	No. 29-1 Yanling Middle Road, Tianning District, Changzhou City
Xiangyang Dongfeng Motor Avenue Securities Branch	Xiangyang Dongfeng Motor Avenue Securities Branch	2/F, Financial Building, Dongfeng Motor Avenue, Gaoxin District, Xiangyang City
Nanjing Taiping South Road Securities Branch	Nanjing Taiping South Road Securities Branch	No. 371 Taiping South Road, Qinhuai (1-3/F of Nanjing Liangshi Building)
Guangdong Branch Office	Guangdong Branch Office	Units 2602 & 2603, R&F Center, No. 10 Huaxia Road, Zhujiang Xincheng, Tianhe District, Guangzhou City
Ningbo Caihong North Road Securities Branch	Ningbo Caihong North Road Securities Branch	No. 97, Caihong North Road, Yinzhou District
Tianjin Branch Office	Tianjin Branch Office	Units 07-09, 42F, Surveying and Mapping Level, Jinta Office Building, Tianjin Worldwide Finance Center, No.2 Dagou North Road, Xiaobailou, Heping District, Tianjin City
Quzhou Tonghe Road Securities Branch	Quzhou Hehua Central Road Securities Branch	No. 63-5, Hehua Central Road, Quzhou City, Zhejiang Province
Panjin Linfeng Road Securities Branch	Panjin Xinglongtai Street Securities Branch	No. 02, Building 0001, Xinyihe Community Shangwang, Zhenxing Area, Xinglongtai District, Panjin City
Shenzhen Sungang Road Securities Branch	Shenzhen Xiangmihu Road Securities Branch	Unit B1, 44F, NEO Building, intersection of Shennan Road and Tairan Road, Shatou Street, Futian District, Shenzhen City
Xuzhou Jiefang Road Securities Branch	Xuzhou Heping Road Securities Branch	Nos. 102-1&505-511&513&514, Wen Yuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City
Siping Central East Road Securities Branch	Siping Central West Road Securities Branch	No. 58 Central West Road, Renxing Street, Tiexi District, Siping City, Jilin Province

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Chenzhou Guoqing North Road Securities Branch	Chenzhou Guoqing North Road Securities Branch	6F, Wealth Center, left to 1F of office building of ICBC Beihu Sub-branch, No.3 Guoqing North Road, Beihu District, Chenzhou City, Hunan Province
Shunde Daliang Securities Branch	Shunde Daliang Securities Branch	Office Building 1&2, 2F, Tower B, Guangdeye Building, No. 1 Dongle Road, Daliang Central Neighborhood Committee, Shunde District, Foshan City, Guangdong Province
Jiujiang Shili Road Securities Branch	Jiujiang Shili Road Securities Branch	No. 1299, Shili Road, Lianxi District, Jiujiang City, Jiangxi Province
Chifeng Gangtie Street Securities Branch	Chifeng Xar Moron Street Securities Branch	No. 03015-03016, Building 5, Plot A, Wanda Plaza, North of Xar Moron Street, Hongshan District, Chifeng City, Inner Mongolia Autonomous Region
Xingyang Wanshan Road Securities Branch	Xingyang Guotai Road Securities Branch	Southeast corner of Guotai Road and Sangong Road intersection, Xingyang City
Shenzhen Shennan Boulevard Kingkey 100 Securities Branch	Shenzhen Shennan Boulevard Kingkey 100 Securities Branch	Unit 2801-02, 28/F, Tower A, Kingkey 100 Building, 5016 Shennan East Road, Guiyuan Sub-district, Luohu District, Shenzhen City
Chengdu Shuncheng Avenue Securities Branch	Chengdu Shuncheng Avenue Securities Branch	1/F, 2/F and 3/F, Shuncheng Building, No. 229 Shuncheng Avenue, Qingyang District, Chengdu City
Anhui Branch Office	Anhui Branch Office	Rooms 2501,2510,2511 and 2512, AHCOF International Trade Center, Intersection of South Second Ring Road and Jinzhai Road, Shushan District, Hefei City
Nanjing Minzu Avenue Securities Branch	Nanjing Minzu Avenue Securities Branch	Room 2501, 2502, 2503&2505, Office Building, Block A, Yongkai Chunhui Garden, No. No.137 Minzu Avenue, Qingxiu District, Nanjing City
Zibo New Village West Road Securities Branch	Zibo Liuquan Road Securities Branch	Nos. 010105, 010106 & 010107, Zibo Pancheng Commerce Shopping Plaza, West of Liuquan Road and South of Liantong Road, Zhangdian District, Zibo City, Shandong Province
Shenzhen Shennan East Road Securities Branch	Shenzhen Bihai Boulevard VC & PE Buidling Securities Branch	Room 02-06, 07/F, Shenzhen Bay VC & PE Building, 1001 Keyuan Road, Yuehai Sub-district, Nanshan District, Shenzhen City

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Guangzhou Fuchang Road Securities Branch	Guangzhou Xingang East Road Securities Branch	No. 05, 101/F, No. 51, 53, 55 Xingang East Road, Haizhu District, Guangzhou City
Shenzhen Longhua Meilong Central Road Securities Branch	Shenzhen Longhua Unitown Securities Branch	Shops L1-005 006, L2-001 and L1-013/L2-007.008, Uniworld LIFE Plaza, No. 1111 Meilong Road, Longhua Street, Longhua District, Shenzhen City
Jiayuguan Xinhua Middle Road Securities Branch	Jiayuguan Xinhua Middle Road Securities Branch	South Shop 1F, No. 565 Xinhua Middle Road, Jiayuguan City, Gansu Province
Hangzhou Wuxing Road Securities Branch	Hangzhou Wuxing Road Securities Branch	Rooms 501-A and 1401-2, Unit 1, Block 6, Fanhai International Center, No. 185 Wuxing Road, Jianggan District, Hangzhou City
Beijing Lugu Road Securities Branch	Beijing Lugu Road Securities Branch	106, 107 and 108, South Tower, 1/F, Building 1, Court 6, Yinhe Street, Jingshan District, Beijing
Harbin City Anlong Street Securities Branch	Harbin City Harbin Avenue Securities Branch	Room 8, 1-2/F, Block C Shangfu, East of Chengnance, Enclosed Area between Xining South Road and Zhongxinzuo Road, Nanxing Street, Harbin Avenuet, Nangang District, Harbin City
Shenzhen Yitian Road Securities Branch	Shenzhen Yitian Road Securities Branch	7/F, Tower A, Jiangsu Building, Yitian Road, Lianhua Street, Futian District, Shenzhen City
Shanghai Daduhe Road Securities Branch	Shanghai Liqun Road Securities Branch	1-2/F, No. 728 and 720 700 Lane, Liqun Road, Putuo District, Shanghai City
Pizhou Jiefang East Road Securities Branch	Pizhou Zhujiang Road Securities Branch	Nos 111 & 112, Unit 1, Building 2, Yinxian Zhujiang Commercial Complex, North Side of Zhujiang Road, Pizhou City
Jiujiang Binjiang East Road Securities Branch	Jiujiang Nanhai Road Securities Branch	Block A, Chaisang International, No. 7 Nanhai Road, Jiujiang Economic Development Zone, Jiujiang City, Jiangxi Province
Tianjin Tanggu Shanghai Road Securities Branch	Tianjin Binhai New District Fuzhou Road Securities Branch	No. 1256 Fuzhou Road, Binhai New District, Tianjin City
Jilin Yan'an Street Securities Branch	Jilin Jiefang Road Securities Branch	No.2, 1/F, Building 2, Phase 3 of Jiangpan Renjia, No. 332 Jiefang North Road, Changyi District, Jilin City, Jilin Province
Beijing Yizhuang Hongda North Road Securities Branch	Beijing Yizhuang Hongda North Road Securities Branch	Rooms 101 and 518, 16 Hongda North Road, Beijing Economic-Technological Development Area, Beijing City
Linyi Yimeng Road Securities Branch	Linyi Beijing Road Securities Branch	Rooms 103 and 1701, Tower 1, Jinyushan Building, No. 39 Beijing Road, Lanshan District, Linyi City, Shandong Province
Haerbin Shangzhi Central Avenue Branch	Haerbin Shangzhi Central Avenue Branch	No. 205 Central Avenue Shangzhi village Haerbin Heilongjiang Province

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

3) Deregistered securities branches:

Names of securities branches	Reply reference number	Approval date	Verification letter date
Shaxian Binhe Road Securities Branch	Min Zheng Jian Xu Ke No. [2016]12	2016/12/5	2017/1/4
Yueyang Qiusuo West Road Securities Branch	Xiang Zheng Jian Ji Gou Zi [2017]28	2017/7/3	2017/8/16

2. SHANGHAI SECURITIES

1) Newly-established branch offices and securities branches:

No.	Names of newly-established securities branches	Locations of newly-established securities branches	Date of the verification letter
1	Shanghai Branch Office	3/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone	2017.12.19
2	Shenzhen Nanshan Houhai Avenue Securities Branch	Room 1907&1908, Tianli Central Business Square, east of Houhai Avenue, Yuehai Street, Nanshan District, Shenzhen City	2017.3.24
3	Foshan Chancheng Jihua 5th Road Securities Branch	No. 612-613, No. 55 Jihua 5th Road, Chancheng District, Foshan City	2017.4.20
4	Suzhou Wuzhong Fengjin Road Securities Branch	Room 109, Building 7, Dongwu Lvjun Garden, Chengnan Street, Wuzhong Economic Development Zone, Suzhou	2017.7.21
5	Yangzhou Guangling Wenchang Central Road Securities Branch	Room 110, Huatai Shouxi Guoji Building, No. 8 Wenchang Central Road, Guangling District, Yangzhou City	2017.6.27
6	Taizhou Luqiao East Luqiao Avenue Securities Branch	1/F, No. 399 East Luqiao Avenue, Luqiao District, Taizhou City, Zhejiang Province	2017.4.14
7	Taizhou Wenling Renmin East Road Securities Branch	1-2F, No. 136 Renmin East Road, Taiping Street, Wenling City (county-level), Taizhou City, Zhejiang Province	2017.4.14
8	Shaoxing Xinchang Renmin West Road Securities Branch	1-2F, No. 3-3 Renmin West Road, Nanming Street, Xinchang County	2017.4.14
9	Jinhua Yiwu Chouzhou North Road Securities Branch	1 & 3/F, No. 783 Chouzhou North Road, Futian Street, Yiwu City, Zhejiang Province	2017.4.20

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

2) Relocated branch offices and securities branches:

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Shangcheng Road Securities Branch	Shangcheng Road Securities Branch	Flat A of 1/F and 2/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone
Linping Road Securities Branch	Linping Road Securities Branch	2/F, 19 Linping North Road, Shanghai City
Dingxi Road Securities Branch	Dingxi Road Securities Branch	Rooms 305-310, North Wing, Building 12, No. 1122 Dingxi Road, Changning District, Shanghai City
Yueqing Hongqiao Feihong South Road Securities Branch	Yueqing Hongqiao Feihong South Road Securities Branch	No. 223, Feihong South Road, Hongqiao Town, Yueqing, Zhejiang Province
Yueqing Liushi Huifeng Road Securities Branch	Yueqing Liushi Huifeng Road Securities Branch	6/F of Agricultural Bank Building and 1/F of Agricultural Bank Ancillary Building, No.1 Huifeng Road, Liushi Town, Yueqing, Zhejiang Province
Taizhou Donghuan Avenue Securities Branch	Taizhou Donghuan Avenue Securities Branch	Shop 4049, Junyue Building, 1/F, No. 222 & 224 Donghuan Avenue, Taizhou, Zhejiang Province
Suzhou Wujia Liuhong Road Securities Branch	Suzhou Wujia Liuhong Road Securities Branch	No. 70 Liuhong Road, Songling Town, Wujia District, Suzhou, Jiangsu Province

3. GUOTAI JUNAN FUTURES

1) Relocated branch offices and futures branches:

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Shanghai City Quyang Road Futures Branch	Shanghai City Guobin Road Futures Branch	Rooms 1607 and 1608, No. 36 Guobin Road, Yangpu District, Shanghai City
Shenzhen Futures Branch	Shenzhen Futures Branch	Room 1502, 1503 and 1504, New World Center, Yitian Road West and Fuzhong Road North, Lianhua Street, Futian District, Shenzhen City
Hangzhou Futures Branch	Hangzhou Futures Branch	Room 501-B, Unit 1, Building 6, Fanhai International Center, No. 185, Wuxing Road, Jianggan District, Hangzhou, Zhejiang Province
Changchun Futures Branch	Changchun Futures Branch	Room 2302 & 2303, Building 1, Phase II, Chuan Yu Hong Tai International World Trade Center, Jingyue Development Zone, Changchun City, Jilin Province (Lease Term to 2021-10-10)
Guangzhou Futures Branch	Guangzhou Futures Branch	Room 1102, No. 10 Huaxia Road, Tianhe District, Guangzhou City

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

4. HICEND FUTURES

1) Newly-established futures branches:

No.	Names of newly-established futures branches	Locations of newly-established futures branches	Permit issuing date
1	Shanghai Lujiazui Futures Branch	Room 2101 & 2108, No. 707 Zhangyang Road, China (Shanghai) Pilot Free-Trade Zone	28 August 2017
2	Suzhou Futures Branch	Room 04, 12/F, Block A, Building 58, Suzhou Center Plaza, Suzhou Industrial Park	22 December 2017