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國泰君安証券股份有限公司
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 2018

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 2018. This announcement sets out the full text of 2018 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 2018.

The 2018 Annual Report and 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 2018 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
20 March 2019

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, Mr. WANG Yongjian, Mr. LIN Facheng and Mr. ZHOU Hao; 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.

The Absent Director

Position held by the absent director	Name of the absent director	Reason given by the absent director	Name of proxy
Director	LIU Ying	Business engagement	FU Fan
Director	WANG Yongjian	Business engagement	LIN Facheng

II. Ernst & Young issued a standard unqualified audit report to the Company.

III. 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.

IV. 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 2018 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 RMB2.75 (tax included) for every 10 shares to holders of A Shares and holders of H Shares. As the conversion period for convertible corporate bonds 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 8,713,940,629 Shares on 31 December 2018, the total cash dividend distributed amounted to RMB2,396,333,673, accounting for 35.72% of net profit attributable to the shareholders of the parent company in combined calibers for 2018.

The Company's profit distribution plan for 2018 has been approved at the eleventh meeting of the fifth session of the Board, but will be subject to the approval of the Shareholders in a general meeting.

V. 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 and persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

Important Notice

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

No

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

No

VIII. Major risk warning

The risks faced by the Company in its operations mainly include: market risk, credit risk, liquidity risk, operational risk and reputational risk, which are specifically embodied as the risk of loss to the Company due to unfavorable changes of market prices; risk of loss to the Company due to failures to perform their obligations stipulated in relevant contracts by securities issuer, counterparties and debtors or the changes of market value of the debts caused by the changes of credit rating or contract performance capacity; risk of not being 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; risk of possible loss caused by the failures of internal systems and procedures, improper employee behaviors, IT risks and the influence of external events; risk of negative evaluation of the Company's reputation due to the Company's operation and management or external events.

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

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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)
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)
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)
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)
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)
Convertible Bonds/A Share 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
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in 2018)
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 2018
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
FICC	Fixed Income, Currencies and Commodities
PB	Prime Broker

Section II Company Profile and Key Financial Indicators

I. PROFILE

Name in Chinese	國泰君安証券股份有限公司
Abbreviation in Chinese	國泰君安、國泰君安証券
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	8,713,934
Net Capital	86,576,140	96,365,266
Share Capital	8,713,941	8,713,934

Note: The Convertible Bonds issued by the Company has become convertible into A Shares of the Company since 8 January 2018. During the period from 8 January 2018 to 31 December 2018, Convertible Bonds with a total par value of RMB138,000 had been converted into A Shares of the Company and the cumulative number of Shares converted was 6,829 Shares, increasing the total number of shares of the Company to 8,713,940,629. The Company will apply for registering the change of the registered capital in a timely manner in accordance with the relevant requirements.

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) Interbank Bonds Market Maker (Yin Fa [2004] No. 157) Participation of Gold Trading on Shanghai Gold Exchange as an Institutional Dealer (Yin Shi Huang Jin Bei [2014] No. 143) 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) 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) 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 Guan 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)

No.	Approval Department	Qualification Name/Membership
		First-class Dealer for Over-the-counter Options (Ji Gou Bu Han [2018] No. 1789) Qualifications to Conduct Credit Derivative Business (Ji Gou Bu Han [2018] No. 2545)
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)
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)
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) Participant for Trading of Stock Options (Shang Zheng Han [2015] No. 66) Southbound Business (Shang Zheng Han [2014] No. 654, Shen Zheng Hui [2016] No. 326) Core Dealer of Credit Protection Contract (Shang Zheng Han [2019] No. 205)

No.	Approval Department	Qualification Name/Membership
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, RMB and Foreign Exchange Related Derivative Business and Qualified Domestic Institutional Investor for Sale and Purchase of Foreign Exchange (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) Core Dealer of Credit Risk Mitigation Instruments (December 2016) Creator of Credit Risk Mitigation Warrants (2017) Creator of Credit-linked Notes (2017)
9	Shanghai Gold Exchange	Special Membership Qualification (Certificate No: T002) International Membership (Class A) Qualification (Certificate No: IM0046) Qualification for Proprietary Gold Trading (Shang Jin Jiao Fa [2013] No. 107) Interbank Gold Price Inquiries Business (Shang Jin Jiao Fa [2014] No. 114) Pilot Member of Implied Volatility Curve Quotation Group for Gold Inquiry Options (November 2017)
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) Northbound Trading Link Business under “Bond Connect” (July 2017)

No.	Approval Department	Qualification Name/Membership
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, Qing Suan Suo Fa [2018] No. 30) Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29) Comprehensive Clearing Member for the Business of Central Clearing of Standard Bond Forwards (Qing Suan Suo Fa [2018] No. 193)
13	Shanghai Futures Exchange	Copper Options Market Maker (September 2018) Nickel Futures Market Maker (October 2018)
14	Shanghai International Energy Exchange	Crude Futures Market Maker (October 2018)
15	Asset Management Association of China	Filing Certificate of Private Equity Outsourcing Institutions (Filing No. A00005)

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) (20 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 RMB Qualified Overseas Institutional Investors, Qualified Overseas Institutional Investors and Permit for Securities and Futures Operation Business issued by China Securities Regulatory Commission

No.	Name of subsidiary	Qualification Name/Membership
		Membership Certificate issued by the Hong Kong Confederation of Insurance Brokers (1 March 2013) Registered Fund Management Company Qualification and License for Capital Market Services issued by Monetary Authority of Singapore Principal Intermediary Qualification issued by the Hong Kong Mandatory Provident Fund Schemes Authority "Bond Connect" Overseas Investors Business approved by the Shanghai headquarters of The People's Bank of China
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) Market Making Business (Zhong Qi Xie Bei Zi [2018] No. 41) China Futures Association Dealer for Over-the-counter Options Shanghai futures exchange copper options market maker, gold futures market makers Dalian Commodity Exchange Commodity Exchange

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)

No.	Name of subsidiary	Qualification Name/Membership
		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) China Securities Depository and Clearing Corporation Limited Acting securities pledge registration business qualification
5	Guotai Junan Innovation Investment	Qualification for Private Equity Fund Manager (No.: PT2600011780)

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	768 Nanjing West Road, Jingan District, Shanghai	768 Nanjing West Road, Jingan 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	768 Nanjing West Road, Jingan District, Shanghai
Postal codes of office address of the Company	200041
Principal place of business in Hong Kong	40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong
Company website	http://www.gtja.com/
Email	dshbgs@gtjas.com
Query index of changes during the Reporting Period	See announcement No. 2018-049 on SSE website and H-share announcement of the Company for details

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	768 Nanjing West Road, Jingan District, Shanghai
Query index of changes during the Reporting Period	See the Company's announcement No. 2018-049 on SSE website for details

Section II Company Profile and Key Financial Indicators

V. SHARES OF THE COMPANY

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

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 in May 2017, 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	JIANG Tao	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	RMB7.5 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	Guotai Junan Zhengyu	Unit 1106, No. 3255 Zhoujiazui Road Yangpu District, Shanghai	12 February 2018	RMB1 billion	NIE Xiaogang	021-38672928
7	Guoxiang Properties	Unit 303, No. 135 Yanping Road, Jing'an District, Shanghai	30 December 2011	RMB480 million	MU Qing	—

3. Branch offices

As of the end of the Reporting Period, the Group had 33 branch offices in the PRC, among which, 30 branch offices were established by the Company and 3 branch offices were established by Shanghai Securities. For basic information of these branch offices, please refer to Appendix II.

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

√ Applicable □ Not applicable

As of the end of the Reporting Period, the Group had 420 securities branches and 26 futures branches in the PRC, among which, 346 securities branches were established by the Company, 74 securities branches were established by Shanghai Securities, 18 futures branches were established by Guotai Junan Futures and 8 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 1 new branch office, 7 new securities branches and 8 new futures branches, and deregistered 1 securities branch and 1 futures branch in China. For particulars of the establishment and disposal of the branches of the Group, please refer to "(X) 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" in "II. Main Operation Condition during the Reporting Period" of "Section IV Report of the Directors" and "Appendix IV Establishment and Disposal of Branches" 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
	Name of signing accountants	LI Fei, CHEN Qi
Overseas accountant engaged by the Company	Name	Ernst & Young
	Office address	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
	Name of signing accountant	Choi Kam Cheong, Geoffrey
Sponsor performing the continuous supervision duty during the Reporting Period	Name	Essence Securities Co., Ltd.
	Office address	35/F, 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	
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	**2018**	2017	**Movement during the current period compared with the corresponding period of last year (%)**	2016
Total revenue and other income	**31,229,385**	32,953,352	-5.23	36,022,508
Operating profit	**9,140,797**	13,646,548	-33.02	14,730,559
Profit before income tax	**9,268,342**	13,661,308	-32.16	14,773,524
Profit for the year attributable to equity holders of the Company	**6,708,116**	9,881,545	-32.11	9,841,417
Net cash generated from/(used in) operating activities	**77,494,857**	-39,705,776	Not applicable	-15,742,737

	At the end of 2018	At the end of 2017	**Movement at the end of the current period compared with the end of the corresponding period of last year (%)**	At the end of 2016
Total assets	**436,729,080**	431,648,187	1.18	411,749,042
Total liabilities	**303,055,688**	297,952,964	1.71	300,997,320
Equity attributable to equity holders of the Company	**123,450,063**	123,127,983	0.26	99,964,418
Share capital	**8,713,941**	8,713,934	0.00	7,625,000

Section II Company Profile and Key Financial Indicators

(II) Key financial indicators

Key financial indicators	2018	2017	Movement during the current period compared with the corresponding period of last year (%)	2016
Basic earnings per share (RMB/share)	**0.70**	1.11	-36.94	1.21
Diluted earnings per share (RMB/share)	**0.70**	1.10	-36.36	1.21
Weighted average return on net assets (%)	**5.42**	9.05	Decreasing by 3.63 percentage points	10.64
Net assets per share attributable to equity holder of the Company (RMB/share)	**14.17**	14.13	0.28	13.11
Gearing ratio (%)	**62.19**	61.50	Increasing by 0.69 percentage points	61.66

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

Unit: thousand yuan *Currency: RMB*

Item	At the end of the Reporting Period	At the end of last year
Net capital	86,576,140	96,365,266
Net assets	112,483,890	111,757,465
Risk coverage ratio (%)	343.15	312.79
Capital leverage ratio (%)	21.54	29.32
Liquidity coverage ratio (%)	372.53	364.80
Net stable funding ratio (%)	151.12	137.73
Net capital/Net assets (%)	76.97	86.23
Net capital/Liabilities (%)	58.05	63.04
Net assets/Liabilities (%)	75.42	73.11
Equity securities and derivatives held/Net capital (%)	27.45	27.92
Non-equity securities and derivatives held/Net capital (%)	133.40	82.27

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

	2018	2017	2016	2015	2014
Total revenue and other income	**31,229,385**	32,953,352	36,022,508	52,108,759	24,403,108
Total expenses	**22,088,588**	19,306,804	21,291,949	30,074,914	14,926,905
Profit before income tax	**9,268,342**	13,661,308	14,773,524	22,051,117	9,476,601
Profit for the year attributable to equity holders of the Company	**6,708,116**	9,881,545	9,841,417	15,700,291	6,757,912

2 Assets

Unit: thousand yuan Currency: RMB

	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Share capital	**8,713,941**	8,713,934	7,625,000	7,625,000	6,100,000
Total equity	**133,673,392**	133,695,223	110,751,722	101,636,721	47,298,666
Equity attributable to equity holders of the Company	**123,450,063**	123,127,983	99,964,418	95,324,415	42,040,468
Total liabilities	**303,055,688**	297,952,964	300,997,320	352,705,666	272,003,788
Accounts payable to brokerage customers	**82,347,043**	84,356,232	112,956,690	147,789,747	100,186,594
Total assets	**436,729,080**	431,648,187	411,749,042	454,342,387	319,302,454
Basic earnings per share (RMB/share)	**0.70**	1.11	1.21	2.21	1.11
Diluted earnings per share (RMB/share)	**0.70**	1.10	1.21	2.21	1.11
Weighted average return on net assets (%)	**5.42**	9.05	10.64	23.65	18.04
Gearing ratio (%)	**62.19**	61.50	61.66	66.72	78.44

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

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, and 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 is customer-focused, has created the two major service systems of retail customers and corporate institutional customers, and generates fee and commission income through the provision of securities products and services and receives investment gains through securities or alternative investment.

In 2018, the Group recorded total revenue and other income of RMB31.229 billion, representing a decrease of 5.23% compared with the same period of last year. Profit for the year attributable to equity holders of the Company was RMB6.708 billion representing a decrease of 32.11% compared with the same period of last year. For details of the Group's operation condition, please refer to "Section IV Report of Directors' " of this Annual Report.

Section III Summary of Businesses of the Company

The Group's business composition and income drivers for 2018

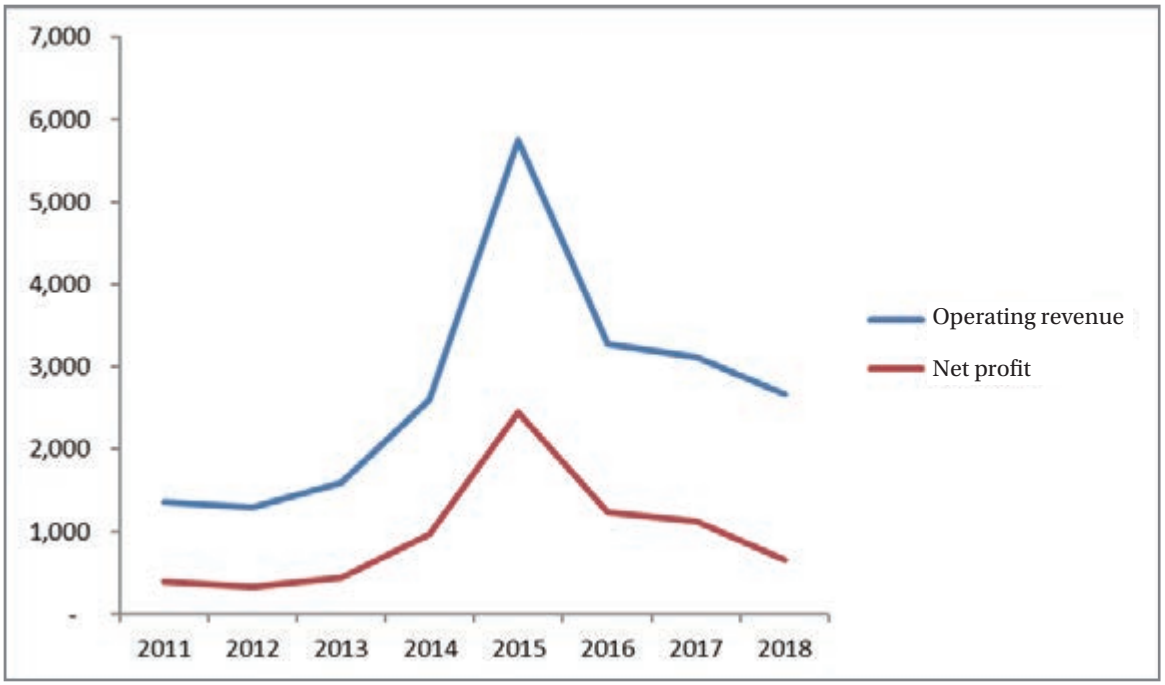
Principal business category	Total revenue and other income (RMB thousand)	Change (%)	Contribution to total revenue and other income (%)
Institutional finance	14,888,995	6.00	47.68
Personal finance	10,584,182	-14.35	33.89
Investment management	2,509,418	-19.71	8.04
International business	2,488,233	-8.69	7.97
Others	758,557	8.52	2.42
Total	31,229,385	-5.23	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 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 2018, the total assets and net assets of the PRC securities industry amounted to RMB6.26 trillion and RMB1.89 trillion, respectively, representing an increase of 1.91% and 2.40% respectively compared with the end of last year; net capital was RMB1.57 trillion, which remained the same level with the end of last year. The capital strength of the industry improved steadily. In 2018, the PRC securities industry recorded an operating revenue of RMB266.287 billion and net profit of RMB66.620 billion, representing a decrease of 14.46% and 41.16% respectively, compared with the corresponding period of last year. Due to market fluctuations, cyclical characteristics of the industry have emerged.

Changes in the operating revenue and net profit of the PRC securities industry (2011-2018, unit: RMB100 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 11 consecutive years.

According to the and statistics of SAC, in 2018, the Company ranked second in the industry in terms of operating revenue and net profit respectively, and ranked fourth in the industry in terms of total assets, second in the industry in terms of net assets, and second in the industry in terms of net capital, respectively.

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

√ Applicable □ Not applicable

At the end of 2018, the total assets of the Group amounted to RMB436.729 billion, representing an increase of 1.18% compared with that of last year. Among our total assets; cash and bank balances amounted to RMB20.349 billion, representing an increase of 27.29% compared with that of last year, due to the fluctuation under ordinary operation of the Group. Margin accounts receivable amounted to RMB53.655 billion, representing a decrease of 27.48% compared with that of last year, mainly due to the decrease in the scale of margin loans and securities lending. Financial assets held under resale agreements amounted to RMB61.118 billion, representing a decrease of 34% compared with that of last year, mainly due to the decrease of the Group's stock pledge business. Financial assets at fair value through profit or loss amounted to RMB137.682 billion, representing an increase of 39.78% compared with that of last year, mainly due to the adjustment by the Group of the trading and investment structure. During this reporting period, due to the implementation by the Group of new financial instrument standards and the adoption of the 2018 Financial Statement Format of Financial Enterprises (《2018年度金融企業財務報表格式》) issued by the Ministry of Finance, the item of available-for-sale financial assets was no longer adopted, and the item of debt instruments at fair value through other comprehensive income and the item of equity instruments at fair value through other comprehensive income were added. Balance at the end of the period of these items amounted to nil, RMB39.167 billion and RMB16.786 billion, respectively; and balance at the end of last year amounted to RMB39.972 billion, nil and nil, respectively.

Of which: offshore assets amounted to 780.38 (Unit: RMB100 million Currency: RMB), and accounted for 17.87% of our total assets.

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 promoted the centralized risk management and control of the Group centering on regulation pilots for account consolidation and built comprehensive risk management system. The compliance and risk management capability of the Group further improved. So far, the Group has attained the regulatory rating of Class A Grade AA from the CSRC for 11 consecutive years and maintained our international credit ratings at Standard & Poor's BBB+ rating and Moody's Baa1 rating.

In pursuit of excellence, the Group endeavors to select the best talents to provide the best services for customers. In 2018, the Group established a performance appraisal committee and set up a healthy professional ranking system, and strengthened its support in remuneration resources for key business and continuously improved the appraisal and incentives system. The building of service system for retail customers and corporate and institutional customers has shown results. Customer base was further expanded. At the end of the Reporting Period, the Group's corporate and institutional customers reached approximately 35,000, representing an increase of 20.06% as compared with the end of last year, and personal financial accounts reached approximately 12.7 million, growing by 14.07% compared with the end of last year.

(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. According to the statistics of SAC, in 2018, the Company's operating revenue and net profit both ranked second in the industry, and the total assets, net assets and net capital ranked fourth, second 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, the equity financing underwritten amount ranked third in the industry; the margin loans for stock pledged financing ranked fourth in the industry. In respect of the personal finance, the Group's net revenue from securities brokerage business (including seat leasing) ranked first in the industry; the balance of the entrusted customer transaction settlement funds ranked second in the industry; the balance of margin financing and securities lending ranked second in the industry; and the average monthly customer equity and the amount of financial futures trading by Guotai Junan Futures both ranked third in the industry. In respect of investment management, our monthly average scale of the asset management business and monthly average balance of assets under discretionary management both ranked second in the industry. In respect of the international business, the major operating indicators of Guotai Junan International continued to rank high among Chinese security dealers in Hong Kong.

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

The Group makes strategic investments in technology and continuously promotes proprietary financial technology innovation. The Group is a frontrunner in the application of financial technology in the securities industry.

During the Reporting Period, the Group vigorously promoted digital construction and built a digital and intelligent financial platform, with the constant enhancement of financial technology strength. At the end of the Reporting Period, the number of users of our mobile APP amounted exceeded 30 million, representing an increase of 36.40% compared with the end of last year and the amount of monthly activity ranked second in the industry. The Junhong APP won the First Prize for 2017 Shanghai Financial Innovation Achievements. The Group won awards for 4 projects in total in the 6th Science and Technology Awards Regarding Securities and Futures, ranking first in the industry.

The Group has outstanding innovation capability and is one of the frontrunners in industry innovation. During the Reporting Period, the Group steadily promoted construction of the customer service systems for retail customers and corporate institutions. It focused on promoting the innovative development in business areas such as wealth management, derivatives and FICC, PB, private equity fund, and reinforced its leading position in these business areas. In respect of wealth management, the Group focused on the development of an intelligent APP, optimized the financial product system, thereby making stable improvement in customer service capabilities. In respect of derivatives and FICC business, the Group became one of the first to obtained business qualifications for cross border business, first-class dealer for over-the-counter options, and credit derivatives. It became the first foreign currency market member in the industry and issued the first credit protection instrument at the Shanghai and Shenzhen Stock Exchanges. Foreign exchange, commodities and precious metals became new drivers for profit growth. In respect of PB business, the Company was also one of the first batch of mutual funds clearing participants. The scale of its custody and outsourcing business was RMB934.1 billion, ranking the second in the industry, and the scale of mutual fund custody ranked first among securities companies.

Section IV Report of the Directors

I. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

(I) Overall operation condition

In 2018, facing complicated business environment , the Group adhered to the operation policy of steady progress and resolutely implemented the risk control oriented business philosophy. It focused on optimizing the operation mechanism and promote the stable development of principal businesses to fully achieve its goals in strategic planning to lay down a solid foundation for building a provider of integrated financial services with core competitiveness.

During the Reporting Period, the Group made critical progress in terms of its customer service systems for retail customers and corporate institutions. The supporting mechanism to financial products and research on customer service was further rationalized. Our customer service for retail and corporate institutions maintained continued to maintain its leading position in the industry. The Company also further optimized the layout of the investment management business and steadily improved its active management capability. It built and completed its comprehensive risk management system, further enhancing the standard of compliance and risk management. There was continuous optimization of assessment and incentive mechanism and strengthened assets and liabilities management, making stable improvement in the operation management efficiency of the Group. In 2018, the Company has attained the rating of Class A Grade AA in the securities industry for 11 consecutive years, and maintained international credit ratings at Standard & Poor's BBB+ rating and Moody's Baa1 rating with the outlook of the Company being "stable".

(II) Analysis of principal businesses

1. Institutional finance

(1) The investment banking business

In 2018, the total financing amount in the securities market was RMB6,232.698 billion, representing an increase of 13.67% compared with the same period of last year. In particular, the total equity financing amount was RMB646.035 billion, representing a decrease of 38.70% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB5,586,663 billion, representing an increase of 26.14% compared with the same period of last year. The amount of M&A transactions completed in the year was RMB1,250 billion, representing a decrease of 14.97% compared with the same period of last year.

In 2018, the investment banking business of the Group deepened the building of industrial capacity. It increased the coverage of key industry leaders, strengthened its development in new economy enterprises and conventional quality enterprises and actively reserved technology innovation enterprises that meet that requirements of the science and technology innovation board to maintain our competitiveness at the top of the industry. In 2018, the Group achieved lead underwriting of securities of RMB383.073 billion, representing a year-on-year increase of 9.01% and ranking fifth in the industry. In particular, the lead underwriting amount of equity financing, corporate bonds and financial bonds ranked third in the industry. The lead underwriting of preferred shares ranked first in the industry. There were 7 approved M&A projects, ranking fifth in the industry.

The scale of the Group's investment banking business in 2018

	Item	Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	4	15
	Amount of lead underwritings (RMB billion)	2.869	8.813
Preferred shares	Number of lead underwritings	1	1
	Amount of lead underwritings (RMB billion)	26	20
Refinancing	Number of lead underwritings	16	24
	Amount of lead underwritings (RMB billion)	46.018	61.348
Enterprise bonds	Number of lead underwritings	5	17
	Amount of lead underwritings (RMB billion)	4.879	26.64
Corporate bonds	Number of lead underwritings	161	105
	Amount of lead underwritings (RMB billion)	93.176	66.625
Other bonds	Number of lead underwritings	583	198
	Amount of lead underwritings (RMB billion)	210.131	167.983

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, local government bonds, short-term financing bills, medium-term notes, private placement notes, financial bonds and ABS.

(2) Institutional investor services

1) PB business

In 2018, the effect of establishing integrated service system for corporate and institutional customers of the Group was displayed. The service model for group-level strategic customer and various corporate and institutional customers was initially set up. The Matrix system and Daohe (道合) App were launched for trial operation. There was significant improvement in integrated service capability. At the end of the Reporting Period, corporate institutional customers of the Group amounted to approximately 35,000, representing an increase of 20.06% as compared with the end of last year.

During the Reporting Period, the PB business of the Group grew rapidly. At the end of the period, there were over 800 customers and the scale of customer assets was approximately RMB62.0 billion. The aggregate asset management products of our asset custodian and outsourcing business amounted to 6,875, increasing by 15.99% compared with the end of last year. The scale of business was RMB934.1 billion, increasing by 23.72% compared with the end of last year and ranking second in the securities industry. In particular, the assets under our custody from mutual funds amounted to RMB56.7 billion, ranking first among securities companies. The pilot of the clearing model for mutual fund security dealers ran well.

2) *Trading and investment business*

The Group's trading and investment business centered on the idea of an "outstanding financial asset trader" and steadily enhanced the transaction pricing ability. In 2018, due to grasping the rising opportunity in the bond market, the yield of fixed income exceeded the market average significantly.

During the Reporting Period, based on the needs of customers, the trading and investment business accelerated innovation and transformation, adhering to developing a low risk and non-directional business. The Company was one of the first to obtain business qualifications, such as first-class dealer for over-the-counter options and credit derivatives. The variety and structure of the customer demand-oriented business were further enriched. Businesses including derivatives, foreign exchange, commodities and precious metals grew rapidly and gradually became new drivers of profit.

In terms of equity derivatives, the market making business of exchange-traded options maintained its industry-leading position with a daily average trading of 116,000, representing a year-on-year growth of 70% and a market share of 8.9%. The market making business of SSE 50 Index received an A grade from the exchange. After obtaining the first-class dealer qualification, there was a continuous increase in the scale of OTC options, realizing an accumulated scale for the entire year ranking at the top of the industry.

In terms of fixed income, the accumulated transaction of interbank domestic currency market amounted to RMB9,500 billion, ranking second among securities companies; the Company obtained business qualifications of liquidation agency of RMB interest rate return swap, central clearing of standard bonds forward and credit derivatives and the business variety became increasingly diverse. It began its credit protection instrument business at the Shanghai and Shenzhen Stock Exchanges, providing credit protection for an aggregate of 4 private corporate bond issuers and facilitating issuance by private enterprises of RMB1.2 billion. We are among the industry leaders in businesses including IRS market making and net settlement of bonds. In particular, the accumulated transaction of IRS market making was RMB2,800 billion and the accumulated transaction of standard bonds forward was RMB26.3 billion, ranking third and second in the market, respectively.

In terms of foreign exchange business, we were among the top 60 and top 10 in the ESP transaction of interbank foreign exchange market and RMB foreign exchange market, respectively. We became a member in the interbank foreign exchange market, further enriching the variety and model of our multi-currency foreign exchange business. Trial operation of the business of foreign exchange trading for customers has started.

In terms commodities and precious metals, the Company obtained the market maker qualifications for copper options, crude oil futures and nickel options from the Shanghai Futures Exchange during the year, the level of transaction to customers have been further enhanced.

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 2018 was RMB618.107 billion, decreasing by 24.61% compared with the end of last year.

In 2018, the Group's stock pledging business adhered to prudent operation, optimized business structure and effectively controlled business risks, achieving and overall stable operation. At the end of the Reporting Period, the outstanding balance of the Group's stock pledging business was RMB49.245 billion, decreasing by 45.75% compared with the end of last year. In particular, the amount of margin loans was RMB39.836 billion, decreasing by 48.71% compared with the end of last year. The average collateral coverage ratio was 206%. The outstanding balance of securities repurchase was RMB0.217 billion.

Scale of the Group's stock-pledged financing and securities repurchase business at the end of 2018 (Unit: RMB billion)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	49.245	90.772
Including: the margin loans for stock pledged financing	39.836	77.624
Outstanding balance of securities repurchase	0.217	—

4) Research business

In 2018, the Company's research institute optimized and adjusted the research area, organizational structure and assessment mechanism to build up excellent research capability, further increasing the support from research to customer service of the Company. During the Reporting Period, we completed 5,605 research reports and held 430 themed telephone roadshows relating to macro economy, bonds, industry and companies. The Company ranked second in the China Region in the "Institutional Investor Awards".

2. Personal finance

(1) Retail brokerage and wealth management business

According to statistics of SSE and SZSE, in 2018, the trading volume of stock and fund transactions in SSE and SZSE was RMB100.57 trillion, representing a decrease of 17.98% compared with the same period last year.

In 2018, basic construction of the Group's the service system for retail customers has completed and implemented the "five stars and four labels" classified and hierarchical service. The business also strengthened the application of financial technology, promoted the construction of intelligent wealth management, optimized product system, and enhanced the professional service capabilities. The transformation towards wealth management began to show results. At the end of the Reporting Period, the Group's personal financial accounts exceeded 12.70 million, increasing by 14.27% compared with the end of last year. In particular, number of the A Shares capital accounts ranked second in the industry. The Jun Hong APP, a mobile application with over 30 million users, increasing by 36.9% compared with the end of last year and ranking second in the industry in terms of monthly activeness. The number of members of Jun Hong Fortune Club reached 0.799 million, increasing by 8.1% compared with the end of last year. The number of contract customers of investment consultants reached 0.15 million, increasing by 12.2% compared with the end of last year.

During the Reporting Period, the securities brokerage business continued to maintain an industry-leading position. The Company had market share of 6.14% in net revenue from the securities brokerage business (including seat leasing), increasing by 0.57% compared with the end of last year and ranking first in the industry. The size maintained by the agency sales of financial products of the Company was RMB142.2 billion, increasing by 51.4% compared with the end of last year.

(2) Futures brokerage business

In 2018, the aggregate number of board lots of the futures market was 3.029 billion (unilateral), representing a decrease of 1.54% compared with the same period of the last year. The aggregate trading volume of the futures market was RMB210.82 trillion (unilateral), representing an increase of 12.20% compared with the same period of the last year.

During the Reporting Period, Guotai Junan Futures constantly optimized the layout of outlets, strengthened its IB business capacity building and steadily improved the strength of its brokerage business. The monthly average trading volume of customer equity and financial futures increased steadily, ranking the third in the industry. It comprehensively promoted the development of businesses such as asset management, risk management, international business and derivatives. Guotai Junan Futures and its risk management subsidiaries obtained the qualifications of option brokerage business on SSE, OTC derivatives business of individual stock and the market maker qualifications for copper options and gold futures, and also became one of the first traders in the DCE commodities swap business. Guotai Junan Futures was awarded an "AA" rating for two consecutive years in the classification rating of futures companies in 2018.

Major business indicators of Guotai Junan Futures in 2018

Item	Reporting Period	Corresponding period of last year
Trading volume (RMB trillion)	12.21	10.74
Number of board lots (trillion)	1.54	1.53
	At the end of the Reporting Period	**At the end of last year**
Cumulative effective accounts (number)	96,679	87,611
Customer equity at the end of the period (RMB billion)	15.770	15.280

(3) Margin financing and securities lending business

At the end of 2018, the balance of margin financing and securities lending in the market amounted to RMB755.704 billion, decreasing by 26.36% compared with the end of last year.

During the Reporting Period, on the basis of strengthening counter-cyclical adjustment, the Group's margin financing and securities lending business optimized the classified and hierarchical service systems, increased the reserve of institutional customers and high-net-worth customers. Business operation was driven properly and actively. At the end of 2018, the balance of the Group's margin loans and securities lending amounted to RMB45.526 billion, decreasing by 29.02% compared with the end of last year, with a market share of 6.02%, ranking second in the industry. The maintenance margin ratio was 226.62%. The balance of the margin and securities refinancing amounted to RMB1.245 billion, decreasing by 81.90% compared with the end of last year.

Scale of margin financing and securities lending business of the Group at the end of 2018 (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)	447.93	635.62
Market value of securities lending (RMB 100 million)	7.33	5.77
Balance of margin refinancing (RMB 100 million)	11.50	67.00
Balance of securities refinancing (RMB 100 million)	0.95	1.78

3. Investment management

(1) Asset management

According to the statistics of the Asset Management Association of China, as of the end of 2018, the scale of asset management business of securities companies was RMB12.91 trillion in aggregate, representing a decrease of 21.95% compared with the end of the last year.

During the Reporting Period, Guotai Junan Asset Management focused on discretionary management, promoted business transformation and upgrade and optimized the product system, steadily improving its position in the industry. At the end of the Reporting Period, the scale of asset management of Guotai Junan Asset Management was RMB750.7 billion and our monthly average scale of the asset management business ranked second in the industry. In particular, the scale of discretionary management products was RMB310.6 billion, increasing the scale of discretionary management to 41%. The monthly average balance of assets under discretionary management ranked second in the industry.

Scale of asset management of Guotai Junan Asset Management at the end of 2018 (RMB 100 million)

Item	At the end of the Reporting Period	At the end of last year
The scale of asset management business	7,507	8,868
Including: The scale of targeted asset management business	6,368	7,846
The scale of collective asset management business	690	645
The scale of specialized asset management business	449	378
The scale of discretionary management business	3,106	3,420

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

(2) Private fund management and alternative investment

According to the statistics of the Asset Management Association of China, as of the end of 2018, the Asset Management Association of China has registered 24,448 private fund managers and 74,642 private equity funds, with a paid-up scale of RMB12.78 trillion, increasing by 15.12% compared with the end of 2017.

In 2018, on the basis of the regulation of operation, Guotai Junan Innovation Investment actively promoted the creation of parent funds and expanded and reinforced the scale of funds. It focused on the five key industries and increased the number of quality industry projects in reserve. The number of investment projects and their amount had a stable increase.

The overview of private equity investment business of Guotai Junan Innovation Investment for 2018

	At the end of the Reporting Period	At the end of last year
Number of managed funds (unit)	39	47
Cumulative committed capital of managed funds (RMB100 million)	333.45	343.26
Cumulative paid-in capital of managed funds (RMB100 million)	227.13	213.29
Cumulative number of investment projects (unit)	104	115
Cumulative investment project amount (RMB100 million)	132.9	130.80

The overview of principal investment business of Guotai Junan Innovation Investment for 2018

	At the end of the Reporting Period	At the end of last year
Cumulative number of investment projects (unit)	23	25
Cumulative investment amount (RMB100 million)	8.73	9.04

(3) Fund management

According to the statistics of the Asset Management Association of China, at the end of 2018, the assets under management (AUM) of mutual funds management institutions was RMB13.03 trillion, representing an increase of 12.33% compared with the end of the last year. The AUM of the segregated accounts of fund management companies and its subsidiaries was RMB9.62 trillion, representing a decrease of 30% compared with the end of the last year.

During the Reporting Period, HuaAn Funds enhanced active management capabilities steadily, reaching a record-breaking high in terms of AUM. In particular, the AUM of mutual funds was RMB275.606 billion, representing an increase of 48.87% compared with the end of last year.

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 2018, Guotai Junan International actively promoted the development of wealth management, fixed income and structured entities and optimized the structure of assets and customers, thereby continuing its leadership among Chinese security dealers in Hong Kong.

Guotai Junan International's main income structure for 2018 (unit: HK$'000)

	During the Reporting Period	During the same period of last year
Fee and commission income		
– Brokerage	454,962	517,118
– Corporate finance	594,970	683,526
– Asset management	16,716	29,792
Income from loans and financing	1,307,294	1,288,777
Gains from financial products, market making and investments	638,266	613,180
Total revenue	3,012,208	3,132,393

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

	January to December 2018		January to December 2017		Changes	
Items	**Amount**	**Component**	Amount	Component	**Amount**	**Proportion**
Fee and commission income	**9,794,186**	**31.36%**	12,584,403	38.19%	-2,790,217	-22.17%
Interest income	**12,841,989**	**41.12%**	12,412,952	37.66%	429,037	3.46%
Net investment gains	**5,073,084**	**16.24%**	6,434,621	19.53%	-1,361,537	-21.16%
Total revenue	**27,709,259**	**88.72%**	31,431,976	95.38%	-3,722,717	-11.84%
Gains on disposal of a subsidiary	**648,287**	**2.08%**	—	0.00%	648,287	Not applicable
Other income and gains	**2,871,839**	**9.20%**	1,521,376	4.62%	1,350,463	88.77%
Total revenue and other income	**31,229,385**	**100.00%**	32,953,352	100.00%	-1,723,967	-5.23%

In 2018, the Group's total revenue and other income amounted to RMB31.229 billion, representing a decrease of 5.23% compared with the same period of last year, among which:

Our fee and commission income, accounting for 31.36% of the total revenue and other income, decreased by 22.17% to RMB9.794 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 2018;

The net investment gains, accounting for 16.24% of the total revenue and other income, decreased by 21.16% to RMB5.073 billion compared with the same period of last year, primarily due to the decrease in investment gains from the securities market;

The gain on disposal of subsidiaries amounted to RMB0.648 billion, accounting for 2.08% of the total revenue and other income, primarily due to disposal of equity interest in GTJA Allianz Funds;

The other income and gains, accounting for 9.20% of the total revenue and other income, increased by 88.77% to RMB2.872 billion compared with the same period of last year, primarily due to increase in income related to the futures business .

2. Total expenses structure

Unit: thousand yuan Currency: RMB

	January to December 2018		January to December 2017		**Changes**	
Items	**Amount**	**Component**	Amount	Component	**Amount**	**Proportion**
Fee and commission expenses	**1,574,713**	**7.13%**	2,134,063	11.05%	-559,350	-26.21%
Interest expenses	**7,009,885**	**31.74%**	6,706,110	34.75%	303,775	4.53%
Staff costs	**6,759,575**	**30.59%**	6,023,921	31.20%	735,654	12.21%
Depreciation and amortization expenses	**574,279**	**2.60%**	463,474	2.40%	110,805	23.91%
Business tax and surcharges	**151,861**	**0.69%**	153,356	0.79%	-1,495	-0.97%
Other operating expenses and costs	**5,040,632**	**22.82%**	3,087,931	15.99%	1,952,701	63.24%
Provision for asset impairment losses	**1,150**	**0.01%**	737,949	3.82%	-736,799	-99.84%
Provision for credit impairment losses	**976,493**	**4.42%**	—	0.00%	976,493	Not applicable
Total expenses	**22,088,588**	**100.00%**	19,306,804	100.00%	2,781,784	14.41%

In 2018, the Group's total expenses amounted to RMB22.089 billion, representing an increase of 14.41% compared with the same period of last year, among which:

Our fee and commission expenses, accounting for 7.13% of the total expenses, decreased by 26.21% to RMB1.575 billion compared with the same period of last year, primarily due to the decreased securities brokerage fee and expenses given the low trading volume in the securities market in 2018;

Other operating expenses and costs, accounting for 22.82% of the total expenses, increased by RMB1.953 billion to RMB5.041 billion, primarily due to the increase in costs related to the futures business.

During this reporting period, due to the implementation of new financial instrument standards and the adoption of the 2018 Financial Statement Format of Financial Enterprises (《2018年度金融企業財務報表格式》) issued by the Ministry of Finance, under the statement format, asset impairment losses exclude credit impairment losses and credit impairment losses reflect the impairment losses of financial assets provided using expected credit loss method. Asset impairment losses decreased by 99.84% to RMB1 million, accounting for 0.01% of total expenses; credit impairment losses amounted to RMB976 million, accounting for 4.42% of total expenses.

2 Analysis of consolidated statements of cash flows

In the entire year of 2018, the net increase in cash and cash equivalents of the Group was RMB10.616 billion, among which:

The net cash generated from operating activities was RMB77.495 billion, primarily resulting from positive movements in working capital, mainly reflecting (i) the decrease of RMB40.826 billion in financial assets held under resale agreements, due to the decline in stock-pledged financing business of the Company; (ii) the increase of RMB23.709 billion in financial assets sold under repurchase agreements, due to the increased bonds sold under repurchase agreements; (iii) the decrease of RMB20.062 billion in margin loans, due to the decreased scale of the margin financing and securities lending business of the Company; (iv) profit before income tax of RMB9.268 billion. These cash inflows were partially offset by (i) the increase of RMB30.264 billion in financial instruments at fair value through profit or loss and derivative financial instruments, primarily resulting from increased investment of bonds, funds and other investment scales according to customer demand; (ii) the decrease of RMB2.701 billion in accounts payable to brokerage customers, due to changes in the securities market.

The net cash used in investing activities was RMB25.227 billion, primarily due to the RMB62.821 billion in cash paid to acquire financial assets at fair value through other comprehensive income and other investment assets, partially offset by the cash proceeds from the disposal of financial assets at fair value through other comprehensive income and other investment assets of RMB35.912 billion, reflecting our adjustment in trading and investment structure.

The net cash used in financing activities was RMB41.652 billion, primarily due to (i) the increase of RMB80.473 billion in cash paid to repay bonds; (ii) the RMB56.061 billion in cash paid to repay loans and borrowings. These cash outflows were partially offset by (i) cash received from loans and borrowings of RMB53.210 billion; (ii) cash received from the issuance of short-term debt instruments of RMB35.732 billion; and (iii) cash received from the issuance of bonds of RMB13.764 billion.

3. Analysis of consolidated statements of financial position

Unit: thousand yuan Currency: RMB

Items	31 December 2018 Amount	31 December 2018 Component	31 December 2017 Amount	31 December 2017 Component	Changes Amount	Changes Proportion
Non-current assets						
Property and equipment	**4,082,006**	**0.93%**	3,730,599	0.86%	351,407	9.42%
Prepaid land lease payments	**785,312**	**0.18%**	804,388	0.19%	-19,076	-2.37%
Goodwill	**581,407**	**0.13%**	581,407	0.13%	—	0.00%
Other intangible assets	**1,472,424**	**0.34%**	1,442,271	0.33%	30,153	2.09%
Investments in associates	**1,294,133**	**0.30%**	1,309,278	0.30%	-15,145	-1.16%
Investments in joint ventures	**1,333,516**	**0.31%**	2,303,249	0.53%	-969,733	-42.10%
Available-for-sale financial assets	**—**	**0.00%**	38,340,006	8.88%	-38,340,006	-100.00%
Debt instruments at fair value through other comprehensive income	**33,445,303**	**7.66%**	—	0.00%	33,445,303	N/A
Equity instruments at fair value through other comprehensive income	**16,785,949**	**3.84%**	—	0.00%	16,785,949	N/A
Financial assets held under resale agreements	**6,444,585**	**1.48%**	27,357,004	6.34%	-20,912,419	-76.44%
Financial assets at fair value through profit or loss	**3,567,761**	**0.82%**	300,000	0.07%	3,267,761	1089.25%
Refundable deposits	**7,552,678**	**1.73%**	6,914,654	1.60%	638,024	9.23%
Deferred tax assets	**1,289,051**	**0.30%**	333,909	0.08%	955,142	286.05%
Other non-current assets	**2,932,037**	**0.67%**	677,498	0.16%	2,254,539	332.77%
Total	**81,566,162**	**18.69%**	84,094,263	19.47%	-2,528,101	-3.01%

Items	31 December 2018 Amount	31 December 2018 Component	31 December 2017 Amount	31 December 2017 Component	Changes Amount	Changes Proportion
Current assets						
Accounts receivable	**3,634,734**	**0.83%**	4,288,361	0.99%	-653,627	-15.24%
Other current assets	**1,867,556**	**0.43%**	6,270,510	1.45%	-4,402,954	-70.22%
Margin accounts receivable	**53,655,358**	**12.29%**	73,983,947	17.17%	-20,328,589	-27.48%
Available-for-sale financial assets	**—**	**0.00%**	1,631,794	0.38%	-1,631,794	-100.00%
Debt instruments at fair value through other comprehensive income	**5,721,378**	**1.31%**	—	0.00%	5,721,378	N/A
Financial assets held under resale agreements	**54,672,999**	**12.52%**	65,242,195	15.11%	-10,569,196	-16.20%
Financial assets at fair value through profit or loss	**134,114,319**	**30.71%**	98,202,115	22.75%	35,912,204	36.57%
Derivative financial assets	**648,358**	**0.15%**	315,233	0.07%	333,125	105.68%
Clearing settlement funds	**3,006,836**	**0.69%**	2,157,689	0.50%	849,147	39.35%
Cash held on behalf of brokerage customers	**77,492,497**	**17.74%**	79,476,131	18.41%	-1,983,634	-2.50%
Cash and bank balances	**20,348,883**	**4.64%**	15,985,949	3.70%	4,362,934	27.29%
Total	**355,162,918**	**81.31%**	347,553,924	80.53%	7,608,994	2.19%
Total assets	**436,729,080**	**100.00%**	431,648,187	100.00%	5,080,893	1.18%
Current liabilities						
Loans and borrowings	**8,279,422**	**2.73%**	11,520,278	3.87%	-3,240,856	-28.13%
Short-term debt instruments	**7,045,424**	**2.32%**	36,454,635	12.24%	-29,409,211	-80.67%
Placements from other financial institutions	**10,163,246**	**3.35%**	7,600,000	2.55%	2,563,246	33.73%
Accounts payable to brokerage customers	**82,347,043**	**27.19%**	84,356,232	28.29%	-2,009,189	-2.38%
Employee benefits payable	**4,984,863**	**1.64%**	5,005,954	1.68%	-21,091	-0.42%
Income tax payable	**1,518,105**	**0.50%**	1,531,137	0.51%	-13,032	-0.85%
Financial assets sold under repurchase agreements	**70,558,545**	**23.28%**	43,849,585	14.72%	26,708,960	60.91%
Financial liabilities at fair value through profit or loss	**32,746,561**	**10.81%**	23,454,372	7.87%	9,292,189	39.62%
Derivative financial liabilities	**255,973**	**0.08%**	402,828	0.14%	-146,855	-36.46%
Bonds payable	**15,476,842**	**5.11%**	1,279,944	0.43%	14,196,898	1109.18%
Other current liabilities	**16,110,357**	**5.32%**	8,656,571	2.91%	7,453,786	86.11%
Total	**249,486,381**	**82.33%**	224,111,536	75.21%	25,374,845	11.32%
Net current assets	**105,676,537**		123,442,388		-17,765,851	-14.39%

Items	31 December 2018 Amount	31 December 2018 Component	31 December 2017 Amount	31 December 2017 Component	Changes Amount	Changes Proportion
Non-current liabilities						
Bonds payable	**52,780,358**	**17.42%**	67,032,147	22.50%	-14,251,789	-21.26%
Employee benefits payable	**—**	**0.00%**	622,458	0.21%	-622,458	-100.00%
Deferred tax liabilities	**43,015**	**0.01%**	181,608	0.06%	-138,593	-76.31%
Financial assets sold under repurchase agreements	**—**	**0.00%**	3,000,000	1.01%	-3,000,000	-100.00%
Financial liabilities at fair value through profit or loss	**530,082**	**0.17%**	1,013,019	0.34%	-482,937	-47.67%
Other non-current liabilities	**215,852**	**0.07%**	1,992,196	0.67%	-1,776,344	-89.17%
Total	**53,569,307**	**17.67%**	73,841,428	24.79%	-20,272,121	-27.45%
Total liabilities	**303,055,688**	**100.00%**	297,952,964	100.00%	5,102,724	1.71%
Total equity	**133,673,392**		133,695,223		-21,831	-0.02%

As of 31 December 2018, the total assets of the Group amounted to RMB436.729 billion, which has increased by 1.18% compared with that of last year. The total liabilities amounted to RMB303.056 billion, which has increased by 1.71% compared with that of last year. The total equity was RMB133.673 billion, which has decreased by 0.02% compared with that of last year.

The asset of the Group was mainly comprised of: financial assets at fair value through profit or loss of RMB137.682 billion (31.53% of the total assets); cash held on behalf of brokerage customers of RMB77.492 billion (17.74% of the total assets); financial assets held under resale agreements amounting to RMB61.118 billion (14% of the total assets); margin accounts receivable of RMB53.655 billion (12.29% of the total asset); debt instruments at fair value through other comprehensive income of RMB39.167 billion (8.97% of the total assets), among which the current assets amounted to RMB355.163 billion and accounted for 81.31% of the total assets. The liquidity of the Group was fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation and therefore the assets were of relatively high quality.

Non-current assets

As of 31 December 2018, our non-current assets amounted to RMB81.566 billion with a decrease of 3.01% compared with the end of last year. Among the non-current assets, the financial assets held under resale agreements amounted to RMB6.445 billion with a decrease of 76.44% compared with the end of last year, which was primarily due to the decline in our stock-pledged financing business scale. During the Reporting Period, new standards on financial instruments were adopted and the "2018 Financial Statement Format of Financial Enterprises" as issued by the Ministry of Finance was adopted. As a result, the accounting item of available-for-sale financial assets was no longer used and the new accounting items of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income were adopted and as at the end of this period, the balances of such items were nil, RMB33.445 billion and RMB16.786 billion as compared to RMB38.340 billion, nil and nil as at the end of last year.

Current assets

As of 31 December 2018, our current assets amounted to RMB355.163 billion with an increase of 2.19% compared with that of last year. Among the current assets, financial assets at fair value through profit or loss amounted to RMB134.114 billion with an increase of 36.57% compared with the end of last year, primarily because the investment of bonds, funds and other investment scales to meet customer demand increased. The margin accounts receivable amounted to RMB53.655 billion with a decrease of 27.48% compared with the end of last year, which was primarily due to the decreased size of margin financing and securities lending business given the securities market condition. The financial assets held under resale agreements amounted to RMB54.673 billion with a decrease of 16.20% compared with the end of last year, which was primarily due to the decline in our stock-pledged financing business. From this Reporting Period, the new standards relating to financial instruments were implemented and the "2018 Financial Statement Format of Financial Enterprises" issued by the Ministry of Finance were adopted, the accounting item of available-for-sale financial assets was no longer used and the accounting item of debt instrument at fair value through other comprehensive income was newly adopted. As at the end of this period, the balances of such items were nil and RMB5.721 billion, respectively; the balances at the end of last year were RMB1.632 billion and nil, respectively.

Current liabilities

As of 31 December 2018, our current liabilities amounted to RMB249.486 billion with an increase of 11.32% compared with the end of last year. Among the current liabilities, financial assets sold under repurchase agreements amounted to RMB70.559 billion with an increase of RMB26.709 billion compared with the end of last year, which was primarily due to the increase in bonds sold under repurchase agreements; bonds payable amounted to RMB15.477 billion with an increase of RMB14.197 billion compared with the end of last year, which was primarily due to the adjustment of liabilities structure by the Group; financial liabilities at fair value through profit or loss amounted to RMB32.747 billion with an increase of RMB9.292 billion compared with the end of last year.

Non-current liabilities

As of 31 December 2018, our non-current liabilities amounted to RMB53.569 billion with a decrease of 27.45% compared with the end of last year. Among the non-current liabilities, bonds payable amounted to RMB52.780 billion with a decrease of 21.26% compared with the end of last year, primarily due to the adjustment of the liabilities structure of the Group.

Equity

The equity attributable to equity holders of the Company increased by 0.26% from the end of last year to RMB123.450 billion as of 31 December 2018. The gearing ratio of the Group was 62.19% as of 31 December 2018, which has increased by 0.69 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 31, 32, 34, 42 and 44 of the consolidated financial statements.

4. Borrowings and debt financing

As of 31 December 2018, the total borrowings and debt financing of the Group amounted to RMB83.582 billion, of which a detailed breakdown was as follows:

Unit: thousand yuan Currency: RMB

	31 December 2018	31 December 2017
Loans and borrowings	**8,279,422**	11,520,278
Short-term debt instruments	**7,045,424**	36,454,635
Bonds payable	**68,257,200**	68,312,091
Total	**83,582,046**	116,287,004

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 46, 47 and 53 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 2018, the placements from other financial institutions was RMB10.163 billion while the financial assets sold under repurchase agreements was RMB70.559 billion. The total debt was RMB164.304 billion.

Except for the liabilities disclosed in this report, the Group did not have, as of 31 December 2018, any outstanding collateral mortgages, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

5. Major customers and major suppliers

The Group serves different individual, institutional and corporate customers across various sectors. The customers are extensively distributed. In 2018, 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.

III. Analysis of Industry Operational Information

√ Applicable ☐ Not applicable

Please refer to "I. Description of Principal Businesses, Operating Model and Industry Condition of the Company during the Reporting Period (II) Description of the status of the industry" under "Section III Summary of Businesses of the Company" in this annual report.

IV. Analysis of Investment Condition

1. Overall analysis of external equity investments

√ Applicable ☐ Not applicable

As at the end of the Reporting Period, the Group's material equity investment and on-going material non-equity investment, which was as follows:

√ Applicable ☐ Not applicable

(1) Material non-equity investments

√ Applicable ☐ Not applicable

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 was 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 accumulative investment of the project was RMB1.589 billion as of 31 December 2018.

(2) Financial items measured at fair value

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Name of Items	Opening balance	Closing balance	Change	Change of profit
Financial instruments at fair value through profit or loss	76,690,220	104,405,437	27,715,217	2,795,708
Debt instruments at fair value through other comprehensive income	20,332,866	39,166,681	18,833,815	1,161,397
Equity instruments at fair value through other comprehensive income	16,976,661	16,785,949	-190,712	1,379,546
Derivative financial instruments	-87,595	392,385	479,980	824,149

(3) Material Assets and Equity Disposal

√ Applicable □ Not applicable

In order to optimize the investment 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 [2018] No. 557) which approved the Company to transfer 51% equity interest to Pacific Asset Management Co., Ltd. In April 2018, GTJA Allianz Funds completed the change in business registration in relation to the above transfer of equity. Gains on disposal of GTJA Allianz Funds accounted for 6.99% of the profit before income tax for the period.

V. Analysis of Main Holding Companies

√ Applicable □ Not applicable

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 2018, the total assets of Guotai Junan Financial Holdings was RMB78.038 billion with net assets of RMB9.017 billion; in 2018, its operating revenue was RMB1.642 billion and its net profit was RMB486 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 2018, the total assets of Guotai Junan Asset Management was RMB7.822 billion with net assets of RMB4.648 billion; in 2018, its operating revenue was RMB1.838 billion and its net profit was RMB600 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 2018, the total assets of Guotai Junan Futures was RMB19.205 billion with net assets of RMB2.626 billion; in 2018, its operating revenue was RMB3.104 billion and its net profit was RMB333 million.

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 RMB7.5 billion and the Company holds 100% of its equity interests.

As of 31 December 2018, the total assets of Guotai Junan Innovation Investment was RMB8.290 billion with net assets of RMB7.380 billion; in 2018, its operating revenue was RMB324 million and its net profit was RMB88 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 2018, the total assets of Shanghai Securities was RMB27.768 billion with net assets of RMB10.065 billion; in 2018, its operating revenue was RMB906 million and its net profit was RMB70 million.

6. Guotai Junan Zhengyu

Guotai Junan Zhengyu is principally engaged in equity investment, financial product investment, and businesses as stipulated in the management norms of alternative investment subsidiaries of securities companies.

The registered capital of Guotai Junan Zhengyu was RMB1 billion and the Company holds 100% of its equity interests.

As of 31 December 2018, the total assets of Guotai Junan Zhengyu was RMB1.025 billion with net assets of RMB1.024 billion; in 2018, its operating revenue was RMB30 million and its net profit was RMB24 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 2018, the total assets of HuaAn Funds was RMB3.536 billion with net assets of RMB2.604 billion; in 2018, its operating revenue was RMB1.676 billion and its net profit was RMB421 million.

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 new branch office, 7 new securities branches and 8 new futures branches, relocated 7 branch offices, 33 securities branches and 1 futures branch in the same cities and deregistered 1 securities branch and 1 futures branch in China. (Please see the below 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	—	7	7	27	1
Shanghai Securities	1	—		6	—
Guotai Junan Futures	—	—	3	1	—
Hicend Futures	—	—	5	—	1

VII. THE SITUATION OF STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

√ Applicable □ Not applicable

As of 31 December 2018, the Group consolidated 33 structured entities, which included 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 considering various factors such as the investment decision rights they owned and their exposures to variable returns. On 31 December 2018, 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 RMB5.397 billion, RMB47 million and RMB-23 million.

VIII. USE OF PROCEEDS

In April 2017, 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 in May 2017 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.

As of 31 December 2018, according to the use of purposes set out in the section headed "Future Plans and Use of Proceeds" in the H Shares prospectus, HK$14.281 billion of the proceeds have been settled and used for domestic business development, and HK$2.520 billion continued to be used for related overseas business development.

IX. 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

1. Financing channel: 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 and bonds, etc., thereby supporting the Company's business development.

2. For details of the liability structure, please refer to "Section IV Report of Directors II(III) Analysis of consolidated statements of financial position" in this Annual Report.

3. Liquidity management policies and measures: 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.

4. Analysis of financing capability and financing strategies: In order to maintain a balance between liquidity and profitability, the Company holds 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.

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 shall provide the industry with broad development room. The securities industry will show a development trend of diversified businesses, differentiated developments, international competition and technology-based operations.

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

To develop a standard, transparent, open, active and resilient capital market and give a better play of pivotal functions of capital market, several basic system reforms, including improvement of quality of listed companies, optimization of trading systems, attraction of more medium-term and long-term funds, launch of science and technology innovation board and pilot registration system, will be actively promoted. As a result, capital market will enter into a new track for long-term healthy development and provide more valuable growth opportunities. The basic functions of securities companies, as intermediary agents in capital market, will be improved continuously. The transformation and upgrade of traditional business and the increasing emergence of innovative business will largely expand the business scope and space 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 leading securities companies

In recent years, driven by market competition, the PRC capital market has demonstrated diversity and concentration of capital and profit in leading securities companies. Going forward, capital market will enter into a new stage of innovative development, which will demonstrate more requirements for the capital strength, innovation capability and risk control capability of securities companies and provide securities companies with more space for differentiated development. Benefiting from their market positions, capitals and economies of scale, leading 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 leading securities companies.

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

With the proceeding of economic globalization and capital market reform, PRC capital market has entered a new stage of overall opening-up. In recent years, the increasing improvement of Shanghai-Hong Kong Stock Connect, the preliminary establishment of Shanghai-London Stock Connect, the gradual removal of foreign exchange control on QFII and RQFII, the inclusion of A Shares in MSCI and the significant reduction of restrictions on shareholding percentage in securities industry have driven capital market to open up at a higher level, in a broader scope and in more forms. While bringing with abundant business resources for securities companies, the overall opening-up will also bring with more intensive competition and motivate PRC securities companies to further develop their international businesses by utilizing both domestic and overseas resources to realize synergy and growth. Therefore, leading securities companies may grow to large investment banks with international competitiveness by allocating resources, serving customers and managing risks worldwide.

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.

(II) Development strategies of the Company

√ Applicable □ Not applicable

1. Opportunities and challenges for development

In terms of external environment, the improvement of strategic positioning and the continuous enhancement of pivotal functions of capital market, the promotion of basic system reforms, such as the launch of science and technology innovation board, have brought with significant opportunities for securities industry to accelerate development while presenting critical challenges for the comprehensive service capability of securities companies;

In terms of internal conditions, the Group is in the best development period in history. The gradual penetration of the "Guotai Junan Consensus", the implementation of strategic plans for a new period, the preliminary establishment of international capital structure and the optimization of operational mechanism have created conditions for the further innovative development of the Group. However, the more sophisticated and tough economic environment, the increasing opening-up of capital market and the intensive competition in securities industry in the PRC 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 the core competitiveness of principal business, 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 Outline of Development Strategy Plan from 2019 to 2021, 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" according to higher standards and with more depth.

4. New businesses to be conducted

In 2019, the Group will proactively take advantage of opportunities arising in the basic system reforms, such as the launch of science and technology innovation board, optimize the retail customer service system and corporate institutional customer service system, continue to promote the innovation transformation, put efforts in the growth of businesses including FICC and equity derivative, PB, wealth management, asset management and private equity investment, 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 2018, the Group made significant progress in the following aspects: (1) the Group maintained healthy financial conditions, achieved better operating results and ranked top in the industry in terms of operating results; (2) competitiveness of all principal business was improved steadily. The basic construction of a retail, corporate and institution customer service system was completed, and the comprehensive service capability was improved steadily; (3) the digital building of key areas completed successfully with an industry-leading position in intelligent application; (4) matrix management was implemented to optimize performance appraisal and incentive mechanism and enhance intra-group cooperation ability and cross-border business capability; and (5) the building of the comprehensive risk management system was completed and the level of the compliance and risk management was further enhanced.

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

In 2019, the Group will resolutely adhere to the requirements of the new three-year strategic plan. It will take advantage of opportunities in the launch of science and technology innovation board, wealth management and internalization to optimize the retail customer service system and corporate institutional customer service system, develop industries and promote matrix management. It will expand technology application to facilitate the transformation of and innovation in investment banking, asset management, trading and investment and credit business, to enhance the core competitiveness of principal businesses, to raise the standard for compliance and risk management and to establish and reinforce the leading advantage of the Company in the industry.

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

At the end of the Reporting Period, the Company ranked top in the industry in terms of total assets, net assets, net capital and other indicators. 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.

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

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 frontline compliance and risk control person in charge, and the recommendation and appointment of the risk control and compliance person in charge 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.

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 and the audit department, 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 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. 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; 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 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.

4) Other business departments and branches

The key responsible persons of each of our business, departments, branches and subsidiaries 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, branches and subsidiaries. The Company established a compliance and risk management system for subsidiaries, requiring that the subsidiaries shall develop and improve risk management system for their own, effectively improve the overall risk management level.

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, liquidity risk and reputation risk; risk management system on various business and products and the practical business operation protocol. During the Reporting Period, the Company revised various types of risk management systems such as market risk, credit risk, operational risk and liquidity risk and the compliance risk control management system for subsidiaries in accordance with the latest regulatory requirements, formulated the model risk management system and the reputation risk management system, comprehensively revised the core management system for the investment banking business, and formulated and issued the assessment rules for compliance and risk management.

4. Risk appetite system

Risk appetite is an overall attitude held by a company in the face of risks after taking into full consideration of net capital, assets and liabilities, solvency, liquidity, external evaluation and compliance of operations, provided that requirements from creditors, customers, supervision organization, rating agencies and other stock related parties have been satisfied, as well as the types and level of risks that the Company is willing to take.

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.

During the Reporting Period, after having been considered and approved by the Board, the Company clearly put forward the Group's risk appetite, tolerance and limit for 2018 and made risk decomposition and transmission in accordance with different risk types and various dimension and implemented in the course of ordinary business.

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 interest rates, exchange rate, stock prices and commodity prices. The businesses of the Company that involve market risks mainly include the transactions of equity securities and their derivatives, the transactions of fixed-income securities and their derivatives as well as low-risk and non-directional transactions such as foreign exchange transactions, precious metal transactions and commodity transactions.

The Company implements boundary management for market risks and formulates a market risk boundary system comprising business scale, loss boundary, exposure, Greek letters, effectiveness of hedge, and various types of risk indicators. It determines the alarm standards, warning standards and responding measures for market risks.

The Company conducts daily monitoring for market risk limits using its risk management system to monitor the operation of its businesses. We report market risk monitoring and management conditions, and conduct specialized analysis on risk matters, in order to provide basis for decision making. The Company adopts methods such as Value at Risk (VaR) and Stress Test to analyze and assess market risk. The Company's Value at Risk (VaR) calculation applies a historical parameter method based on the historical data for the previous 6 months, assuming the holding period is one day and the confidence level is 95%. The Company regularly reviews the effectiveness of VaR model through the back testing method.

The following table sets forth the VaR of the Company by asset types as at the dates and for the periods indicated: (1) the daily VaR as of the end of the respective period; (2) the average value, the minimum value and maximum value of the daily VaR for the respective period.

Unit: ten thousand yuan Currency: RMB

Types	31 December 2018	31 December 2017	2018		
			Average	Minimum	Maximum
Equity	11,094	6,382	10,764	5,998	26,009
Fixed Income	6,967	5,532	6,614	4,772	9,889
Derivative	4,694	862	2,681	667	5,441
Total	19,261	11,168	15,838	10,093	26,004

In 2018, there were relatively higher fluctuates in securities markets and the Company strengthened the risk assessment and dynamic monitoring on risks of transaction investment business, continuously conducted pressure testing and applied results thereof to market risk management. The business ran smoothly in general.

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, margin financing and securities lending 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. As for clients whose credit rates satisfy access conditions, the credit line shall be determined according to the particulars of clients.

The Company mitigates credit risk through methods such as deposits, qualified collaterals and netting settlements. An entry threshold has been formulated for securities investment business and through white list management and concentration control, the credit risks of bond positions are being continuously tracked and assessed. Credit 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 by the Company. 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.

The Company analyzes credit risk factors of each business, identifies the credit risks for the business and conducts credit risks concentration management and measure assessment. The Company conducts credit risk management for its large clients in respect of concentration risk control targets. 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 and analyzes the results thereof.

In 2018, the Company's credit risk was generally controllable, and no credit default events occurred in bond investment business. The average performance guarantee ratio of the stock-pledged financing business was 206%, and the average of the guarantee ratio for clients with outstanding liabilities in margin financing and securities lending business maintained at 227%.

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, and monitors the conditions of significant capital providers' transactions with the Company. 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.

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 backup 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 rehearsed and assessed regularly and emergency response arrangements will be continually updated and improved.

In 2018, the overall market liquidity was relatively loose. The Company's liquidity coverage ratio and net stable funding ratio were both higher than the 100% lower limit of the regulatory requirement. The net size of the cash management pool was higher than the scale lower limit set by the Company and the overall liquidity status was good.

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 upgrades the existing operational key risks management system, 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 the operational risk situation of the Company could be fully understood in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

The Company formulates emergency response plan for internet and information security events, and conducts assessment over the main plan and sub plan of emergency response. It also arranges various rehearsal against incidents, disaster and other emergencies, and upgrades and improves its systematic and emergency response plan based on the results of rehearsal and findings identified.

In 2018, the Company's information technology and operation affairs ran smoothly in a safe way with no significant operational risk events. Disaster combat rehearsals both within and between cities that went on normally had verified that the Company's core transaction system could be available for disaster recovery both within and between cities.

5) Reputational risks

Reputational risk is the risk of negative evaluation to the Company's reputation as a result of its operations, management and other actions or external events.

The Company incorporates reputational risk management into our comprehensive risk management system, establishes a reputational risk management mechanism, and sets up a brand marketing center as the Company's reputational risk management department under the Board Office, requiring all departments, branches, sales offices and subsidiaries to actively and effectively prevent reputational risks and respond to reputational risk events, accurately identify, prudently evaluate, dynamically monitor, timely respond to and manage the reputational risks in the process of business management, and minimize losses and negative impacts on the Company's reputation and brand image.

In 2018, the Company established a reputational risk management system and improved the reputational risk management mechanism. The Company's overall public sentiment was stable and no major reputational risk events occurred.

(V) Others

√ Applicable □ Not applicable

1. Business innovation during the Reporting Period

Please refer to "Section III Summary of Businesses of the Company – II. Analysis of Core Competitiveness during the Reporting Period" in this annual 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 ensuring that 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 studied 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.

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. (《國泰君安証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. (《國泰君安証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.

(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 2018, each risk control indicator of the Company met the required standards.

VIII. 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 of Guotai Junan Securities Co., Ltd., 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 of the Company shall distribute annual or interim profits by cash as long as it does not affect the normal operation of the Company, in which case 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 of the Company shall take various factors into account, including its industry features, the stage of development, its own business model, profitability 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 2018 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 RMB2.75 (tax inclusive) for every 10 Shares. As the A-Share 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 8,713,940,629 Shares as of 31 December 2018, the total amount of cash dividend distributable will be RMB2,396,333,673, representing 35.72% of the net profit attributable to owners of the parent company under the consolidated financial statements for 2018. The Company's profit distribution proposal for 2018 has been reviewed and passed by the eleventh meeting of the fifth session of Board. It still needs to be reviewed at the Company's general meeting.

The aforesaid profit distribution proposal of the Company is compliant and transparent and complies with 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 (%)
2018 (Note)	0	2.75	0	2,396,333,673	6,708,116,621	35.72
2017	0	4.00	0	3,485,576,090	9,881,544,722	35.27
2016	0	3.90	0	2,973,750,000	9,841,416,726	30.22

Note: As the A-Share Convertible Bonds issued by the Company in July 2017 have entered into share conversion period since 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 8,713,940,629 Shares as of 31 December 2018, the total amount of cash dividend distributable will be RMB2,396,333,673, representing 35.72% of the net profit attributable to owners of the parent company under the consolidated financial statements for 2018.

(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	–	–

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 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 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	–	–

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	–	–
	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 of 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 indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	–	–
	Supervisors of the Company	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.

(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

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

1. Financial instrument related standards (IFRS 9)

In 2017, the Ministry of Finance has amended the "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").

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.

As a company listed on both domestic and overseas stock markets, the Company has applied the above new standards from 1 January 2018. The Company has changed its accounting policies from the first quarter of 2018 without restating the data in comparable period of 2017. The impacts of the New Financial Instrument Standards on the balance sheet of the Group as at 1 January 2018 are as follows:

Unit: thousand yuan

	31 December 2017	Adjustment	1 January 2018
Available-for-sale financial assets	39,971,800	-39,971,800	—
Debt instruments at fair value through other comprehensive income	—	20,332,866	20,332,866
Equity instruments at fair value through other comprehensive income	—	16,976,661	16,976,661
Financial assets held under resale agreements	92,599,199	-263,686	92,335,513
Financial assets at fair value through profit or loss	98,502,115	2,655,496	101,157,611
Deferred tax assets	333,909	80,161	414,070
Accounts receivable	4,288,361	-27,533	4,260,828
Other current assets	6,270,510	-2,088	6,268,422
Margin accounts receivable	73,983,947	-31,958	73,951,989
Cash held on behalf of brokerage customers	79,476,131	-10,810	79,465,321
Cash and bank balances	15,985,949	-8	15,985,941
Other current liabilities	8,656,571	10	8,656,581

2. Revenue standard (IFRS 15)

In 2017, the Ministry of Finance amended the "Accounting Standard for Business Enterprises No. 14 – Revenue", incorporating the current revenue and construction contract standards into a unified revenue recognition model; replacing the risk-and-reward approach with the transfer-of-control approach as the criteria for the time of revenue recognition; providing a more prescriptive guidance including the accounting treatment of contract concerning multiple trading arrangements; and expressly formulating 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.

Changes in accounting policies due to adoption of the aforesaid two amendments (1 and 2) of the Accounting Standards for Business Enterprises were approved by the Board of the Company on 29 March 2018.

3. Changes in accounting policy in respect of leasing (IFRS 16)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises 21 — Leases" in December 2018. The new leasing standard stipulates that: at the beginning of the lease term, the lessee shall recognize the right-of-use asset and lease liability for the lease. The core change of such standard is: to eliminate the classification of lessee regarding financial leases and operating leases; require the lessee to recognize the right-of-use asset and lease liability for all leases (excluding short-term leases and leases with low-value asset which are treated with simplified approach), and recognize depreciation and interest expense, respectively.

The new lease standards were implemented starting from 1 January 2019 for enterprises listed on both domestic and overseas stock markets. According to the provisions for the transitional period, it is not necessary for the enterprises to restate the comparable figures for the previous period, however, enterprises shall adjust the retained earnings and other related items in the financial statements for the beginning of the year upon first-time implementation of the new standards. As such, the Company changed its accounting policy at the beginning of 2019, and disclosed the accounting statements according to the new standards since the first quarter of 2019 without restatement of information in comparable period of 2018. The conversion of new and old standards affected the retained earnings and other related items in the financial statements for the beginning of 2019. The implementation of the above new standards is expected to increase the total assets and total liabilities of the Company, but will not have significant impact on the owner's equity and net profit.

4. Adjustment to the presentation of items of financial statements

Pursuant to the relevant provisions from the Notice of Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018 (《關於修訂印發2018年度金融企業財務報表格式的通知》) (Cai Kuai [2018] No. 36) issued by the Ministry of Finance, the presentation of regular reporting of financial statements and note items for 2018 and future periods have been adjusted, and there has been no significant impact on the Company's assets, liabilities, gains or losses, cash flow, etc.

Changes in accounting policies due to adoption of the aforesaid amendments (3 and 4) of the Accounting Standards and requirements for Business Enterprises were approved by the Board of the Company on 20 March 2019.

(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

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	285
Term of audit services provided by the domestic accounting firm	7
Name of the foreign accounting firm	Ernst & Young
Remuneration of the foreign accounting firm	235
Term of audit services provided by the foreign accounting firm	2

	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 18 May 2018, pursuant to the resolution at the 2017 Annual General Meeting of the Company, the Company re-appointed Ernst & Young Hua Ming LLP as the external auditor of the Company for 2018, responsible for its statutory audit in accordance with the Accounting Standards for Business Enterprise and internal control audit. The Company appointed Ernst & Young as the external auditor of the Company for 2018, 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) in 2018 amounted to RMB13.79 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

VIII. RISK OF DELISTING AND REASONS

☐ Applicable √ Not applicable

Section V Significant Events

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

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).

Note: 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.

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

(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

(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. The total number of shares may fall to be issued upon the exercise of all options may be granted pursuant to the share option scheme will be not in aggregate more than 10% of the issued shares of Guotai Junan International (namely 164,000,000 shares) as of the date of approval of the share option scheme. As of 31 December 2018, Guotai Junan International granted 154,500,000 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.

The Group 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 (without taking into consideration the conversion of the Convertible Bonds). 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 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 continuing connected 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 scope of continuing connected transactions for 2017 to 2019 and set the annual caps for the respective transactions. On 30 October 2018, the Company and International Group executed a supplemental agreement to adjust the annual caps for the revenue to be generated from financial services for 2018 and 2019 to RMB57.33 million and RMB187.78 million, respectively, with the other caps remain unchanged:

During the Reporting Period, the Company's continuing connected transactions were implemented according to relevant framework agreement and supplemental agreement 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 annual cap and the actual transaction amount for 2018 are set out below:

Unit: million yuan Currency: RMB

Subject matter	Annual cap for 2018	Actual transaction amount for 2018
Securities and financial products transactions		
Inflow		
Products with fixed income features	3,915.1	2,206.7
Other products and financing transactions	26.5	23.4
Outflow		
Products with fixed income features	5,930.8	1,173.7
Other products and financing transactions	22.6	—
Financial services		
Income	57.33	7.45
Expenses	58.83	3.16

The auditor of the Company has performed audit procedures on the above-mentioned continuing connected transactions and issued a letter to the Board of the Company 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 of the Company;

(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;

(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 in notes to the financial statements also constitute continuing connected transactions. The Company's disclosure of these related party 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 of the Company 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 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 2018, which was considered and approved at the 2017 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 party transactions in the notes to the financial statements (prepared according to the Accounting Standards for Business Enterprise).

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	January to December 2018	January to December 2017
SPD Bank	Revenue from entrusted Assets management business	25,885	26,570
Shanghai SA	Revenue from the securities brokerage business	1,102	20,462
Shenzhen Energy Group Co., Ltd.	Revenue from the securities brokerage business	1,597	13,241

② Interest received from related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	January to December 2018	January to December 2017
SPD Bank	Interests from deposit in financial institutions	135,843	326,686
SPD Bank	Interests from financial assets held under resale agreements	12,981	8,370

③ Interests paid to related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	January to December 2018	January to December 2017
SPD Bank	Bond interests	15,682	18,000
SRCB	Interests on financial assets sold under repurchase agreements	9,264	12,470

2) Balances with related parties

① Balances of deposits in related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the end of last year
SPD Bank	6,137,599	2,951,986

② Balances of financial assets held under resale agreements

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the end of last year
Guosen Securities Co., Ltd.	100,173	—

③ 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	Balances at the end of the period	Balances at the end of last year
Shanghai SA	206,022	—

④ Balances of the bonds issued by the Company held by related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the end of last year
SPD Bank	—	500,000
Guosen Securities Co., Ltd.	50,606	50,000

3. Matters not disclosed in ad hoc announcements

□ Applicable √ Not applicable

Section V Significant Events

(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

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

(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

(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)	3,506,881

Total amount of guarantees of the Company (including guarantees for subsidiaries)

Total amount of guarantees (A+B)	3,506,881
Total amount of guarantees as a percentage of the net assets of the Company (%)	2.84
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	

Remark on the guarantees	In May 2014, Guotai Junan Financial Holding Limited (incorporated in the British Virgin Islands), 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 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 2018, the total amount of the guarantee is RMB 3,506,881 thousand.

(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 (as amended in 2014), 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 m^2) 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 RMB572,268,298.

(2) 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. (《國泰君安証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, Jing'an District, Shanghai City, with a total contract value of RMB335,882,500. As of the end of the Reporting Period, the Company has paid RMB249,138,600.

XVI. OTHER SIGNIFICANT EVENTS

√ Applicable □ Not applicable

1. The Company formulated of Outline of the Development Strategy Planning for 2019 to 2021

On 20 March 2019, the Outline of the Development Strategy Planning for 2019 to 2021 was considered and approved in the 11th meeting of the 5th session of the Board, which mainly sets out: in this period, corresponding to the Company vision of "becoming an integrated financial services provider rooted in China with global coverage and significant influence", the Company will resolutely implement its cultural consensus and continue to develop into "an integrated financial services provider with an across-the-board leading position in China and international competitiveness" by higher standards and with more depth. In terms of its overall strategy, the Company will "develop outstanding core capabilities with customer being the focus". With the Guotai Junan Consensus as the guiding principles for the operation and development of the Company, the Company will focus on the needs of customers and develop all-rounded outstanding core capabilities of the Group. The Company will take full advantage of the effect of the two strategic systems of retail customer service and corporate institutional customer service, driving the transformation and upgrade of the four businesses of investment banking, asset management, transaction and credit with the three strategic forces of wealth management, buyer's ecology and internationalization, and maintaining the advantage of the foundation of the five strategic pillars of compliance risk management, technology, research, human resources and assets and liabilities management.

2. Issuance of offshore bonds

On 12 March 2019, the Company issued the bonds with an amount of EUR255 million, with a term of 3 years. floating-rate, and an initial coupon rate of 0.842%.

3. 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.

4. Other matters related to subsidiaries

1. Issuance of MTN by Guotai Junan International

In 2018, Guotai Junan International issued MTN with a total amount of HKD 1.635 billion and US$210 million, with terms from 3 months to 1 year, of which HKD 0.308 billion and US$50 million matured and was paid in 2018.

2) Bonds issued by Guotai Junan Holdings Limited (BVI)

On 11 March 2019, Guotai Junan Holdings Limited (BVI), a subsidiary of the Company, issued the bonds with an amount of USD500 million, with a term of 3 years and the interest rate of 3.875%. The Company, as the guarantor, provided unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited (BVI).

5. Contract of significance

Save as disclosed in this report, during the reporting period, the Company or its subsidiaries did not have any contract of significance with its controlling shareholder or its subsidiaries 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).

6. Management contracts

During the Reporting Period, no contracts were entered into and subsisted 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 (other than the service contracts with Directors, Supervisors or the full-time employees of the Company).

7. 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.

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 for 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 assistance 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 intelligence, education and public welfare support.

At the same time, the Company continues to carry out the public poverty alleviation works, such as the urban-and-rural comprehensive paired support, learning and teaching support in poverty-stricken areas and financial assistance to poverty-stricken 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 initiated various special targeted poverty alleviation activities, including matching the assistance provider with families and students with financial difficulties that have been recorded for poverty registration, recruiting volunteers within the Company and carrying out the "Be Together" program in the three counties to care for left-behind children and the "Angel Education" program. For the Guotai Junan customized supplemental medical insurance of "growth without worry" purchased by the Company for more than 190,000 teachers and students in the three poverty-stricken counties, the Company has processed more than 180 claims at the end of December 2018 with a total compensation amount of over RMB1.60 million. The Company has also 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. In respect of industrial support, with the support of the People's Government of Puge County (普格縣人民政府), the Company jointly initiated the establishment of Puge Guotai Junan Agricultural Industry Development and Investment Centre (普格國泰君安農業產業發展投資中心) with Puge County Agricultural Investment and Development Co., Ltd. (普格縣農業投資開發有限責任公司) to develop the local speciality agricultural products and Chinese herbal medicine industry. In respect of education support, a foundation stone-laying ceremony was officially held for Guotai Junan Tianzhushan Central School funded by the Company in Qianshan, Anhui on 10 September 2018, and the school commenced the construction works.

According to the requirements of the Shanghai Municipal Government to strengthen the urban-rural paired support work, the Company continued to provide supports to the Fengxian District through assistance in industry, support for public benefits and agricultural product sales. The Company actively participated in the paired support of the "Hundred Enterprises for Hundred Villages" program, and conducted inspections in Malipo County in Yunnan and Guangnan County in Yunnan to offer aids in local poverty alleviation work.

The Company has actively supported the learning and education of poverty-stricken people with financial difficulties. The Company has provided loans for education for 198 students with financial difficulties in four universities in Shanghai and over 20 universities in Shenzhen and Chongqing, and has provided materials and funds for poverty-stricken 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: ten thousand Currency: RMB

Indicators		Number and implementation information of the Company
I. Overview		
Including: 1. Fund		2,813.43
2. Materials trade		10
3. Number of people assisted with removal from administrative record for poverty registration (Persons)		—
II. Itemized input		
1. Poverty alleviation through industrial development		
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		—
2. Poverty alleviation through employment		
Including: 2.1 Amount invested in vocational training		32
2.2 Number of people receiving vocational training (Person/Time)		520
3. Poverty alleviation through relocation		
4. Poverty alleviation through education		
Including: 4.1 Amount invested in subsidizing poverty-stricken students		258.98
4.2 Number of students receiving allowance (Persons)		1,470
4.3 Amount invested in improvement of education resources of poor areas		1,255.71

Indicators	Number and implementation information of the Company
5. Poverty alleviation through health enhancement	
Including: 5.1 Amount invested in medical and health resources in poor areas	202
6. Poverty alleviation through ecological protection	
7. Protection for the most disadvantaged people	
Including: 7.1 Amount invested in helping the "three left-behind" groups	56.90
7.2 Number of people of the "three left-behind" groups helped(Persons)	330
7.3 Number of people with disabilities helped (Persons)	—
8. Poverty alleviation in the society	
Including: 8.1 Amount invested in poverty alleviation in the east-west collaboration of the country	225.74
8.2 Amount invested in targeted poverty alleviation work	15.34
8.3 Poverty alleviation public welfare fund	720
9. Other projects	
Including: 9.1. Number of projects (Projects)	6
9.2. Amount invested	56.76
9.3. Details of other projects	The Company provided funding for medical equipment donation in Jiange County, Sichuan Province, donation expenses of bookstore of Liubeizhai Town Central Primary School in Hebei Province, Farmer Weifang Dabiao Construction Project in Baimiao Town, Sichuan Province (四川白廟鎮農戶濰坊達標建設項目), "Golden Autumn Sowing and Yellow Flower Bloom Project" in Gansu

Section V Significant Events

Indicators	Number and implementation information of the Company
III. Awards (details and levels)	1. In January 2018, the Company was awarded as an "Avant-garde Institution for Poverty Alleviation in 2017 (2017扶貧先鋒機構)" in the "2017 China Capital Market Forum & Prize Awarding Ceremony for Poverty Alleviation (2017中國資本市場扶貧先鋒論壇暨頒獎典禮)". 2. In March 2018, 14 securities and futures business institutions, including our branch company in Jiangxi Province, were honored as "Advanced Units for Poverty Alleviation in the Year of 2017" by the Securities Regulatory Bureau of Jiangxi Province and the Securities & Futures Association of Jiangxi Province. 3. In August 2018, the Company was granted as the Social Responsibility Contribution Award of the Year in the China Corporate Social Responsibility Summit. 4. In September 2018, the Company was granted as the Outstanding Contribution Award for Poverty Alleviation and the Best Project Award for Poverty Alleviation through Education in the China's securities and futures industry. 5. In November 2018, the Company was selected as the 2018 Pioneer Enterprise for Poverty Alleviation through Education, the Pioneer Institution for Poverty Alleviation through Education Investment and the Best Case for One Company for One County Paired Support

4. Subsequent targeted poverty alleviation plans

In 2019, the Company will conscientiously implement the work arrangements for poverty alleviation, focus on effectively enhancing the effectiveness of the work, and tackle difficulties in a pragmatic, targeted and effective way, scientifically standardizing work processes, increase its efforts in project implementation and continue leverage its industrial advantages to actively fulfill its social responsibilities. In addition to the current poverty alleviation work and the achievements, the Company will continue to conduct existing poverty alleviation works in accordance with the established targeted poverty alleviation plans, boost the targeted poverty alleviation works in Ji'an County of Jiangxi Province, Puge County of Sichuan Province and Qianshan County of Anhui Province, put more efforts in industrial support and talent exchange, improve education and teaching conditions and expand the financing channels for enterprises. Meanwhile, the Company will continue to carry out its works to the "Urban-and-Rural Paired Support", "Hundred Enterprises for Hundred Villages" and "Poverty Alleviation through Education", provide assistance in the construction of hope primary schools and provide aid funds for poor college students.

(II) Fulfillment of social responsibilities

√ Applicable ☐ Not applicable

Details on the fulfillment of social responsibilities is available in the Environmental, Social and Governance Report 2018 of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司環境、社會及管治報告》) disclosed in the website of the HKEX (http://www.HKEX.HK)

(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

In 2018, we vigorously developed our green bond business. We acted as a lead underwriter for 18 Bank of Guiyang Green Financial Bond 01, 18 Wuhan Metro Green Bond 01 and 18 Bank of Jiujiang Green Financial Bond 01, with a total amount of financing of nearly RMB10 billion. This ensures that green industry projects can receive adequate capital support during their construction and operation. The issue size of Guojun-PowerChina Renewable Energy Tariff Subsidy Green Tranche 1 ABS Program amounted to RMB747 million in total, promoting the environmental-friendly development of state-owned enterprises.

In 2018, the Company and Mobike entered into a bicycle riding emission reduction transaction, and conducted carbon quota repurchase financing transactions with an amount of more than RMB6 million with power plants, providing innovative trading tools for enterprises to expand financing channels.

(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 (stock code 191013) from 8 January 2018.

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

√ Applicable □ Not applicable

No. of Convertible Bond holders at the end of the period	8,951
Guarantors of Convertible Bonds of the company	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	845,534,000	12.08
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	837,864,000	11.97
China Securities Finance Corporation Limited	345,101,000	4.93
Shanghai International Group Co., Ltd	295,254,000	4.22
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	279,370,000	3.99
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Ping An Bank Co., Ltd.)	262,394,000	3.75
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	228,788,000	3.27
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Agricultural Bank of China)	182,082,000	2.60
China Merchants Wealth—Postal Savings Bank of China—Postal Savings Bank of China Co., Ltd.	163,780,000	2.34
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Minsheng Banking Corp., Ltd.)	158,929,000	2.27

(III) Change of Convertible Bonds during the Reporting Period

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before change	Increase/decrease			After change
		Converted	Redeemed	Sold back	
Guo Jun Convertible Bonds	7,000,000,000	138,000	—	—	6,999,862,000

Aggregated conversion of convertible bonds during the Reporting Period

√ Applicable □ Not applicable

Conversion amount during the Reporting Period (RMB)	138,000
Number of converted shares during the Reporting Period (shares)	6,829
Aggregated number of converted shares (shares)	6,829
Aggregated number of converted shares as a percentage of the total number of issued shares of the Company before conversion (%)	0.000078
Amount of convertible bonds not yet converted (RMB)	6,999,862,000
Number of convertible bonds not yet converted as a percentage of the total number of issued convertible bonds (%)	99.9980

(IV) Adjustments of the conversion prices

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reasons of adjustments
29 June 2018	RMB19.8 per share	22 June 2018	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB 0.4 per share for the year of 2017

Conversion price at the end of the Reporting Period	RMB19.8 per Share

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

√ Applicable □ Not applicable

As of 31 December 2018, the Group's total assets amounted to RMB436.729 billion, with a gearing ratio of 62.19%. Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Updated Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司公開發行A股可轉換公司債券跟蹤評級報告) in respect of the A-Share Convertible Bonds issued on 24 May 2018, and maintained the credit rating of the Company as AAA and the credit rating of such Convertible Bonds as AAA with a stable outlook.

The major source of funds available for the Company to settle the principal and interests 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 with strong financial condition, thus the Company has adequate cash flow generated from the operating activities and relatively strong repayment capability.

(VI) Other information on Convertible Bonds

√ Applicable □ Not applicable

As of the end of February 2019, the outstanding amount of the A-Share Convertible Bonds was RMB6,999,823,000. Based on the current conversion price of RMB19.80 per Share, in the event that the outstanding Convertible Bonds are fully converted, 353,526,414 A Shares will be issued.

If the outstanding Convertible Bonds are fully converted, the total number of A Shares will increase by 353,526,414 to 7,869,641,829; the total number of Shares will increase to 9,067,469,009; and the percentage of the number of H Shares against the total number of the Shares will decrease from 13.75% to 13.21%.

The shareholding in the Company of its controlling shareholder, Shanghai State-owned Assets Operation Co., Ltd, will be diluted from 23.56% to 22.64% and the aggregate interest in the Company of the de facto controller of the Company, Shanghai International Group Co., Ltd, will be diluted from 32.73% to 31.45%.

The basic earnings per share of the Company in 2018 is RMB0.70 per Share. The convertible bonds had an anti-dilutive effect on the basic earnings per share for the year 2018 and were ignored in the Calculation of diluted earnings per share.

Note: The controlling shareholder and the de facto controller as referred to herein have the meanings as defined under the SSE Listing Rules.

XIX. TAX REDUCTION AND EXEMPTION

(I) Holders 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税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税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 starts 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 that are shareholders of resident 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 (《國家税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税有關問題的通知》) (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 (《財政部國家税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税收政策的通知》(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 Company Limited 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.

(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 (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (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税有關問題的通知》) (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 (《財政部國家税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税收政策的通知》(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		Change (+/-)					After change	
	Number	Percentage (%)	New issues	Bonus Issues	Reserves Capitalized	Others	Sub-total	Number	Percentage (%)
I. Shares subject to selling restrictions	2,783,416,270	31.94				-2,783,416,270	-2,783,416,270		0
1. State-owned shares									
2. Shares held by state-owned legal entities	2,783,416,270	31.94				-2,783,416,270	-2,783,416,270		0
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	5,930,517,530	68.06				2,783,423,099	2,783,423,099	8,713,940,629	100.00
1. RMB- denominated ordinary shares	4,732,690,350	54.31				2,783,423,099	2,783,423,099	7,516,113,449	86.25
2. Domestic listed foreign invested shares									
3. Overseas listed foreign invested Shares	1,197,827,180	13.75				0	0	1,197,827,180	13.75
4. Others									
III. Total ordinary shares	8,713,933,800	100.00				6,829	6,829	8,713,940,629	100.00

2. Changes in ordinary Shares

√ Applicable □ Not applicable

As at 26 June 2018, the lock-up period of 2,783,416,270 A Shares issued in the initial public offering held by 6 shareholders including but not limited to Shanghai State-owned Assets Operation Co., Ltd., which were subject to selling restrictions, had expired, resulting in the release of such A Shares from selling restrictions and becoming tradable in the market, and they became tradable shares not subject to selling restrictions.

In addition, the A-Share Convertible Bonds issued by the Company have entered into share conversion period from 8 January 2018. As of the end of this Reporting Period, the A-Share Convertible Bonds amounted to RMB 138,000 had been converted into a total of 6,829 A Shares. As a result, the total share capital of the Company changed to 8,713,940,629 Shares, including 7,516,113,449 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

√ Applicable □ Not applicable

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

□ Applicable √ Not applicable

(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.	1,900,963,748	-1,900,963,748		0	/	26 June 2018
Shanghai International Group Co., Ltd.	682,215,791	-682,215,791		0	/	26 June 2018
The Second Shareholding Transfer Account of Board of Directors of NSSF	89,090,813	-89,090,813		0	/	26 June 2018
Shanghai Sitico Assets Management Co., Ltd.	75,482,261	-75,482,261		0	/	26 June 2018
Shanghai International Group Asset Management Co., Ltd.	34,732,152	-34,732,152		0	/	26 June 2018
Shanghai International Group Asset Operation Co., Ltd.	931,505	-931,505		0	/	26 June 2018
Total	2,783,416,270	2,783,416,270		0	/	/

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. As at 26 June 2018, the lock-up period of 2,783,416,270 A Shares issued in the initial public offering held by 6 shareholders including but not limited to Shanghai State-owned Assets Operation Co., Ltd., which were subject to selling restrictions had expired, resulting in the release of such A Shares from selling restrictions and they becoming tradable in the market, and became tradable shares not subject to selling restrictions.

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						
1788 ordinary shares	February 2018	HK$2.85	700,000,000	February 2018	700,000,000	
Convertible corporate bonds, warrant bonds and corporate bonds						
2018 First Tranche Short-term Financing Bills	January 2018	4.79%	3,000,000,000	January 2018	3,000,000,000	April 2018
2018 Second Tranche Short-term Financing Bills	February 2018	4.70%	3,500,000,000	February 2018	3,500,000,000	May 2018
2018 Third Tranche Short-term Financing Bills	May 2018	4.23%	3,500,000,000	May 2018	3,500,000,000	August 2018
2018 Fourth Tranche Short-term Financing Bills	June 2018	4.40%	3,500,000,000	June 2018	3,500,000,000	September 2018
2018 Fifth Tranche Short-term Financing Bills	October 2018	3.15%	3,000,000,000	October 2018	3,000,000,000	January 2019
Public Offering of 2018 Corporate Bonds (First Tranche)	March 2018	5.15%	4,300,000,000	March 2018	4,300,000,000	March 2021
Public Offering of 2018 Corporate Bonds (Second Tranche)	April 2018	4.55%	4,300,000,000	May 2018	4,300,000,000	April 2021
Public Offering of 2018 Corporate Bonds (Third Tranche) (Type I)	July 2018	4.44%	4,700,000,000	July 2018	4,700,000,000	July 2021
Public Offering of 2018 Corporate Bonds (Third Tranche) (Type II)	July 2018	4.64%	300,000,000	July 2018	300,000,000	July 2023
Shanghai Stock Exchange Non-public Offering of Short-term Corporate Bonds	August 2018	4.25%	500,000,000	August 2018	500,000,000	August 2019

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

□ Applicable √ Not applicable

In January 2018, Guotai Junan International had raised a fund of HK$1.995 billion, of which the net proceeds was approximately HK$1.987 billion, by placing 700,000,000 ordinary shares (representing approximately 9.99% of its issued share capital prior to the placement) at HK$2.85 per share.

(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 Report of the Directors in this annual report headed "II Major operation condition during the Reporting Period (III) Analysis of assets and liabilities".

(III) Existing internal employee Shares

□ Applicable √ Not applicable

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	165,925
Total number of holders of ordinary shares at the end of the previous month before the date of disclosure of the annual report	171,973
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 165,728 holders of A Shares and 197 registered 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 171,779 holders of A Shares and 194 registered holders of H Shares.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

(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

	Shareholdings of the top ten Shareholders							
Names of Shareholders (full name)	Increase or decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Class of shares	Number of non-tradable shares	Pledged or frozen		Nature of Shareholders
						Status	Number	
Shanghai State-owned Assets Operation Co., Ltd (Note 1)	0	1,900,963,748	21.82	Tradable	0	Not	0	State-owned legal person
HKSCC Nominees Limited (Note 2)	+36,540	1,197,671,720	13.74	Tradable	0	Unknown	0	Overseas legal person
Shanghai International Group Co., Ltd.	0	682,215,791	7.83	Tradable	0	Not	0	State-owned legal person
Shenzhen Investment Holdings Co., Ltd. (Note 3)	0	609,428,357	6.99	Tradable	0	Not	0	State-owned legal person
China Securities Finance Corporation Limited	-115,079,996	260,547,316	2.99	Tradable	0	Not	0	Domestic non-state owned legal person
Shanghai Municipal Investment (Group) Corporation	0	246,566,512	2.83	Tradable	0	Not	0	State-owned legal person
Shenzhen Energy Group Co., Ltd.	0	154,455,909	1.77	Tradable	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	Tradable	0	Not	0	Others
First Automotive Works Equity Investment (Tianjin) Company Limited	+112,694,654	112,694,654	1.29	Tradable	0	Not	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (Note 4)	+65,026,528	97,276,843	1.12	Tradable	0	Not	0	Overseas legal person

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Details of the top ten tradable shareholders

Names of Shareholders	Number of tradable shares held in the end of the period	Class and number of shares	
		Class	Number
Shanghai State-owned Assets Operation Co., Ltd	1,900,963,748	RMB- denominated ordinary shares	1,900,963,748
HKSCC Nominees Limited	1,197,671,720	overseas listed foreign-invested shares	1,197,671,720
Shanghai International Group Co., Ltd.	682,215,791	RMB- denominated ordinary shares	682,215,791
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB- denominated ordinary shares	609,428,357
China Securities Finance Corporation Limited	260,547,316	RMB- denominated ordinary shares	260,547,316
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
The Second Shareholding Transfer Account of Board of Directors of NSSF	151,104,674	RMB- denominated ordinary shares	151,104,674
First Automotive Works Equity Investment (Tianjin) Company Limited	112,694,654	RMB- denominated ordinary shares	112,694,654
Hong Kong Securities Clearing Company Limited	97,276,843	RMB- denominated ordinary shares	97,276,843
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. HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly owned subsidiaries of The Stock Exchange of Hong Kong Limited, holding H Shares and A Shares of the Company for H shares investors and Shanghai Connect investors. 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: Hong Kong Securities Clearing Company Limited is the nominee of Shanghai Connect investors holding A Shares of the Company.

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

(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

(II) Information on De Facto Controllers

1 Legal persons

√ Applicable ☐ Not applicable

Name	Shanghai International Group Co., Ltd.
Person in charge or legal representative	Yu Beihua
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 29.67% in aggregate as at the end of the Reporting Period of Shanghai Pudong Development Bank Co., Ltd. (600000.SH)
Other matters	Nil

2 Natural persons

☐ Applicable √ Not applicable

3 Special explanation on the Company not having controlling shareholders

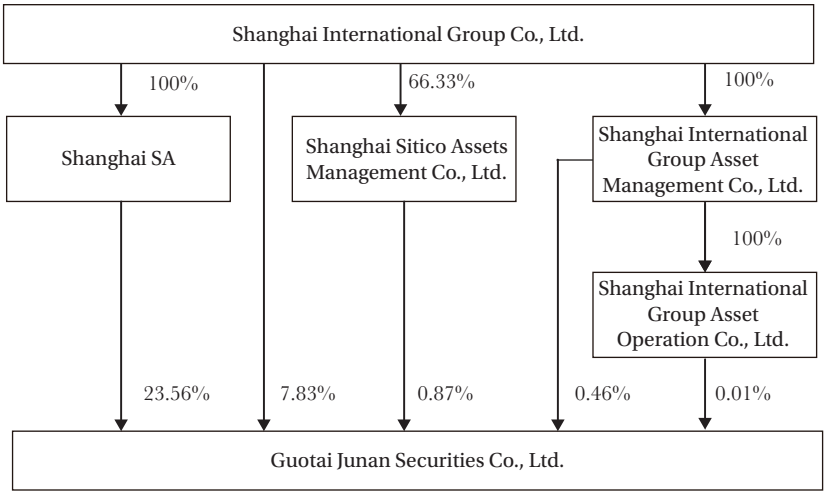
☐ Applicable √ Not applicable

4 Index and date of changes in controlling shareholders during the Reporting Period

☐ Applicable √ Not applicable

5 The chart of the relationship between the Company and the de controlling shareholders on the ownership and controlling relationship

√ Applicable ☐ Not applicable



Note: As at the end of the Reporting Period, Shanghai International Group Co., Ltd. controlled 32.73% in aggregate of the Company. In addition, the A-Share Convertible Bonds held by International Group directly and indirectly through Shanghai SA amounted to RMB1,140,788,000, which were convertible into 57,615,555 A Shares based on the current conversion price of RMB19.8 per Share if fully converted.

6 Control over the Company via trust or other assets management methods by the controlling shareholders

☐ Applicable √ Not applicable

(1) Other information on the controlling shareholder

☐ Applicable √ Not applicable

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 2018, 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 Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	697,127,609/ Long positions (Note 2)	9.28	8.00
	Interest held by controlled corporations	A Shares	2,060,123,403/ Long positions (Note 3)	27.41	23.64
	Interest held by controlled corporations	H Shares	152,000,000/ Long positions (Note 4)	12.69	1.74
Shanghai State-owned Assets Operation Co., Ltd	Beneficial owner	A Shares	1,943,667,485/ Long positions (Note 5)	25.86	22.31
	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 6)	16.38	2.25
New China Life Insurance Company Ltd.	Interest held by controlled corporations	H Shares	196,210,000/ Long positions (Note 6)	16.38	2.25

Substantial Shareholders	Nature of Interest	Class	Number (Note 1)/ Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
A9 USD (Feeder) L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Apax IX GP Co. Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Apax IX USD GP L.P. Inc.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Apax IX USD L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Diamond Holding SARL	Interest held by controlled corporations	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
Jacqueline Mary Le Maitre - Ward	Trustee of a trust	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
David Payne Staples	Trustee of a trust	H Shares	190,333,000/ Long positions (Note 7)	15.89	2.18
National Council for Social Security Fund	Beneficial owner	H Shares	107,392,580/ Long positions	8.97	1.23
Newton Industrial Limited	Beneficial owner	H Shares	100,000,000/ Long positions	8.35	1.15
Shenzhen Energy Group Co., Ltd.	Interest held by controlled corporations	H Shares	100,000,000/ Long positions (Note 8)	8.35	1.15

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: The A-Share Convertible Bonds directly held by International Group amounted to RMB295,254,000, which are convertible into 14,911,818 A Shares of the Company based on the current conversion price of RMB19.8 per Share if fully converted. Meanwhile, International Group directly held 682,215,791 A Shares.

Note 3: Based on the current conversion price of RMB19.8 per Share, Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co, Ltd. and Shanghai Sitico Assets Management Co., Ltd. were interested in 1,943,667,485, 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 2,060,123,403 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 4: 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 5: The A-Share Convertible Bonds held by Shanghai SA amounted to RMB845,534,000, which were convertible into 42,703,737 A Shares based on the current conversion price of RMB19.8 per Share if fully converted. In addition, Shanghai SA directly held 1,900,963,748 A shares.

Note 6: New China Asset Management Company Limited holds a 60% interest 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 7: 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 Acquisition Co SARL for the purpose of the SFO.

Note 8: Newton Industrial Limited is wholly owned by Shenzhen Energy Group Co., Ltd. Therefore, Shenzhen Energy Group Co., Ltd. is deemed to be interested in 100,000,000 H Shares held by Newton Industrial Limited under the SFO.

Save as disclosed above, as at 31 December 2018, 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 2018, 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.

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

On 19 November 2015, the Company successfully issued 5-year Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type I) (thereafter as "15 GUOJUN G1") with an aggregated amount of RMB5 billion and the coupon rate of 3.60%. The Company has an option to redeem the 15 GUOJUN G1 at the end of the third year. On 8 October 2018, the Company decided to exercise its issuer's option to redeem and redeem all registered 15 GUOJUN G1 as at the record date. Such redemption was completed on 19 November 2018. The total principal amount and total interest of the 15 GUOJUN G1 repaid by the Company reached RMB5 billion and RMB180 million, respectively. The 15 GUOJUN G1 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 19 November 2018.

Save as disclosed in this annual report, the Company did not repurchase, sale or redeem any listed securities of the Company and its subsidiaries.

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 Convertible Corporate 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 Corporate 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 the Convertible Corporate 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

Save as the A-Share Convertible Bonds that have entered into the share conversion period since January 2018 as disclosed in this report, 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 (RMB0'000)	Whether having received remunerations from the related parties of the Company
YANG Dehong	Chairman of the Board, Executive Director	Male	52	19 May 2016	19 May 2019	0	0	0	–	117.47	No
WANG Song	Vice chairman of the Board, Executive Director, President	Male	55	28 November 2016 19 May 2016 21 August 2015	19 May 2019	0	0	0	–	163.62	No
YU Jian	Executive Director, Secretary of the Board	Male	54	19 May 2016 16 June 2009	19 May 2019	0	0	0	–	587.20	No
FU Fan	Non-executive Director	Male	54	19 May 2016	19 May 2019	0	0	0	–	0	Yes
LIU Ying	Non-executive Director	Female	55	14 November 2016	19 May 2019	0	0	0	–	0	Yes
ZHONG Maojun	Non-executive Director	Male	49	19 May 2016	19 May 2019	0	0	0	–	0	Yes
ZHOU Lei	Non-executive Director	Male	40	19 May 2016	19 May 2019	0	0	0	–	0	Yes
WANG Yongjian	Non-executive Director	Male	54	19 May 2016	19 May 2019	0	0	0	–	15	Yes
LIN Facheng	Non-executive Director	Male	42	28 May 2018	19 May 2019	0	0	0	–	8.75	Yes
ZHOU Hao	Non-executive Director	Male	48	6 June 2018	19 May 2019	0	0	0	–	0	Yes
XIA Dawei	Independent non-executive Director	Male	66	19 May 2016	19 May 2019	0	0	0	–	25	No
SHI Derong	Independent non-executive Director	Male	70	19 May 2016	19 May 2019	0	0	0	–	0	Yes
CHEN Guogang	Independent non-executive Director	Male	59	19 May 2016	19 May 2019	0	0	0	–	25	Yes
LING Tao	Independent non-executive Director	Male	64	19 May 2016	19 May 2019	0	0	0	–	25	Yes
JIN Qingjun	Independent non-executive Director	Male	61	19 May 2016	19 May 2019	0	0	0	–	25	Yes
LEE Conway Kong Wai	Independent non-executive Director	Male	64	11 April 2017	19 May 2019	0	0	0	–	25	No
SHANG Hongbo	Chairman of the Supervisory Committee	Male	60	19 May 2016	19 May 2019	0	0	0	–	0	Yes

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	60	19 May 2016	19 May 2019	0	0	0	–	108.17	No
SHAO Chong	Supervisor	Male	59	19 May 2016	19 May 2019	0	0	0	–	15	Yes
FENG Xiaodong	Supervisor	Male	52	28 May 2018	19 May 2019	0	0	0		8.75	Yes
ZUO Zhipeng	Supervisor	Male	49	27 June 2016	19 May 2019	0	0	0	–	15	Yes
WANG Weijie	Employee representative Supervisor	Male	56	19 May 2016	19 May 2019	0	0	0	–	399.15	No
LIU Xuefeng	Employee representative Supervisor	Male	55	19 May 2016	19 May 2019	0	0	0	–	407.41	No
ZHU Jian	Vice president	Male	47	15 December 2016	19 May 2019	0	0	0	–	105.93	No
JIANG Yiming	Vice president	Male	55	22 November 2013	19 May 2019	0	0	0	–	147.21	No
CHEN Yutao	Vice president	Male	56	28 November 2016	19 May 2019	0	0	0	–	312.31	No
GONG Dexiong	Vice president	Male	49	28 November 2016	19 May 2019	0	0	0	–	229.05	No
ZHANG Zhihong	Chief Compliance Officer	Female	49	19 November 2018	19 May 2019	0	0	0	–	15.04	No
XIE Lebin	Chief Financial Officer, Chief Risk Officer	Male	51	12 January 2017 30 October 2018	19 May 2019	0	0	0	–	463.51	No
XIANG Dong	Former non-executive director	Male	48	19 May 2016	29 March 2018	0	0	0	–	3.75	Yes
LIU Qiang	Former non-executive director	Male	62	19 May 2016	29 March 2018	0	0	0	–	–	Yes
TENG Tieqi	Former Supervisor	Male	61	19 May 2016	29 March 2018	0	0	0	–	3.75	Yes
LIU Guifang	Former Chief risk officer, Chief compliance officer	Female	55	15 March 2014 3 December 2008	19 November 2018	0	0	0	–	402.41	No
Total	/	/	/	/	/				/	3,653.48	/

Note: 1. Mr. Xiang Dong and Mr. Liu Qiang resigned as Directors on 29 March 2018, which became effective from the close of business of the Company on the same date; Mr. Teng Tieqi resigned as a supervisor of the Company on 29 March 2018, which became effective from close of business of the Company on the same date;

2. On 18 May 2018, the Resolution on Election of Mr. LIN Facheng and Mr. ZHOU Hao as Directors of the Company was considered and approved at the 2017 Annual General Meeting of the Company and Mr. LIN Facheng and Mr. ZHOU Hao were elected as Directors of the fifth session of Board and such appointments shall become effective after they have obtained the approval on their qualification as directors of a securities company. On 28 May 2018, Mr. LIN Facheng was qualified as a director of a securities company and his appointment became effective on the same date. On 6 June 2018, Mr. ZHOU Hao was qualified as a director of a securities company and his appointment became effective on the same date;

3. On 18 May 2018, the Resolution on Election of Mr. FENG Xiaodong as a Supervisor was considered and approved at the 2017 Annual General Meeting of the Company and Mr. FENG Xiaodong was elected as a supervisor of the fifth session of the supervisory board of the Company and such appointment shall become effective after he has obtained the approval on his qualification as a supervisor of a securities company. On 28 May 2018, Mr. FENG Xiaodong was qualified as a supervisor of a securities company and his appointment became effective on the same date.

4. On 30 October 2018, the Resolution on Proposed Appointment of Chief Risk Officer and Chief Compliance Officer was considered and approved at the tenth meeting of the Fifth Session of Board of the Company. Ms. Liu Guifang personally applied for and the Company approved retirement of Chief Risk Officer and Chief Compliance Officer of the Company; and Mr. Xie Lebin was elected as Chief Risk Officer of the Company and such appointment shall become effective on that date; Ms. Zhang Zhihong was elected as Chief Compliance Officer and such appointment shall become effective after she has obtained the no-objection letter from regulatory institution, and Ms. Liu Guifang continue to perform the obligation of Chief Compliance Officer. On 19 November 2018, Ms. Zhang Zhihong ‘s appointment shall become effective after she has obtained the no-objection letter from regulatory institution;

5. 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.

6. 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.

7. 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.

8. 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, Mr. ZHOU Lei and Mr. ZHOU Hao, being non-executive Directors, Mr. SHI Derong, being an independent non-executive director and Mr. LIU Qiang, the resignation of 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.

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 Shangtou 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 from September 2015 to November 2018, and has been a director of International Group from May 2016 to November 2018.

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 December 2000 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, as the chairman of Shanghai SA since May 2017 and as the chief investment officer of International Group Since December 2018.

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), from June 2011 to July 2018 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 and as a non-executive director of Ping An Insurance (Group) Company of China,Ltd. (a company listed on Shanghai Stock Exchange (stock code:601318) and Hong Kong Stock Exchange (stock code: 2318)) starting from July 2018.
LIN Facheng	Master of Economics and a senior auditor. From July 1997 to May 2013, Mr. Lin served at the Audit Bureau of Shenzhen (深圳市審計局), where he was previously a clerk of the commercial audit division, a deputy director clerk of the audit division II under the Special Auditing Bureau for Economic Responsibility, a director clerk of the financial audit division and a deputy director of the fiscal audit division. From May 2013 to September 2017, he was a director and chief financial officer of Shenzhen Urban Construction and Development (Group) Co., Ltd. (深圳市城市建設開發(集團)有限公司). He has served as the head of the auditing department of Shenzhen Investment Holdings Co., Ltd. since September 2017 (深圳市投資控股有限公司).
ZHOU Hao	Master of Business Administration. Mr. Zhou was the secretary to the youth league general branch directly under Shanghai Zhuzong (Group) Corporation (上海住總 (集團) 總公司) from September 1989 to August 1995, a deputy director of office of Shanghai New Jiangwan Development Co., Ltd. (上海市新江灣城開發有限公司) from August 1995 to October 2002, a senior manager of the administrative and human resources department of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司) from October 2002 to October 2003, a director for construction of the New Jiangwan City in Shanghai from October 2003 to February 2006, the general manager of the administrative and human resources department of Shanghai Chengtou Corporation from February 2006 to August 2008, the secretary to the Discipline Inspection Commission and a vice president of Shanghai Chengtou Holding Co., Ltd (上海城投控股股份有限公司) from August 2008 to October 2012 and the secretary to the Discipline Inspection Commission of Shanghai Municipal Investment (Group) Corporation (上海城投 (集團) 有限公司) from October 2012 to October 2017. He has served as a vice president of Shanghai Municipal Investment (Group) Corporation since October 2017.

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.

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.

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. from May 2015 to August 2018. He has served as the Chief Executive Officer of Shenzhen Qianhai Financial Assets Exchange Co., Ltd. since September 2018. Mr. Chen has served as an 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. 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) from December 2015 to July 2018, 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) from November 2017 to August 2018.
LING Tao	(formerly Ling Yaoguang) 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) from January 2015 to January 2018, and was the vice president of Shanghai June Yao Group Co., Ltd. (上海均瑤 (集團) 有限公司) since June 2018.

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; 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; 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), from May 2015 to December 2018.

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 from 2007 to 2017. 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.

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 of the Company from September 2005 to January 2019, and served as the secretary of commission for Discipline Inspection from September 2005 to November 2018, 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.
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. (深圳市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, director and deputy general manager, director and 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 (濱海電廠籌建辦公室) 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), a company listed on the Shenzhen Stock Exchange (stock code: 002939) 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.

Name	Major working experience
FENG Xiaodong	Doctor of Management and a senior economist. From July 1988 to December 2000, Mr. Feng has subsequently served as the workers' supervisor and a deputy division head of workers' division in labour department, and the business head and division head of personnel management division in human resources department of China FAW Group Corporation (一汽集團公司). From December 2000 to July 2002, he served as the department head of personnel department in FAW Foundry Co., Ltd. (一汽鑄造有限公司). From July 2002 to September 2017, he subsequently served as the deputy department head of human resources department, deputy department head of organizational and personnel department, head of the audit department and the general manager of the supervisory committee's office in China FAW Group Corporation. From December 2017 to present, he serves as the supervisor of Guosen Securities Co., Limited (a company listed on the Shenzhen Stock Exchange, stock code: 002736). From September 2017 to present, he serves as the department head of compliance department, general manager of the supervisory committee's office of China FAW Group Corporation.
ZUO Zhipeng	(formerly ZUO Fanxiu) 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.
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 (深圳捲煙廠) 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.

Name	Major working experience
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 Co., Ltd. (石家莊鋼鐵有限公司) 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.
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.

Name	Major working experience
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 (中國藥科大學)) 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.
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 from November 2013 to May 2018 and our vice president since November 2016.

Name	Major working experience
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 from May 2016 to June 2018, and a vice president of the Company since November 2016 ; and he also been serving as the chairman of Guotai Junan Innovation Investment Co., Ltd. since August 2017 and the general manager and the Chairman of the executive board of Guotai Junan Innovation Investment Co., Ltd. since January 2019.
ZHANG Zhihong	Doctor of economics and a senior economist. Ms. ZHANG began to work in August 1991. She joined the Shanghai Securities Management Office in March 1994. From May 2000 to August 2004, she served successively as the deputy director of the party committee (discipline inspection) office of the Shanghai Securities Management Office and deputy director of the agency department. From August 2004 to March 2008, she served successively as the director of the agency supervision department, director of the agency supervision department I, and director of the listed companies supervision department of the Shanghai Bureau of the CSRC. From March 2008 to October 2011, she served successively as a member of the party committee, secretary of the discipline inspection commission, chief compliance officer, deputy general manager of Great Wall Securities Co., Ltd.. From October 2011 to December 2016, she served as the president assistant and vice president of the Investment Banking Business Committee of the Company. From December 2016 to October 2018, she served as the business director and vice president of the Investment Banking Business Committee of the Company, and has been serving as the Chief Compliance Officer of the Company since November 2018.

Name	Major working experience
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 January 2017 ; and he also served as the chief operation officer of Guotai Junan from May 2018 to January 2019 and has been serving as the chief risk officer since October 2018.

Other Information

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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	November 2018
ZHONG Maojun	Shanghai International Group Co., Ltd.	Director, chief operation officer	May 2016	Until expiry of term
ZHOU Lei	Shanghai SA	Chairman	May 2017	Until expiry of term
	Shanghai International Group Co., Ltd.	Chief Investment Officer	December 2018	Until expiry of term
WANG Yongjian	Shenzhen Investment Holdings Co., Ltd.	Chairman	August 2017	Until expiry of term
LIN Facheng	Shenzhen Investment Holdings Co., Ltd.	Head of the auditing department	September 2017	Until expiry of term
ZHOU Hao	Shanghai Municipal Investment (Group) Corporation	Vice president	October 2017	Until expiry of term
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
	Shanghai International Group (Hong Kong) Co., Ltd.	Chairman	October 2018	Until expiry of term
LIU Ying	Shanghai International Group (Hong Kong) Co., Ltd.	General manager	July 2014	March 2018
	Sailing Capital Management Co., Ltd.	Director	June 2016	November 2018
	Sailing International Investment Fund Co., Ltd.	Director	March 2016	December 2018
	Beijing Kunlun Hotel Company Limited	Vice chairman	April 2015	Until expiry of term
	Shanghai International Group (Hong Kong) Co., Ltd.	Chairman	June 2018	October 2018
ZHONG Maojun	Sailing Capital Management Co., Ltd.	Director	April 2015	March 2018
	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 and a member of the investment decision committee	January 2018	Until expiry of term
	Yangtze River Economic United Development (Group) Co., Ltd.	Vice chairman	April 2018	Until expiry of term
	Guohua Satellite Application Industry Fund Management (Nanjing) Co., Ltd. (國華衛星應用產業基金管理 (南京) 有限公司)	Director and a member of the investment decision committee	November 2018	Until expiry of term
WANG Yongjian	Guosen Securities Co., Ltd.	Director	June 2011	July 2018
	Shenzhen Investment Holdings Co.,Ltd.	Executive director, General manager and legal representative	August 2016	October 2018

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	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
	Ping An Insurance (Group) Company of China, Ltd.	Director	July 2018	Until expiry of term
LIN Facheng	Guotai Junan Investment Management Co., Ltd.	Director	March 2018	Until expiry of term
ZHOU Hao	Bright Food (Group) Co., Ltd.	Director	November 2017	Until expiry of term
	Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司)	Director	April 2018	Until expiry of term
	Galaxy Fund Management Company Limited	Director	June 2018	Until expiry of term
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
	China National Offshore Oil Corporation	Director	February 2012	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
	Hua An Fund Management Co., Ltd.	Independent non-executive director	May 2016	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	August 2018
	China Minsheng Investment Group Asia Asset Management Corporation	Executive director	August 2016	August 2018
	CMIG Chungzhi Asset Management Co., Ltd.	Chairman	December 2016	June 2018
	China Minsheng Financial Holding Corporation Limited	Chairman of the board	November 2017	August 2018
	Far East Horizon Limited	Non-executive director	December 2015	July 2018
	China Dongxiang (Group) Co., Ltd.	Independent non-executive director	June 2016	Until expiry of term
	Shanghai YTO Express (Logistics) Co., Ltd.	Independent non-executive director	October 2016	Until expiry of term
	COFCO Trust Co., Ltd.	Independent non-executive director	March 2018	Until expiry of term
	Shenzhen Qianhai Financial Assets Exchange Co., Ltd.	Chief executive officer	September 2018	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
LING Tao	Shanghai HuaRui Bank Co., Ltd.	Chairman	January 2015	January 2018
	Shanghai June Yao Group Co., Ltd.	Vice chairman	June 2018	Until expiry of term
JIN Qingjun	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	December 2018
	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
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

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
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
FENG Xiaodong	FAW Jiefang Automobile Co., Ltd.	External director	August 2016	Until expiry of term
	Guosen Securities Co., Ltd.	Supervisor	December 2017	Until expiry of term
	China First Automobile Group Corporation	Director of the audit and legal affairs department and office director of the supervisory board	September 2017	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	April 2018
	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
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	June 2018
	Shanghai Securities Co., Ltd.	Director	May 2016	Until expiry of term
	Guotai Junan Innovation Investment Co., Ltd.	Chairman	August 2017	Until expiry of term
	Guotai Junan Innovation Investment Co., Ltd.	General Manager, Chairman of the executive board	January 2019	Until expiry of term
	Guotai Junan Capital Management Co., Ltd.	Chairman	December 2016	Until expiry of term
ZHANG Zhihong	Hua An Fund Management Co., Ltd.	Chairman of the supervisory board	August 2014	Until expiry of term
XIE Lebin	Guotai Junan International Holdings Limited	Non-executive director	June 2017	Until expiry of term
	Guotai Junan Innovation Investment Co., Ltd.	Director	December 2018	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 RMB36.5348 million.

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

√ Applicable □ Not applicable

Name	Position	Manner of change	Reason of change
LIN Facheng	Non-executive director	Election	On 18 May 2018, the Resolution on Election of Mr. LIN Facheng and Mr. ZHOU Hao as Directors of the Company was considered and approved at the 2017 Annual General Meeting of the Company and Mr. LIN Facheng and Mr. ZHOU Hao were elected as Directors of the fifth session of the Board and such appointments shall become effective after they have obtained the approval on their qualification as directors of a securities company. On 28 May 2018, Mr. LIN Facheng was qualified as a director of a securities company and his appointment became effective on the same date.
ZHOU Hao	Non-executive director	Election	On 18 May 2018, the Resolution on Election of Mr. LIN Facheng and Mr. ZHOU Hao as Directors of the Company was considered and approved at the 2017 Annual General Meeting of the Company and Mr. LIN Facheng and Mr. ZHOU Hao were elected as Directors of the fifth session of the Board and such appointments shall become effective after they have obtained the approval on their qualification as directors of a securities company. On 6 June 2018, Mr. ZHOU Hao was qualified as a director of a securities company and his appointment became effective on the same date.
FENG Xiaodong	Supervisor	Election	On 18 May 2018, the Resolution on Election of Mr. FENG Xiaodong as a Supervisor was considered and approved at the 2017 Annual General Meeting of the Company and Mr. FENG Xiaodong was elected as a supervisor of the fifth session of the Supervisory Committee of the Company and such appointment shall become effective after he has obtained the approval on his qualification as a supervisor of a securities company. On 28 May 2018, Mr. FENG Xiaodong was qualified as a supervisor of a securities company and his appointment became effective on the same date.

Name	Position	Manner of change	Reason of change
ZHANG Zhihong	Chief compliance officer	Appointment	On 30 October 2018, the Resolution on Proposed Appointment of Chief Risk Officer and Chief Compliance Officer was considered and approved at the tenth meeting of the fifth session of the Board. Ms. LIU Guifang applied for retirement and no longer served as chief risk officer and chief compliance officer. Ms. ZHANG Zhihong was appointed as the chief compliance officer and such appointment shall become effective after she has obtained no-objection letter from regulator, during which Ms. LIU Guifang will continue to perform her duties as chief compliance officer. On 19 November 2018, Ms. ZHANG Zhihong obtained no-objection letter from regulator and her appointment became effective on the same date.
XIE Lebin	Chief financial officer, Chief risk officer	Appointment	On 30 October 2018, the Resolution on Proposed Appointment of Chief Risk Officer and Chief Compliance Officer was considered and approved at the tenth meeting of the fifth session of the Board. Ms. LIU Guifang applied for retirement and no longer served as chief risk officer and chief compliance officer. Mr. XIE Lebin was appointed as the chief risk officer and such appointment shall become effective on the same date.
XIANG Dong	Former non-executive Director	Resignation	Due to business engagement, Mr. XIANG Dong resigned as a director on 29 March 2018, which became effective from close of business of the Company on the same date
LIU Qiang	Former non-executive Director	Resignation	Due to business engagement, Mr. LIU Qiang resigned as a director on 29 March 2018, which became effective from close of business of the Company on the same date
TENG Tieqi	Former Supervisor	Resignation	Due to business engagement, Mr. TENG Tieqi resigned as a supervisor on 29 March 2018, which became effective from close of business of the Company on the same date
LIU Guifang	Former chief risk officer, Former chief compliance officer	Resignation	Ms. LIU Guifang applied for retirement, which was approved by the Company.

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

□ Applicable √ Not applicable

VI. SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

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 the Board and the Supervisory Committee.

Saved as disclosed above, none of the Directors or Supervisors entered into any service agreement with the Company or its subsidiaries, which is not determinable within one year or is determinable with payment of compensation other than statutory compensation.

VII. DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

Mr. WANG Yongjian, a non-executive Director, has been a director of Guosen Securities Co., Ltd. from June 2011 to July 2018. 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, has been a director and chairman of the board of directors of China Minsheng Financial Holding Corporation Limited from November 2017 to August 2018. 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	11,436
Number of existing employees of major subsidiaries	3,800
Total number of existing employees	15,236
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	12,583
Business support personnel	1,751
Management personnel	902
Total	15,236

Educational background

Level of education	Number of individuals
Doctors	126
Masters and postgraduates	3,704
Bachelors	8,296
Associate degree and below	3,110
Total	15,236

(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.

(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 2018, the Company provided 669 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 18,670 persons with more than 3,473 online training programs in total and over 10,000 persons spent over 926,000 hours in studying on the internet.

(IV) Labour outsourcing

√ Applicable ☐ Not applicable

Number of working hours of labour outsourcing	Standard working hour policies
Total compensation paid for labour outsourcing	RMB17,936,700 (pre-tax)

X. OTHERS

√ Applicable ☐ Not applicable

Information of the brokers

As at the end of 2018, the Group had a total of 3,099 brokers, with 2,235 for the Company and 747 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

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.

During 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 Chairman of the Company 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 one annual general meeting; six Board meetings, including four regular meetings and two extraordinary meetings; and four supervisory committee meetings. The convening, proposals, voting resolutions and minutes of each of these general meeting, 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 opinion 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.

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 2017	18 May 2018	http://www.sse.com.cn http://www.hkexnews.hk	18 May 2018

General meetings

√ Applicable □ Not applicable

During the Reporting Period, the Company convened one general meeting as follows:

1. The annual general meeting for 2017 of the Company was held in Shanghai on 18 May 2018, on which the Work Report of the Directors for 2017, the Work Report of the Supervisors for 2017, the Resolution on Proposing to Review the Profit Distribution Plan of the Company for 2017, the Resolution on Proposing to Consider the Reappointment of Accounting Firm, the Resolution on Proposing to Review the Annual Report of the Company for 2017, the Resolution on Anticipated Related Party Transactions of the Company for 2018, the Resolution on Election of Mr. LIN Facheng and Mr. ZHOU Hao as Directors of the Company, the Resolution on Election of Mr. FENG Xiaodong as a Supervisor, the Resolution on Proposing to Review the General Mandate Granted by the Company to Issue Onshore and Offshore Debt Financing Instruments, the Resolution on Proposing to Review the General Mandate Granted by the Company to Issue Asset-backed Securities, the Resolution on Proposing to Review Potential Related Party Transactions Involved in the Issuances of the Onshore and Offshore Debt Financing Instruments and the Asset-backed Securities and the Resolution on the General Mandate to the Board to Issue additional A Shares and/or H Shares were reviewed and approved.

III. PERFORMANCE OF DUTIES BY THE BOARD AND 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 full 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. LIN Facheng and Mr. ZHOU Hao;

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.

Section IX Corporate Governance

The Board has six independent non-executive Directors, representing more than one third of the members of the Board. The number and qualifications of independent non-executive Directors are in compliance with domestic regulatory requirements and the requirement of 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.

(II) Duties of the Board

The Board 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; to assume ultimate responsibility for the effectiveness of the compliance management and overall risk management of the Company, and perform the respective duties; to determine the compliance management objectives of the Company, and perform the following compliance management duties: consider and approve the basic compliance management rules; consider and approve the annual compliance report; establish the mechanism for direct communication with the person responsible for compliance; evaluate the effectiveness of compliance management; and supervise the resolution of problems existing in compliance management; and any other powers as conferred by the laws, administrative regulations, departmental rules and the Articles of Association.

(III) Convening of Board meetings

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

(1) The twelfth extraordinary meeting of the fifth session of the Board was held on 12 February 2018 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Establish the Product Financial Department was reviewed and passed.

(2) The seventh meeting of the fifth session of the Board was held on 29 March 2018, at which the Work Report of the Directors for 2017, the Report on the Operation and Management of the Company for 2017, the Profit Distribution Plan of the Company for 2017, the Resolution on Proposing to Consider the Reappointment of Accounting Firm, the Resolution on Proposing to Consider the Changes in Accounting Policies of the Company, the Resolution on Proposing to Review the General Mandate Granted by the Company to Issue Onshore and Offshore Debt Financing Instruments, the Resolution on Proposing to Review the General Mandate Granted by the Company to Issue Asset-backed Securities, the Resolution on Proposing to Review Potential Related Party Transactions Involved in the Issuances of the Onshore and Offshore Debt Financing Instruments and the Asset-backed Securities, the Report on the Performance of Duties by the Audit Committee under the Board for 2017, the Resolution on Proposing to Consider the Group's Risk Appetite for 2018, the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Company for 2018, the Compliance Report of the Company for 2017, the Risk Management Report of the Company for 2017, Internal Control Assessment Report of the Company for 2017, the Annual Report of the Company for 2017, the Work Report of Independent Directors for 2017, the Resolution on Anticipated Daily Related Party Transactions of the Company for 2018, Social Responsibility Report of the Company for 2017, the Resolution on Proposing to Consider the Special Report on the Deposit and Utilization of the Proceeds from the Public Offering of A Share Convertible Corporate Bonds, the Resolution on Proposing the General Meeting to Grant a General Mandate to the Board to issue additional A Shares and/or H Shares, the Resolution on Proposing to Consider the Nomination of Candidates of Directors and the Resolution on Proposing to Consider the Convening of the Annual General Meeting of the Company for 2017 were reviewed and passed.

(3) The eighth meeting of the fifth session of the Board was held on 27 April 2018 by means of considering in writing and voting through communications, at which the First Quarterly Report of the Company in 2018, the Resolution on Review of the Capital Increase to Guotai Junan Financial Holdings Co., Ltd. and the Resolution on Review of the Capital Increase to Guotai Junan Innovation Investment Co., Ltd. were reviewed and passed.

(4) The ninth meeting of the fifth session of the Board was held on 4 August 2018, at which the Interim Report of the Company in 2018, the Resolution on Proposing to Amend Certain Rules and Regulations, the Resolution on Proposing the Board to Authorize the Management for Matters Related to the Deployment of Securities Branches, the Resolution on Proposing to Adjust the Annual Transaction and Service Caps for Securities and Financial Products with Shanghai International Group Co., Ltd. for the Year of 2018-2019, the 2018 Interim Compliance Report of the Company and the 2018 Interim Risk Management Report of the Company were reviewed and passed.

(5) The tenth meeting of the fifth session of the Board was held on 30 October 2018 by means of considering in writing and voting through communications, at which the Third Quarterly Report of the Company in 2018, the Resolution on Proposing to Review the Donations by the Company to Shanghai Guotai Junan Social Welfare Foundation and the Resolution on Proposed Appointment of Chief Risk Officer and Chief Compliance Officer were reviewed and passed.

(6) The thirteenth extraordinary meeting of the fifth session of the Board was held on 14 December 2018 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Amend the Articles of Association, the Resolution on Proposing to Consider the Guarantees to be provided by the Company to Guotai Junan Financial Holdings or Its Wholly-owned Subsidiaries and the Resolution on Proposing to Consider the Convening of the First Extraordinary Meeting of the Company in 2019 were reviewed and passed.

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

		Attendance at Board meetings						Attendance at general meetings
Name	Independent Director or not	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	Number of absence	Two consecutive Board meetings not attended or not	No. of general meetings attended
YANG Dehong	No	6	6	4	0	0	No	1
WANG Song	No	6	5	3	1	0	No	1
YU Jian	No	6	6	4	0	0	No	1
FU Fan	No	6	6	4	0	0	No	0
LIU Ying	No	6	5	3	1	0	No	1
ZHONG Maojun	No	6	6	4	0	0	No	0
ZHOU Lei	No	6	6	4	0	0	No	0
WANG Yongjian	No	6	6	4	0	0	No	0
LIN Facheng	No	3	3	2	0	0	No	0
ZHOU Hao	No	3	3	2	0	0	No	0
XIA Dawei	Yes	6	6	4	0	0	No	0
SHI Derong	Yes	6	6	4	0	0	No	0
CHEN Guogang	Yes	6	6	4	0	0	No	0
LING Tao	Yes	6	6	4	0	0	No	0
JIN Qingjun	Yes	6	6	4	0	0	No	1
LEE Conway Kong Wai	Yes	6	6	4	0	0	No	1
XIANG Dong (resigned)	No	3	3	2	0	0	No	0
LIU Qiang (resigned)	No	3	3	2	0	0	No	0

Not attending in person at two consecutive Board meetings

☐ Applicable √ Not applicable

Number of Board meetings held during the year	6
Including: Number of on-site meetings	2
Number of meetings held by way of telecommunication	4
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. For details of the performance of duties by independent Directors, please refer to the Work Report of Independent Directors of Guotai Junan Securities Co., Ltd. for 2018 as disclosed by the Company on the website of Shanghai Stock Exchange (http://www.sse.com.cn).

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

1. Corporate governance and related recommendations. In face of market pressure and challenges in 2018, the Board stuck to the distinctive corporate culture and clear development strategies by focusing on promoting the development of two service systems for retail customers and institutional customers and striving to improve the core competences of each of its principal businesses, with a view to enhancing the digitalization level of its operational management and corporate governance. Going forward, the Board will continue to promote the core capability development of each of its principal businesses, improve the clustered customer service capability of its two customer service systems and enhance the intensive management of the Company.

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 to the corporate governance rules. In accordance with the relevant provisions of the Company Law of the PRC and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Board has amended the Articles of Association, the Rules Governing Related Party Transactions and the Rules Governing External Investments.

(VII) Training for Directors

The Company keeps providing training to its Directors. During the Reporting Period, the Company engaged professional firms to provide pre-service trainings to newly appointed directors and provided two on-demand trainings to all directors. In addition, the Company submitted Monthly Report (《月度報告》) to its directors regularly and delivered reading materials such as the Newsfeed on Policies and Regulations Concerning Listed Companies irregularly 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 operation, management, risk compliance and financial positions of the Company. Specific training arrangements for Directors are as follows:

Name	Position	Training method and content
YANG Dehong	Chairman and executive director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer; From 9 October 2018 to 10 December 2018, participating the follow-up professional training for the personnel engaged in securities business by the SAC in 2018; From 1 September 2018 to 31 December 2018, participating the online studying organized by Shanghai Cadre Education Centre for cadres in Shanghai.

Name	Position	Training method and content
WANG Song	Vice Chairman, Executive Director and President	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer; From 1 September 2018 to 7 December 2018, participating the 71st special class of the Central Party School themed on " Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era " (中央黨校第71期"習近平新時代中國特色社會主義思想"研究專題班); From 9 October 2018 to 10 December 2018, participating the follow-up professional training for the personnel engaged in securities business by the SAC in 2018; From 1 September 2018 to 31 December 2018, participating the online studying organized by Shanghai Cadre Education Centre for cadres in Shanghai.

Name	Position	Training method and content
YU Jian	Executive Director and Secretary to the Board	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer; From 9 October 2018 to 10 December 2018, participating the follow-up professional training for the personnel engaged in securities business by the SAC in 2018.
FU Fan	Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.

Name	Position	Training method and content
LIU Ying	Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
ZHONG Maojun	Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.

Name	Position	Training method and content
ZHOU Lei	Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer; On 24 January 2018, participating party lecture training: special counselling session on volume II of Xi Jinping: The Governance of China; On 18 April 2018, participating party lecture training: special counselling session on Situation and Requirements of the Works in Promoting Clean and Honest Administration and Fighting Against Corruption (《黨風廉政建設和反腐敗鬥爭的形勢與要求》); In June, July and October 2018, participating the special sessions organized by Shanghai International Group Co., Ltd. for cadres —"Promoting Enterprise Transformation with Equity Investment", "New Finance, New Technology and New Risk Control" and "Strengthening Supervision, Deleveraging and Risk Prevention — Analysis of the Financial Regulatory Policies after the Nineteenth National Congress", respectively.

Name	Position	Training method and content
WANG Yongjian	Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
LIN Facheng	Non-executive Director	In May 2018, participating the pre-service trainings for directors provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
ZHOU Hao	Non-executive Director	In May 2018, participating the pre-service trainings for directors provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.

Name	Position	Training method and content
XIA Dawei	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
SHI Derong	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.

Name	Position	Training method and content
CHEN Guogang	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
LING Tao	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.

Name	Position	Training method and content
JIN Qingjun	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer.
LEE Conway Kong Wai	Independent Non-executive Director	On 29 March 2018, participating the training on compliance – Latest Trend of Regulation on H Shares in 2018 and Continuous Obligations and Liabilities of the Directors, Supervisors and Senior Management of Listed Companies in Hong Kong (《2018年H股監管最新趨勢、香港上市公司董事、監事與高級管理人員的持續性義務與責任》) provided by Freshfields Bruckhaus Deringer; On 24 August 2018, participating the training on the Latest Rule Amendments and Related Cases of the Hong Kong Stock Exchange and the Securities and Futures Commission (《香港聯交所及證監會的最新規則修訂及相關案例》) provided by Freshfields Bruckhaus Deringer, also participating in the accounting treatment policies organized by other listed companies, Hong Kong regulatory express and compliance issues – board of directors and director's guidance, overseas solar project investment or development issues, corporate governance of Hong Kong listed companies and recent regulatory developments, etc.;Read the board of directors and directors to guide, review (corporate governance code) and the relevant provisions (listing rules), the Hong Kong stock exchange on December 18, 2018 launched online training and the Hong Kong stock exchange listed issuers directors - director training series "six big topics include the latest development of corporate governance in 2018, the corporate governance rules and consulting relevant provisions of the listing rules, the stock exchange from the compliance review report content monitoring issuers in 2017 completed report.

IV. MAJOR OPINIONS AND RECOMMENDATIONS MADE BY SPECIAL COMMITTEES UNDER THE BOARD WHEN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD AND DETAILS OF ANY DISAGREEMENTS

√ 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, XIA Dawei and JIN Qingjun

4. Risk Control Committee

   Chairman: FU Fan

   Members: WANG Song, ZHONG Maojun and LING Tao

(II) Responsibilities and meetings of the Board Committees

1. Strategy Committee

   (1) The main functions and duties of the Strategy Committee: analysing and providing recommendations on the mid- and long-term strategies of the Company; analysing and providing advices on major investments and financing proposals subject to the Board's approval; analysing 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) Major accomplishments of the Strategy Committee in 2018 included:

   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;

   Organized the formulation of the Outline of Development Strategy Planning for 2019 to 2021 (《2019-2021年發展戰略規劃綱要》) of the Company and provided advice thereon;

Formulated a plan to increase the Company's capital in its subsidiaries and submitted it to the Board for consideration.

(3) During the Reporting Period, the Strategy Committee held one meeting as follows:

On 27 April 2018, the second meeting of the fifth session of the Strategy Committee reviewed and passed the Resolution on Review of the Capital Increase to Guotai Junan Financial Holdings Co., Ltd. (《關於提請審議公司向國泰君安金融控股有限公司增資的議案》) and the Resolution on Review of the Capital Increase to Guotai Junan Innovation Investment Co., Ltd. (《關於提請審議公司向國泰君安創新投資有限公司增資的議案》), and approved to submit the aforesaid resolutions to the Board for consideration and approval.

(4) During the Reporting Period, the attendance of meeting by the members of the Strategy Committee is as follows:

Name	Number of meeting to be attended	Number of meeting actually attended
YANG Dehong	1	1
FU Fan	1	1
WANG Yongjian	1	1
LING Tao	1	1

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.

To carry out the requirements regarding Board Diversity in the Hong Kong Listing Rules and to ensure a more scientific and reasonable composition of the Board, the Company has formulated Board Diversity Policy. 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. The composition of the Board satisfies the requirements regarding the Board Diversity Policy. The Company regards enhancing diversification at the level of the Board as a key element for meeting the Group's strategic goal and achieving sustainable and balanced development. As a part of the succession plan for the Board, the Nomination Committee shall review the structure, size and diversity of the Board annually and consider suggestions relating to any change in the composition of the Board.

(2) Major accomplishments of the Remuneration Appraisal and Nomination Committee in 2018 included:

reviewing and advising on candidates for Directors and senior management;

carrying out the relevant requirements in the Guidance for Boards and Directors,Corporate Governance Code and the Listing Rules of the Hong Kong Stock Exchange, and amending the Terms of Reference for the committee; and

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;

approving the terms of reference and service contracts of new Directors taking office during the Reporting Period;

(3) During the Reporting Period, the Remuneration, Appraisal and Nomination Committee has held three meetings in total as follows:

On 28 March 2018, the eighth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company (hereinafter referred to as the "Meeting") reviewed and approved that Mr. LIN Facheng and Mr. ZHOU Hao were qualified as directors of securities companies, considered that they were eligible as directors of listed companies and securities companies according to the requirements of the stock exchanges they were listed on and the regulatory authorities in the countries they were listed in and they had extensive experience in relation to the Company's operations and management, and were qualified to perform duties as Directors of the Company, which were in line with the Company's business development and diversity of the composition of the Board, and the nomination procedures were in compliance with laws, regulations and the relevant provisions of the Articles of Association of Guotai Junan Securities Co., Ltd.; proposed the Board to nominate Mr. LIN Facheng and Mr. ZHOU Hao as the candidates for the fifth session of the Board and reported the aforesaid matters to the Board for consideration and approval; approved the settlement of the total remuneration of the parent company for 2017 according to the budgeting method determined at the fifth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board; approved the budget and agreed on with-holding of remuneration of the parent company for 2018 according to the current method; was presented with the work reports of the Chairman and the President of the Company for 2017; agreed to the Chief Compliance Officer's specialized assessment opinions on compliance and risk management of the Company's senior management for 2017, and made a secondary appraisal and rating on the performance of the professional managers and other senior management members of the Company for 2017 according to the opinions; the Meeting made an appraisal on Ms. LIU Guifang, the Chief Compliance Officer, and issued the annual appraisal report for 2017; approved the plan of performance objectives of senior management of the Company for 2018.

On 23 August 2018, the ninth 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 2017 (《關於公司高級管理人員2017年度薪酬激勵的議案》); considered and passed the Administrative Measures on the Organization and Allocation of the Appointment, Appraisal and Remuneration of Senior Management (2018 Revision) (《組織配置高級管理人員聘任、考核及薪酬管理辦法 (2018修訂)》) and the implementation rules.

On 29 October 2018, the tenth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board reviewed and approved that Mr.XIE Lebin was qualified as Chief Risk Officer according to the Regulations for Overall Risk Management of Securities Companies (《證券公司全面風險管理規範》and Ms. ZHANG Zhihong was qualified according to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》; approved the Company's proposition to nominate Mr. Xie Lebing as Chief Risk Officer and to nominate Ms. ZHANG Zhihong as Chief Compliance Officer, and reported the aforesaid matters to the Board for consideration and approval.

(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

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 2018 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 2018;

reviewing the changes in the accounting policies;

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 2018.

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

On 29 March 2018, the eighth meeting of the Audit Committee under the fifth session of the Board was presented the report on auditing work in 2017 of the Company and the report on internal auditing of the Company, considered and approved the Report on Auditing in 2017 (《2017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 Resolution on The Changes in the Accounting Policies of the Company (《關於公司會計政策變更的議案》), the Profit Distribution Plan of the Company for 2017 (《2017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 2017 (《審計委員會2017年度履職情況報告》), the Resolution on Anticipated Related Party Transactions of the Company for 2018 (《關於預計2018年度日常關聯交易的議案》), the Annual Report of the Company for 2017(《公司2017年年度報告》), the Special Report on the Deposit and Actual Use of Proceeds from the Issuance of A share convertible corporate bonds of the Company (《關於公司A股可轉換公司債券募集資金存放與實際使用情況專項報告》),and the Internal Control Assessment Report of the Company for 2017 (《公司2017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》). The committee specifically reviewed the "Key audit matters" set out in the 2017 annual audit report in respect of (1) consolidation of structured entities; (2) impairment of margin accounts receivable and financial assets held under resale agreements; and (3) impairment of available–for-sale financial assets.

On 27 April 2018, the ninth meeting of the Audit Committee under the fifth session of the Board approved the submission of the Resolution on Proposing to Consider the First Quarterly Report of the Company in 2018 (《關於提請審議公司2018年第一季度報告的議案》) to the Board for consideration.

On 23 August 2018, the tenth 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 2018 and the Auditing Plan for 2018 of the Company (《關於公司2018年半年度財務報表審閱工作及2018年度審計計劃》) and approved the submission of the Interim Report of 2018 of the Company (《公司2018年半年度報告》) and the Resolution on Proposing to Adjust the 2018-2019 Annual Cap on Transactions and Services in Securities and Financial Products with Shanghai International Group Co., Ltd. (《關於提請調整與上海國際集團有限公司2018-2019年度證券金融產品交易與服務上限》) 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 2018, the eleventh meeting of the Audit Committee under the fifth session of the Board approved the submission of the Resolution on Proposing to Consider the Third Quarterly Report of the Company in 2018 (《關於提請審議公司2018年第三季度報告的議案》) 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
XIA Dawei	4	4
JIN Qingjun	4	4
XIANG Dong (Resigned)	1	1

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 2018, the major achievements of the Risk Control Committee included:

reviewing and proposing the Board to determine the risk preference of 2018;

reviewing and proposing to determine the scale for the Company's proprietary trading business; and

reviewing regularly the compliance reports and risk management reports of the Company.

(3) During the Reporting Period, the Risk Control Committee has held two meetings in total as follows:

On 29 March 2018, the fifth 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 Companies' Risk Preference for 2018 (《關於提請審議2018年度集團公司風險偏好的議案》), the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Group Companies for 2018 (《關於提請審議2018年度集團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 2017 (《關於提請審議公司2017年度合規報告的議案》), the Resolution on Proposing to Consider the Risk Management Report of the Company for 2017 (《關於提請審議公司2017年年度風險管理報告的議案》), and approved to submit the aforesaid matters to the Board for consideration.

On 24 August 2018, the sixth meeting of the Risk Control Committee under the fifth session of Board considered and approved the Resolution on Proposing to Consider the 2018 Interim Compliance Report of the Company (《關於提請審議公司2018年中期合規報告的議案》) and the Resolution on Proposing to Consider the 2018 Interim Risk Management Report of the Company (《關於提請審議公司2018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	2	2
WANG Song	2	2
ZHONG Maojun	2	2
LING Tao	2	2
LIU Qiang (Resigned)	1	1

Section IX Corporate Governance

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.

(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 seventh meeting of the fifth session of Supervisory Committee was held by the Company on-site on 29 March 2018, at which nine resolutions including the Work Report of the Supervisors for 2017 (《公司2017年度監事會工作報告》), the Profit Distribution Plan of the Company for 2017 (《公司2017年度利潤分配預案》), the Resolution on The Changes in the Accounting Policies of the Company (《公司會計政策變更的議案》), the Internal Control Assessment Report of the Company for 2017 (《公司2017年度內部控制評價報告》), the Annual Report of the Company for 2017 (《公司2017年年度報告》) and the Special Report on the Deposit and Actual Use of Proceeds from the Issuance of A share convertible corporate bonds of the Company (《公司A股可轉債募集資金存放與實際使用情況專項報告》), were reviewed and approved, and written review opinions on the Annual Report, the Profit Distribution Plan, the Changes in the Accounting Policies and the Deposit and Actual Use of Proceeds from the Issuance of A share convertible corporate bonds were given.

2. The eighth meeting of the fifth session of Supervisory Committee was held on 27 April 2018 by written resolutions and voting through the communications, at which the First Quarterly Report of the Company in 2018 (《2018年第一季度報告》) was reviewed and approved, and written review opinions on the report were given.

3. The ninth meeting of the fifth session of Supervisory Committee was held in Shanghai on-site on 24 August 2018, at which the 2018 Interim Report of the Company (《公司2018年半年度報告》),the 2018 Interim Compliance Report of the Company (《公司2018年中期合規報告》) and the 2018 Interim Risk Management Report of the Company (《公司2018年中期風險管理報告》) were reviewed and approved, and written review opinions on the 2018 Interim Report of the Company were given.

4. The tenth meeting of the fifth session of Supervisory Committee was held on 30 October 2018 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 2018 (《關於提請審議公司2018年第三季度報告的議案》) was reviewed and approved, and written review opinions on the report were given.

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

		Attendance at meetings of the Supervisory Committee					Attendance at general meetings
Name	Position	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	–	–	1
ZHU Ning	The vice chairman of the supervisory committee, employee supervisor	4	4	2	–	–	1
TENG Tieqi (Resigned)	Supervisor	1	1	–	1	–	–
SHAO Chong	Supervisor	4	4	2	–	–	1
FENG Xiaodong	Supervisor	2	2	1	–	–	–
ZUO Zhipeng	Supervisor	4	4	2	–		–
WANG Weijie	Employee supervisor	4	4	2	–	–	1
LIU Xuefeng	Employee supervisor	4	4	2	–	–	1
Number of the meetings of the Supervisory Committee held during the year				4			The Company convened one general meeting during the year
Including: Number of on-site meetings				2			
Number of meetings held by way of telecommunication				2			
Number of meetings held in by mixed methods				–			

Note: Mr. TENG Tieqi has resigned and Mr. FENG Xiaodong has not officially performed his duties when the annual general meeting for 2017 was held on 18 May 2018,so they did not attend the general meeting.

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

Section IX Corporate Governance

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》). After the end of each accounting year, the Board shall conduct annual evaluation of the performance of the senior management and determine the remuneration and incentive.

In reporting period, the Company continued to promote the Remuneration System Reform for Professional Managers and implemented the Plan of Remuneration System Reform for Professional Managers of the Company, thereby it closely links professional managers' performance-related annual salary and medium and long term incentive with the Company's performance and individual performance appraisal results so as to guarantee the marketization of executive compensation incentive system and effectively improve the overall competitiveness of the Company.

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.

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 2018) 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 basis date 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.

(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 system 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 2018, the Company continued making improvements to the internal control system, revised a series of risk management and compliance management systems, established a constant updating mechanism for the risk management handbook, continued performing balance sheet consolidation management for our Group, established the risk management databank, promoted the centralized management of risk information of the same customer in the same business of the Group and supervised our subsidiaries to improve their own internal control systems, the internal control system of the Group was operating well as a whole. The Company conducted a self-evaluation on the effectiveness of internal control as at 31 December 2018. For details, please refer to the evaluation report of the internal control of the Company for 2018.

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

□ Applicable √ Not applicable

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. (《國泰君安証券股份有限公司內部控制審計報告》) (AYHM (2019) Zhuang Zi No. 60464416_B01), 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 2018, 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 Internal Control Audit Report of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司內部控制審計報告》) 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

(I) 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 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.

(II) Compliance inspections

In 2018, insisting to be problem-oriented and risk control-oriented and focusing on key links or developments of various business, the Company has conducted a total of 26 compliance inspections, proposed rectification suggestions and procured rectification of the problems and potential defects identified during such inspections.

(III) Audit work conducted

In 2018, the Company endeavored to promote the finalization of the Internal Audit Work Promotion Plan (《內部審計工作推進方案》) and focused on high-quality resources and key projects, regarded the identification and prevention of major risks affecting the Company's development as the core of the audit work, and the audit quality was steadily improved. In 2018, the audit department implemented a total of 137 projects, including 14 key audit projects and 123 regular projects. There were also 18 outsourcing projects. Key projects include the special audits of fixed income department, network finance business, pledged financing business, financing business of Guotai Junan Asset Management and equity investment business of Guotai Junan Innovation Investment; and routine audit of sales and trading department, asset custody department and interbank department, etc.; and regular projects include 11 related projects at headquarter level and subsidiary level, 7 branch-level projects and 105 sales department-level projects.

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.

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 Company's shares 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

The first extraordinary general meeting in 2019 of the Company was held on 31 January 2019, and approved the resolution on the "Proposed Amendments to the Articles of Association of the Company". The amendments shall take effect after being approved by the Shanghai Bureau of the CSRC.

(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. Shareholders may make enquiries through emails, hotlines or directly send their letters to the Company's office address. The Company will properly and timely handle all enquiries.

In 2018, the Company held two result announcement conference calls, visited about 110 domestic and foreign institutional investors through road shows, and received 30 analysts and institutional investment surveys, involving more than 110 institutions.Participated in 12 investment strategy meetings and 2 investor collective reception days held by shanghai listed companies association.

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

The Company has established and amended 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"), to regulate the holding and dealing of the Shares by the Directors, Supervisors and senior management of the Company, 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 in the Model Code, the Administration Measures have adopted the standards in the Model Code as the standards of conduct for securities transactions by Directors, supervisors and relevant employees of the Company, and the requirements are stricter.

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 VIII Directors, Supervisors, Senior Management and Staff" in this annual report for details of shareholding in the Company by Directors, Supervisors and senior management.

Section IX Corporate Governance

(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 2018.

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 Chief Compliance Officer); 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.

(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 vice president of SWCS Corporate Services Group (Hong Kong) Limited. During the Reporting Period, Mr. YU Jian has accepted over 15 hours of professional trainings in total, please refer to "III. Performance of Duties by Board and Directors - (VII) 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

1. 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, authenticity and completeness of financial reports and relevant information, enhancement of operation efficiency and facilitating the materialization of the Company's development strategies. Due to the inherent limitation of the risk management and internal control system, we could only provide reasonable assurance on achieving the abovementioned objectives. The Board of the Company has conducted a review on the risk management and internal control system in accordance with the requirements of the Basic Standards of Corporate Internal Control and considered that as of 31 December 2018, risk management and internal control system of the Company was effective.

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

The Company has established a four-tier risk management and internal control organization structure comprising 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 shall assist the Board in determining material risk management policies, reviewing internal control system and its implementation, considering periodic risk evaluating reports and evaluating the effectiveness of the risk management and internal control system.

(2) The operation management is composed of the Chief Risk Officer, Chief Compliance Officer, Risk Management Committee and the assets and liabilities management committee. It is responsible for decision-making and implementation of material issues of compliance management and risk management, carrying out assets and liabilities and liquidity management, as well as formulation and implementation of various business and management systems.

(3) The Company has established departments dedicated to perform specific risk management and internal control functions including risk management, compliance, law, audit and review of bond issuance. They also collaborate with departments such as finance, information technology, operation and human resources to perform risk management and internal control functions.

(4) Each business committee, business department and subsidiary has established a first-tier compliance risk management team to perform various internal control functions such as compliance management and risk management. Each subsidiary is primarily responsible for the effectiveness of risk management and internal control of its own business and operating activities. The Company is promoting the implementation of balance sheet consolidation management at the Group to conduct comprehensive and sustainable 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.

3. 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, Measures for Compliance Management and Basic Audit System, and has further developed a systematic and complete compliance risk control and internal control management system on this basis. The Company established and implemented the authorization management system in 2012 and hired a professional institute to assist in optimizing 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 an initial balance sheet consolidation management system for the Group in 2018, an improved risk management and internal control system and operation system have been established in general.

The Company has formulated Administrative Measures for Rules and Regulations and Administrative Measures for Rapid Response to Risks. It monitors each department, subsidiary and branch office to establish comprehensive business and management systems, and make timely amendment to such systems according to laws and regulations, regulatory requirements and industry development, risk evaluation will be performed to adjust the management process in a timely manner.

4. Execution of the Company's Risk Management and Internal Control Systems

The Company has established a dynamic monitoring system for its net capital risk control indicators and basically completed the drafting of balance sheet consolidation management rules and system development. It has materialized an automated system for generation of the Group's risk monitoring reports as well as the dynamic monitoring and automatic warning mechanism for risk control indicators. The Board reviews risk appetite, risk tolerance, business scale and risk limit of the Company annually, based on which the operation management will make further breakdown into 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 operations.

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

5. Internal Monitoring Mechanism of Risk Management and Internal Control

The Company has established an all-rounded and multi-level internal monitoring mechanism comprising the Audit Committee and Risk Control Committee of the Board, the Supervisory Committee, the 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 business or multiple businesses on routine basis according to the regulatory requirements or operational needs of the Company. Issues identified will be presented in a list, indicating clearly the responsible departments, the responsible persons and the progress of rectification, and each item will be carried out individually.

The Company has formulated the Measures on Compliance and Risk Management Review and Accountability and the Implementation Rules for Compliance and Risk Management Review (Trial) of Guotai Junan Securities Co., Ltd. The status of compliance and risk management tasks will be incorporated into the performance appraisal system. For compliance and risk events arising out of failure to perform due diligence, the Company will hold the responsible party accountable, accountability measures including financial accountability and administrative accountability will be imposed.

The Company has formulated the Measures on Evaluation of Internal Control, and has established an internal control evaluation and audit mechanism to disclose its internal control evaluation report on a yearly basis. Meanwhile, the Company has engaged auditors to issue, and publicly disclose, audit opinions on the effectiveness of internal control of the Company's financial reporting and any material deficiencies in internal control of the non-financial reporting aspects.

6. Execution of Risk Management and Internal Control in 2018

In 2018, the Company continued to establish a comprehensive and refined risk management system with entire coverage for the Group and maintained a good compliance status in risk control. In terms of classification of securities companies, the Company has been awarded class A (AA) rating for the 11th consecutive year in 2018.

Internal evaluation for the year of 2018 of the Company covered the parent company, 6 wholly-owned subsidiaries and 1 holding subsidiary. 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 conclusion of the internal control evaluation report for the year of 2018 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 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.

Section IX Corporate Governance

(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, Securities Law, Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules 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 "X MATERIAL LITIGATION AND ARBITRATION" in Section V Significant Events of this annual report for punishment and public condemnation the Company has suffered during the Reporting Period.

(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 (《內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: Yuan 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 Financial Holdings Credit Enhancement Bonds	GUOTAI FH B1905	05754	22 May 2014	22 May 2019	US$500,000,000	3.625	Interest payable on semi-annual basis	Hong Kong Stock Exchange
Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type 2)	15 GUOJUN G2	136048	18 November 2015	19 November 2022	1,000,000,000	3.80	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	500,000,000	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
Guotai Junan Securities Co., Ltd. Public Issuance of 2018 Corporate Bonds (First Tranche)	18 GUOJUN G1	143528	20 March 2018	21 March 2021	4,300,000,000	5.15	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. Public Issuance of 2018 Corporate Bonds (Second Tranche)	18 GUOJUN G2	143607	23 April 2018	25 April 2021	4,300,000,000	4.55	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. Public Issuance of 2018 Corporate Bonds (Third Tranche) (Type I)	18 GUOJUN G3	143732	12 July 2018	16 July 2021	4,700,000,000	4.44	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. Public Issuance of 2018 Corporate Bonds (Third Tranche) (Type II)	18 GUOJUN G4	143733	12 July 2018	16 July 2023	300,000,000	4.64	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 II) for the current period was paid in November 2018.

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 2018.

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 2018.

Interest on Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Third Tranche) for the current period was paid in September 2018.

Interest on Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (First Tranche) (Type I) and (Type II) for the current period was paid in August 2018.

Interest on Guotai Junan Securities Co., Ltd. 2017 Corporate Bonds (Second Tranche) for the current period was paid in October 2018.

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. The issuer chose to exercise the "redemption option" during the Reporting Period and the Corporate Bonds were fully redeemed on 19 November 2018.

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.

Section X Corporate Bonds

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.

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

15 GUOJUN G2 16 GUOJUN G1 16 GUOJUN G2	Trustee manager of bonds	Name Address of office Contact persons TEL	Changjiang Financing Services Co., Limited 21/F, Chamtime International Financial Centre, No. 1589 Century Avenue, Pudong New District, Shanghai Zhang Zhipeng, Liu Borang 021-38784899
16 GUOJUN G3 16 GUOJUN G4 16 GUOJUN G5 17 GUOJUN G1 17 GUOJUN G2 17 GUOJUN G3	Trustee manager of bonds	Name Address of office Contact persons TEL	Everbright Securities Co. Ltd No. 1508 Xinzha Road, Jing'an District, Shanghai Huang Liang, Xing Yiwei 021-22169877/021-22169842
18 GUOJUN G1 18 GUOJUN G2 18 GUOJUN G3 18 GUOJUN G4	Trustee manager of bonds	Name Address of office Contact persons TEL	Industrial Securities Co., Ltd. 6/F, East Tower, Dingxiang International Building, 36 Changliu Road, Pudong New District, Shanghai Yang Lingshan 021-38565900
15 GUOJUN G2 16 GUOJUN G1 16 GUOJUN G2 16 GUOJUN G3 16 GUOJUN G4 16 GUOJUN G5 17 GUOJUN G1 17 GUOJUN G2 17 GUOJUN G3 18 GUOJUN G1 18 GUOJUN G2 18 GUOJUN G3 18 GUOJUN G4	Credit rating agency	Name Address of office 	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. 14/F, Huasheng Building, No.398 Hankou Road, Shanghai

Other explanations:

□ Applicable √ Not applicable

III. USE OF PROCEEDS FROM THE CORPORATE BONDS

√ Applicable □ Not applicable

As at 31 December 2018, 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 11 January 2018, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit ratings for "18 GUOJUN G1". Pursuant to the "Credit Rating Reports on Guotai Junan Securities Co., Ltd. Public Issuance of 2018 Corporate Bonds (First Tranche) (《國泰君安証券股份有限公司公開發行2018年公司債券(第一期)信用評級報告》)" (Shanghai Brilliance Bond Rating (2018) 010024) issued by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit rating of this bond is AAA, and the credit rating outlook is stable.

On 21 May 2018, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. conducted follow-up credit ratings for "15 GUOJUN G2", "16 GUOJUN G1", "16 GUOJUN G2", "16 GUOJUN G3", "16 GUOJUN G4", "16 GUOJUN G5", "17 GUOJUN G1", "17 GUOJUN G2","17 GUOJUN G3" and "18 GUOJUN G1", and issued the Report on the Follow-up Credit Rating of the 2015, 2016, 2017 and 2018 Corporate Bonds of Guotai Junan Securities Co., Ltd. (Shanghai Brilliance Ongoing Rating [2018]100079), pursuant to which the credit ratings of the "15 GUOJUN G2", "16 GUOJUN G1", "16 GUOJUN G2", "16 GUOJUN G3", "16 GUOJUN G4", "16 GUOJUN G5", "17 GUOJUN G1", "17 GUOJUN G2", "17 GUOJUN G3" and "18 GUOJUN G1" are AAA, the credit rating of the Company remained at AAA, and the credit rating outlook is stable.

On 16 April 2018, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit rating for "18 GUOJUN G2". Pursuant to the "Credit Rating Reports on Guotai Junan Securities Co., Ltd. Public Issuance of 2018 Corporate Bonds (Second Tranche) (《國泰君安証券股份有限公司公開發行2018年公司債券(第二期)信用評級報告》)" (Shanghai Brilliance Bond rating (2018) 010283) issued by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit ratings of this bond are AAA, and the credit rating outlook is stable.

Section X Corporate Bonds

On 6 July 2018, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit rating for "18 GUOJUN G3" and "18 GUOJUN G4". Pursuant to the "Credit Rating Reports on Guotai Junan Securities Co., Ltd. Public Issuance of 2018 Corporate Bonds (Third Tranche) (《國泰君安証券股份有限公司公開發行2018年公司債券(第三期)信用評級報告》)" (Shanghai Brilliance Bond Rating (2018) 010543) issued by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit ratings of these bonds are AAA, and the credit rating outlook is stable.

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 G2", "16 GUOJUN G1" and "16 GUOJUN G2", issued the 2017 Bond Trustee Management Services Report of 2015 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. and the 2017 Bond Trustee Services Report of 2016 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. in June 2018.

Everbright Securities Co., Ltd., the Company's bond trustee of "16 GUOJUN G3", "16 GUOJUN G4", "16 GUOJUN G5", "17 GUOJUN G1", "17 GUOJUN G2" and "17 GUOJUN G3" issued the 2017 Bond Trustee Management Services Report of 2016 Corporate Bonds (Tranche II) of Guotai Junan Securities Co., Ltd., the 2017 Bond Trustee Management Services Report of 2016 Corporate Bonds (Tranche III) of Guotai Junan Securities Co., Ltd., the 2017 Bond Trustee Management Services Report of 2017 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. and the 2017 Bond Trustee Management Services Report of 2017 Corporate Bonds (Tranche II) of Guotai Junan Securities Co., Ltd. in June 2018.

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	2018	2017	Increase/decrease for the Reporting Period as compared with the corresponding period of last year (%)	Reasons for change
EBITDA	16,852,506	20,830,892	-19.10	
Current ratio (%)	187	204	Decrease by 17 percentage points	
Quick ratio (%)	187	204	Decrease by 17 percentage points	
Gearing ratio (%)	62.19	61.50	Increase by 0.69 percentage point	
Debt-to-EBITDA ratio	0.07	0.10	-30.00	Decrease in EBITDA and a slightly increase of sizes in total debts
Interest coverage ratio	2.32	3.04	-23.68	
Cash interest coverage ratio	11.65	-7.51	N/A	Cash flow from operating activities changed from outflow to inflow
EBITDA interest coverage ratio	2.40	3.11	-22.83	
Loan repayment ratio (%)	100	100	—	
Interest repayment ratio (%)	100	100	—	

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

√ Applicable □ Not applicable

In 2018, 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 note 47 and 53 of the consolidated financial statement for details. The principal amounts and interests of each financing instrument have been paid on time.

Section X Corporate Bonds

X. BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

√ Applicable □ Not applicable

As at 31 December 2018, the banking facilities the Company obtained from the major cooperation banks amounted to about RMB420 billion in aggregate, of which about RMB48 billion had been utilized and about RMB372 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 shareholders of Guotai Junan Securities Co., Ltd.
(Established 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") set out on pages 189 to 328, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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 Hong Kong Institute of Certified Public 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.

Key audit matter	How our audit addressed the 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 to determine whether the Group controls these structured entities and these structured entities should be consolidated in the consolidated financial statements. When making the judgement, the management considers the Group's power over the relevant activities of the structured entity, the Group's variable return and its ability to use its power to influence the Group's variable return. As at 31 December 2018, the carrying amount of the Group's interests in unconsolidated structured entities amounted to RMB5,605 million. We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement when determining whether a structured entity is required to be consolidated by the Group 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 28 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the controls put in place by management for determining whether the Group's interest in each structured entity falls within the consolidation scope. We obtained and checked the contracts, documents and other public information of the structured entities on a sample basis to assess the reasonableness of management's judgement when determining whether a structured entity is required to be consolidated by considering the Group's power over the structured entity, the Group's variable return and the Group's power to use its power to influence its variable return. We assessed the disclosures related to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Key audit matter	How our audit addressed the key audit matter
Impairment of margin accounts receivable and financial assets held under resale agreements	
The Group performed impairment test and recognized credit loss expense for margin accounts receivable and financial assets held under resale agreements on the basis of expected credit loss ("ECL") at each reporting date. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECLs. If the credit risk has increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to the lifetime ECLs ("LTECL"). If credit-impaired occurs, the Group measures the loss allowance at an amount equal to LTECLs. The Group considers all reasonable and supportable information in ECL assessment, including that which is forward-looking. As at 31 December 2018, the Group had margin accounts receivable amounting to RMB53,655 million with cumulative allowance for ECL of RMB592 million and financial assets held under resale agreements amounting to RMB61,118 million with cumulative allowance for ECL of RMB1,635 million. We identified the impairment of margin accounts receivable and financial assets held under resale agreements as a key audit matter because of the balance and the significant management judgement, including the classification of stages for measurement of ECLs and the estimation of future cash flows. The related disclosures are included in notes 33 and 40 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the controls over the process for the assessment of impairment of margin accounts receivable and financial assets held under resale agreements. We assessed the reasonableness of the Group's standard for classification of stages and the models for measurement of ECLs. We performed audit procedures to margin accounts receivable and financial assets held under resale agreement on a sample basis: 1. We compared the classification of stages for measurement of ECLs with the standard applied in the ECL model. 2. We assessed the appropriateness of key inputs used in ECLs calculation by management, including probability of default, loss given default, exposure at default, discount rate and forward-looking information, etc. 3. We assessed the reasonableness of management's ECLs results and checked if they are consistent with market practice and historical loss experience. We assessed the disclosure related to the impairment of margin accounts receivable and financial assets held under resale agreements in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments classified under Level 3 in the fair value hierarchy	
The Group assessed the fair value of the financial instruments classified under Level 3 in the fair value hierarchy ("Level 3 financial instruments") at each reporting date. Fair value of the Level 3 financial instruments is measured generally based on significant unobservable inputs as key assumptions, which requires management's judgment, including credit spread, volatility and discount for lack of marketability, etc. As at 31 December 2018, the Group had financial assets classified under Level 3 amounting to RMB7,712 million and financial liabilities classified under Level 3 amounting to RMB5,253 million. We identified the valuation of Level 3 financial instruments as a key audit matter because of the balance and the significant management judgement involved in determination of unobservable inputs used in the valuation process. The related disclosure is included in note 66 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the controls over the process for the valuation of Level 3 financial instruments. We evaluated the appropriateness of the models used for the valuation of Level 3 financial instruments. We performed audit procedures to the valuation of Level 3 financial instruments on a sample basis: 1. We reviewed the investment agreements entered into during the current year to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments. 2. We assessed the appropriateness of the significant unobservable and observable inputs used in the valuation of Level 3 financial instruments. 3. We performed an independent valuation to the financial instruments and compared with the valuation results of the Group. We assessed the relevant disclosures for the valuation of Level 3 financial instruments with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company 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 of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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.
- 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

20 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	notes	Year ended 31 December 2018	2017
Revenue			
Fee and commission income	6	**9,794,186**	12,584,403
Interest income	7	**12,841,989**	12,412,952
Net investment gains	8	**5,073,084**	6,434,621
Total revenue		**27,709,259**	31,431,976
Gain on disposal of a subsidiary	9	**648,287**	—
Other income and gains	10	**2,871,839**	1,521,376
Total revenue and other income		**31,229,385**	32,953,352
Fee and commission expenses	11	**(1,574,713)**	(2,134,063)
Interest expenses	12	**(7,009,885)**	(6,706,110)
Staff costs	13	**(6,759,575)**	(6,023,921)
Depreciation and amortization expenses	14	**(574,279)**	(463,474)
Tax and surcharges		**(151,861)**	(153,356)
Other operating expenses and costs	15	**(5,040,632)**	(3,087,931)
Provision for impairment losses	16	**(1,150)**	(737,949)
Credit loss expense	17	**(976,493)**	—
Total expenses		**(22,088,588)**	(19,306,804)
Operating profit		**9,140,797**	13,646,548
Share of profits of associates and joint ventures		**127,545**	14,760
Profit before income tax		**9,268,342**	13,661,308
Income tax expense	18	**(2,198,304)**	(3,178,399)

The accompanying notes form part of the consolidated financial statements.

	notes	Year ended 31 December 2018	2017
Profit for the year		**7,070,038**	10,482,909
Attributable to:			
Equity holders of the Company		**6,708,116**	9,881,545
Non-controlling interests		**361,922**	601,364
Total		**7,070,038**	10,482,909
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)	22		
— Basic		**0.70**	1.11
— Diluted		**0.70**	1.10

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2018	2017
Profit for the year	**7,070,038**	10,482,909
Other comprehensive income for the year		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
— Net changes in fair value	**647,828**	—
— Changes in allowance for expected credit losses	**(24,343)**	—
— Reclassified to profit or loss	**(74,584)**	—
— Income tax impact	**(137,225)**	—
Available-for-sale financial assets		
— Net changes in fair value	**—**	3,161,199
— Reclassified to profit or loss	**—**	(2,181,123)
— Income tax impact	**—**	(231,638)
Share of other comprehensive income of associates and joint ventures		
— Share of other comprehensive income	**(20)**	22,538
— Income tax impact	**—**	(5,635)
Exchange differences on translation of financial statements in foreign currencies	**421,542**	(566,192)
Total items that may be reclassified to profit or loss	**833,198**	199,149
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
— Net changes in fair value	**(3,051,667)**	—
— Income tax impact	**762,917**	—
Share of other comprehensive income of associates and joint ventures		
— Share of other comprehensive income	**(946,764)**	—
— Income tax impact	**236,691**	—
Total items that will not be reclassified to profit or loss	**(2,998,823)**	—
Other comprehensive income for the year, net of tax	**(2,165,625)**	199,149
Total comprehensive income for the year	**4,904,413**	10,682,058
Attributable to:		
Equity holders of the Company	**4,372,505**	10,434,925
Non-controlling interests	**531,908**	247,133
Total	**4,904,413**	10,682,058

The accompanying notes form part of the consolidated financial statements.

Section XI Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	notes	As at 31 December 2018	2017
Non-current assets			
Property and equipment	23	**4,082,006**	3,730,599
Prepaid land lease payments	24	**785,312**	804,388
Goodwill	25	**581,407**	581,407
Other intangible assets	26	**1,472,424**	1,442,271
Investments in associates	29	**1,294,133**	1,309,278
Investments in joint ventures	29	**1,333,516**	2,303,249
Available-for-sale financial assets	30	**—**	38,340,006
Debt instruments at fair value through other comprehensive income	31	**33,445,303**	—
Equity instruments at fair value through other comprehensive income	32	**16,785,949**	—
Financial assets held under resale agreements	33	**6,444,585**	27,357,004
Financial assets at fair value through profit or loss	34	**3,567,761**	300,000
Refundable deposits	35	**7,552,678**	6,914,654
Deferred tax assets	36	**1,289,051**	333,909
Other non-current assets	37	**2,932,037**	677,498
Total non-current assets		**81,566,162**	84,094,263
Current assets			
Accounts receivable	38	**3,634,734**	4,288,361
Other current assets	39	**1,867,556**	6,270,510
Margin accounts receivable	40	**53,655,358**	73,983,947
Available-for-sale financial assets	30	**—**	1,631,794
Debt instruments at fair value through other comprehensive income	31	**5,721,378**	—
Financial assets held under resale agreements	33	**54,672,999**	65,242,195
Financial assets at fair value through profit or loss	34	**134,114,319**	98,202,115
Derivative financial assets	41	**648,358**	315,233
Clearing settlement funds	42	**3,006,836**	2,157,689
Cash held on behalf of brokerage customers	43	**77,492,497**	79,476,131
Cash and bank balances	44	**20,348,883**	15,985,949
Total current assets		**355,162,918**	347,553,924
Total assets		**436,729,080**	431,648,187

The accompanying notes form part of the consolidated financial statements.

	notes	As at 31 December 2018	2017
Current liabilities			
Loans and borrowings	46	**8,279,422**	11,520,278
Short-term debt instruments	47	**7,045,424**	36,454,635
Placements from other financial institutions	48	**10,163,246**	7,600,000
Accounts payable to brokerage customers	49	**82,347,043**	84,356,232
Employee benefits payable	50	**4,984,863**	5,005,954
Income tax payable		**1,518,105**	1,531,137
Financial assets sold under repurchase agreements	51	**70,558,545**	43,849,585
Financial liabilities at fair value through profit or loss	52	**32,746,561**	23,454,372
Derivative financial liabilities	41	**255,973**	402,828
Bonds payable	53	**15,476,842**	1,279,944
Other current liabilities	54	**16,110,357**	8,656,571
Total current liabilities		**249,486,381**	224,111,536
Net current assets		**105,676,537**	123,442,388
Total assets less current liabilities		**187,242,699**	207,536,651
Non-current liabilities			
Bonds payable	53	**52,780,358**	67,032,147
Employee benefits payable	50	**—**	622,458
Deferred tax liabilities	36	**43,015**	181,608
Financial assets sold under repurchase agreements	51	**—**	3,000,000
Financial liabilities at fair value through profit or loss	52	**530,082**	1,013,019
Other non-current liabilities	55	**215,852**	1,992,196
Total non-current liabilities		**53,569,307**	73,841,428
Net assets		**133,673,392**	133,695,223

The accompanying notes form part of the consolidated financial statements.

	notes	As at 31 December 2018	2017
Equity			
Share capital	56	**8,713,941**	8,713,934
Other equity instruments	57	**11,129,819**	11,129,841
Reserves	58	**65,535,930**	64,936,992
Retained profits	58	**38,070,373**	38,347,216
Equity attributable to equity holders of the Company		**123,450,063**	123,127,983
Non-controlling interests		**10,223,329**	10,567,240
Total equity		**133,673,392**	133,695,223

Approved and authorized for issue by the Board of Directors on 20 March 2019.

Yang Dehong

Chairman

Wang Song

Executive Director

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

(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 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
Impact of adopting IFRS 9 (note 2.2)	–	–	–	43,799	–	11,256	16,326	(314,011)	(242,630)	(20,079)	(262,709)
Restated opening balance under IFRS 9	8,713,934	11,129,841	43,447,900	1,253,821	(172,336)	6,508,078	13,970,910	38,033,205	122,885,353	10,547,161	133,432,514
Profit for the year	–	–	–	–	–	–	–	6,708,116	6,708,116	361,922	7,070,038
Other comprehensive income for the year	–	–	–	(2,586,535)	250,924	–	–	–	(2,335,611)	169,986	(2,165,625)
Total comprehensive income for the year	–	–	–	(2,586,535)	250,924	–	–	6,708,116	4,372,505	531,908	4,904,413
Appropriation to surplus reserve	–	–	–	–	–	668,361	–	(668,361)	–	–	–
Appropriation to general reserve	–	–	–	–	–	–	1,510,464	(1,510,464)	–	–	–
Dividends (note 21)	–	–	–	–	–	–	–	(3,485,576)	(3,485,576)	–	(3,485,576)
Distribution to other equity instrument holders (note 21)	–	–	–	–	–	–	–	(590,000)	(590,000)	–	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	–	–	–	–	–	–	–	–	–	(213,110)	(213,110)
Other comprehensive income that has been reclassified to retained profits	–	–	–	416,547	–	–	–	(416,547)	–	–	–
Conversion of convertible bonds	7	(22)	136	–	–	–	–	–	121	–	121
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(254,785)	(254,785)
Share issued by a subsidiary upon placement of shares to non-controlling interests	–	–	503,945	–	–	–	–	–	503,945	1,125,689	1,629,634
Redemption of other equity instruments issued by a subsidiary	–	–	–	–	–	–	–	–	–	(825,893)	(825,893)
Acquisition of non-controlling interests in a subsidiary	–	–	(255,867)	–	–	–	–	–	(255,867)	(704,402)	(960,269)
Others	–	–	19,582	–	–	–	–	–	19,582	16,761	36,343
At 31 December 2018	8,713,941	11,129,819	43,715,696	(916,167)	78,588	7,176,439	15,481,374	38,070,373	123,450,063	10,223,329	133,673,392

The accompanying notes form part of the consolidated 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 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
Issuance of H shares	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 21)	–	–	–	–	–	–	–	(2,973,750)	(2,973,750)	–	(2,973,750)
Distribution to other equity instrument holders (note 21)	–	–	–	–	–	–	–	(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

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2018	2017
Cash flows from operating activities:		
Profit before income tax	**9,268,342**	13,661,308
Adjustments for:		
Interest expenses	**7,009,885**	6,706,110
Share of profits of associates and joint ventures	**(127,545)**	(14,760)
Depreciation and amortization	**574,279**	463,474
Provision for impairment losses	**1,150**	737,949
Credit loss expense	**976,493**	—
Net losses on disposal of property and equipment	**4,473**	4,980
Foreign exchange (gains)/losses	**(5,613)**	193,190
Net realized gains from financial instruments	**(74,584)**	(2,433,871)
Gain on disposal of subsidiaries, associates and joint ventures	**(675,510)**	(495,885)
Gain from the acquisition of an associate	**—**	(238,196)
Listing cost of H-shares	**—**	20,860
Dividend income and interest income from available-for-sale financial assets	**—**	(608,106)
Dividend income and other income from financial assets at fair value through other comprehensive income	**(2,466,359)**	—
Interest income from time deposits, loans and receivables	**(603,160)**	(541,943)
Unrealized fair value changes in financial instruments at fair value through profit or loss	**1,215,695**	160,123
Unrealized fair value changes in derivatives	**(288,019)**	(162,111)
	14,809,527	17,453,122

The accompanying notes form part of the consolidated financial statements.

	Year ended 31 December	
	2018	2017
(Increase)/Decrease in refundable deposits	**(649,110)**	2,828,227
Decrease/(Increase) in margin accounts receivable	**20,062,018**	(5,201,893)
Decrease/(Increase) in accounts receivable, other current assets and other non-current assets	**2,217,391**	(4,222,424)
Decrease/(Increase) in financial assets held under resale agreements	**40,826,121**	(26,584,780)
Increase in financial instruments at fair value through profit or loss and derivative financial instruments	**(30,263,874)**	(13,845,244)
Decrease in cash held on behalf of brokerage customers	**3,372,746**	24,882,761
Decrease in accounts payable to brokerage customers	**(2,701,066)**	(28,600,458)
Increase/(Decrease) in other liabilities	**9,318,956**	(8,641,631)
Decrease in employee benefits payable	**(543,909)**	(1,272,542)
Increase in financial assets sold under repurchase agreements	**23,708,960**	7,131,165
Increase in placements from other financial institutions	**2,563,246**	2,900,000
Cash generated from/(used in) operations	**82,721,006**	(33,173,697)
Income taxes paid	**(2,545,568)**	(3,977,417)
Interest paid	**(2,680,581)**	(2,554,662)
Net cash generated from/(used in) operating activities	**77,494,857**	(39,705,776)

The accompanying notes form part of the consolidated financial statements.

	Year ended 31 December	
	2018	2017
Cash flows from investing activities:		
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets	**34,837**	76,695
Dividends and interest received from available-for-sale financial assets and other investments	**—**	988,221
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments	**2,471,134**	—
Proceeds from disposal of available-for-sale financial assets and other investments	**—**	58,034,614
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments	**35,911,901**	—
Disposal of subsidiaries, associates and joint ventures	**94,556**	1,045,000
Cash used in acquisition of an associate	**—**	(20,100)
Purchases of property and equipment, other intangible assets and other non-current assets	**(918,349)**	(897,902)
Purchases of available-for-sale financial assets and other investments	**—**	(52,704,831)
Purchases of financial assets at fair value through other comprehensive income and other investments	**(62,821,012)**	—
Cash used in other investing activities	**—**	(30,532)
Net cash (used in)/generated from investing activities	**(25,226,933)**	6,491,165

The accompanying notes form part of the consolidated financial statements.

	note	Year ended 31 December 2018	2017
Cash flows from financing activities:			
Net proceeds from issuance of H shares		**—**	15,301,493
Proceeds from issuance of convertible bonds		**—**	7,000,000
Proceeds from issuance of short-term debt instruments		**35,731,660**	61,888,052
Proceeds from issuance of bonds payable		**13,764,118**	19,900,000
Proceeds from loans and borrowings		**53,210,212**	72,594,513
Proceeds from issuance of shares upon placement by a subsidiary		**1,629,634**	—
Redemption of other equity investments issued by a subsidiary		**(825,893)**	—
Repayment of debt securities issued		**(80,473,032)**	(70,552,464)
Repayment of loans and borrowings		**(56,060,785)**	(72,119,953)
Interest paid		**(4,227,520)**	(4,317,730)
Dividends paid		**(3,664,956)**	(3,407,048)
Distribution to other equity instrument holders		**(701,514)**	(725,146)
Cash used in other financing activities		**(33,800)**	(307,755)
Net cash (used in)/generated from financing activities		**(41,651,876)**	25,253,962
Net increase/(decrease) in cash and cash equivalents		**10,616,048**	(7,960,649)
Cash and cash equivalents at the beginning of the year		**27,057,039**	35,192,601
Effect of foreign exchange rate changes		**274,164**	(174,913)
Cash and cash equivalents at the end of the year	45(a)	**37,947,251**	27,057,039

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 December 2018

(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. (國泰君安証券股份有限公司) (the "Company") 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. (國泰君安証券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with the 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 the 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, the financial advisory business relating to securities trading and securities investment, margin financing and securities lending, the agency sale of securities investment funds, the 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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. 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.

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.

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
Annual Improvements 2014-2016 Cycle	*Amendments to IFRS 1 and IAS 28*

Except as described below, the application of the new and revised IFRSs has had no significant impact on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments*: *Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for financial instruments in the scope of IFRS 9. Therefore, the comparative information is reported under IAS 39 and is not comparable to the information presented as at 31 December 2018 and for the year then ended. Differences arising from the adoption of IFRS 9 have been recognized directly in equity as of 1 January 2018.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

IFRS 9 Financial Instruments *(continued)*

(1) Classification and measurement

The measurement categories and the carrying amounts of financial instruments under IAS 39 and IFRS 9 as at 1 January 2018 are as follows:

	IAS 39		IFRS 9	
	Measurement categories	**Carrying amount**	**Measurement categories**	**Carrying amount**
Assets				
Available-for-sale financial assets	Financial assets at fair value through other comprehensive income	39,971,800	NA	—
Debt instruments at fair value through other comprehensive income	NA	—	Financial assets at fair value through other comprehensive income	20,332,866
Equity instruments at fair value through other comprehensive income	NA	—	Financial assets at fair value through other comprehensive income	16,976,661
Financial assets held under resale agreements	Amortized cost	92,599,199	Amortized cost	92,335,513
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	98,502,115	Financial assets at fair value through profit or loss	101,157,611
Deferred tax assets	NA	333,909	NA	414,070
Accounts receivable	Amortized cost	4,288,361	Amortized cost	4,260,828
Other current assets	Amortized cost	6,270,510	Amortized cost	6,268,422
Margin accounts receivable	Amortized cost	73,983,947	Amortized cost	73,951,989
Cash held on behalf of brokerage customers	Amortized cost	79,476,131	Amortized cost	79,465,321
Cash and bank balances	Amortized cost	15,985,949	Amortized cost	15,985,941
Liabilities				
Other current liabilities	Amortized cost	8,656,571	Amortized cost	8,656,581

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

IFRS 9 Financial Instruments *(continued)*

(1) Classification and measurement *(continued)*

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is as follows:

	As at 31 December 2017	Reclassification	Remeasurement	**As at 1 January 2018**
Assets:				
Available-for-sale financial assets	39,971,800	(39,971,800)	—	**—**
To: Debt instruments at fair value through other comprehensive income		(10,085,867)		
To: Equity instruments at fair value through other comprehensive income		(16,704,731)		
To: Financial assets at fair value through profit or loss		(13,181,202)		
Debt instruments at fair value through other comprehensive income	—	20,332,866	—	**20,332,866**
From: Available-for-sale financial assets		10,085,867		
From: Financial assets at fair value through profit or loss		10,246,999		
Equity instruments at fair value through other comprehensive income	—	16,976,661	—	**16,976,661**
From: Available-for-sale financial assets		16,704,731		
From: Financial assets at fair value through profit or loss		271,930		
Financial assets held under resale agreements	92,599,199	—	(263,686)	**92,335,513**
Financial assets at fair value through profit or loss	98,502,115	2,662,273	(6,777)	**101,157,611**
To: Debt instruments at fair value through other comprehensive income		(10,246,999)		

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

IFRS 9 Financial Instruments *(continued)*

(1) Classification and measurement *(continued)*

	As at 31 December 2017	Reclassification	Remeasurement	**As at 1 January 2018**
To: Equity instruments at fair value through other comprehensive income		(271,930)		
From: Available-for-sale financial assets		13,181,202		
Deferred tax assets	333,909	—	80,161	**414,070**
Accounts receivable	4,288,361	—	(27,533)	**4,260,828**
Other current assets	6,270,510	—	(2,088)	**6,268,422**
Margin accounts receivable	73,983,947	—	(31,958)	**73,951,989**
Cash held on behalf of brokerage customers	79,476,131	—	(10,810)	**79,465,321**
Cash and bank balances	15,985,949	—	(8)	**15,985,941**
Liabilities				
Other current liabilities	8,656,571	—	10	**8,656,581**

(2) Impairment allowance

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9:

	As at 31 December 2017	Reclassification	Remeasurement	**As at 1 January 2018**
Available-for-sale financial assets	639,112	(639,112)	—	**—**
Financial assets held under resale agreements	701,455	—	263,686	**965,141**
Margin accounts receivable	409,233	—	31,958	**441,191**
Other financial assets	786,020	—	279,060	**1,065,080**

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(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.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018. The application of IFRS 15 has had no significant impact on the Group's consolidated financial statements other than additional quantitative and qualitative disclosure.

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 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*[1]
Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[1]

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

2 Effective for annual periods beginning on or after 1 January 2020

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

4 No mandatory effective date yet determined but available for adoption

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

IFRS 16 Leases

IFRS 16, issued in January 2016, replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group will adopt IFRS 16 on 1 January 2019 using the modified retrospective method. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives.

The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. As at 31 December 2018, the total operating lease commitments of the Group refer to note 60(2). The Group has performed a detailed assessment, and the directors of the Company do not expect the adoption of IFRS 16 would result in a significant impact on the Group's equity but it is expected that the total assets and total liabilities will increase.

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*.

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 acquiree's 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.

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.

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

Business combinations and goodwill *(continued)*

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.

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

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

Related parties *(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.

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	2.31%-3.20%
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	9.50%-32.00%
Others	9.50%-32.00%

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

Property and equipment and depreciation *(continued)*

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.

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

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

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.

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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.

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

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

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

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 recognized in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognized as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

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.

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

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) *(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.

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

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

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.

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

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

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) *(continued)*

General approach *(continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group assesses the internal and external credit ratings of the debt investments.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full after taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

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

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) *(continued)*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

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.

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

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) *(continued)*

Financial assets carried at amortized cost *(continued)*

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.

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.

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

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018) *(continued)*

Available-for-sale financial investments *(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.

Financial liabilities

Initial recognition and measurement (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, other financial liabilities.

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.

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

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss (policies under IFRS 9 applicable from 1 January 2018)

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 incurred 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 IFRS 9. 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 IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to 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 at fair value through profit or loss (policies under IAS 39 applicable before 1 January 2018)

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.

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

Financial liabilities *(continued)*

Subsequent measurement *(continued)*

Other financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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 (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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 (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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.

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

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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.

Derivative financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

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.

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 the withholding stamp duty and commission.

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

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 the 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.

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, 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.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

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

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 interest expense 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.

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.

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

Income tax *(continued)*

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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

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 or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) 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.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognized when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management fees is recognized periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognized when the performance fee is determinable based on actual performance measurement, as and when contingent criteria associated are met.

(d) Other business

Income from other business is recognized when control of goods or services is transferred to the customers.

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

Revenue recognition (applicable before 1 January 2018)

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.

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.

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

Contract assets (applicable from 1 January 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Contract costs (applicable from 1 January 2018)

Other than the costs which are capitalized as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognized. Other contract costs are expensed as incurred.

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.

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 equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions 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 award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In additional, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award 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.

The dilutive effect of outstanding options is reflected as the dilutive effect of a subsidiary's potential ordinary shares in the computation of earnings per share.

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 a 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 binominal 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 expenses except share-based payments given by the Group in exchange for services 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, dependents, 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.

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.

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

Employee benefits *(continued)*

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.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

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.

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

Foreign currencies *(continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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 weighted 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.

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.

Business Model

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. Management needs to make significant judgement when assessing its business model, including but is not limited to (a)how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; (b)the risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way in which those risks are managed; and (c) how managers of the business are compensated. In determining whether cash flows are going to be realized by collecting the financial assets' contractual cash flows, management needs to consider the reasons for the sales, timing of sales, frequency and value in prior periods.

Contractual cash flows characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. Management needs to make significant judgement on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Such as whether contractual cash flows could be significantly different from the benchmark cash flows involves judgement when assessing a modified time value of money element, whether the fair value of prepayment features is insignificant also need judgement when assessing the financial assets with prepayment features.

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgement *(continued)*

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.

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, the volatility of the market interest rate and correlation factors and etc. If there is a change in any assumption of the above factors, the assessment of the fair value of financial instruments will be affected.

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 financial instruments

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgment and estimation, and consideration of all reasonable and relevant information including forward looking information. When making such judgment and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economy indicators, and industrial risk.

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.

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

Before 1 January 2018, the Group reviewed 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, 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of available-for-sale investments

Before 1 January 2018, if there had been a significant or prolonged (after considering all related factors) decline in the fair value of available-for-sale investments, the impairment losses would be provided by reclassification the cumulative unrealized loss arising from the 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 the 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.

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%
Value added tax ("VAT")	Taxable revenue	3%-17%
City maintenance and construction tax	Value added tax paid	1%-7%
Education surcharge	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%.

5. TAXATION *(continued)*

Value added tax

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值税有關問題的通知》) 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.

6. FEE AND COMMISSION INCOME

	Year ended 31 December	
	2018	2017
Securities brokerage and investment consulting business	**5,255,326**	6,814,977
Underwriting and sponsorship business	**1,831,387**	2,707,298
Asset management business	**1,500,588**	1,785,966
Futures brokerage business	**492,251**	531,251
Financial advisory business	**359,083**	387,241
Custodian fee	**339,122**	334,538
Others	**16,429**	23,132
Total	**9,794,186**	12,584,403

Fee and commission income represented the Group's revenue from contracts with customers.

The Group's geographical markets mainly include Mainland China and Hong Kong. The Group's fee and commission income in Hong Kong is mainly represented as International business. Refer to note 64 SEGMENT REPORTING for detailed information about geographical markets.

7. INTEREST INCOME

	Year ended 31 December	
	2018	2017
Margin financing and securities lending	**4,909,723**	5,218,709
Stock-pledged financing and securities repurchase	**3,334,002**	3,592,342
Deposits in financial institutions	**2,847,417**	3,019,777
Debt instruments at fair value through other comprehensive income	**1,086,813**	—
Other financial assets held under resale agreements	**466,796**	478,015
Term loan	**120,868**	92,829
Others	**76,370**	11,280
Total	**12,841,989**	12,412,952

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2018	2017
Dividend and other income		
Financial instruments at fair value through profit or loss	**3,164,249**	2,430,691
Equity instruments at fair value through other comprehensive income	**1,379,546**	—
Available-for-sale financial assets	**—**	608,106
Net realized gains/(losses)		
Financial instruments at fair value through profit or loss	**847,154**	1,073,478
Debt instruments at fair value through other comprehensive income	**74,584**	—
Derivative financial instruments	**811,275**	(150,123)
Available-for-sale financial assets	**—**	2,433,871
Unrealized gains/(losses)		
Derivative financial instruments	**12,874**	152,927
Financial liabilities at fair value through profit or loss	**2,602,075**	98,308
Financial assets at fair value through profit or loss	**(3,817,770)**	(258,431)
Others (i)	**(903)**	45,794
Total	**5,073,084**	6,434,621

(i) Third-party interests in consolidated structured entities

9. GAIN ON DISPOSAL OF A SUBSIDIARY

In April 2017, the Company agreed to transfer its 51% stake in GTJA Allianz Funds Co., Ltd. ("GTJA Allianz") to Pacific Asset Management Co., Ltd. ("Pacific AMC") at a consideration of RMB1,045 million. The transaction was approved by the CSRC in March 2018. After the completion of the share transfer, the Company no longer holds any interests in GTJA Allianz.

	Carrying amount as at the date of equity transfer
Financial assets at fair value through profit or loss	379,649
Cash and bank balances	286,323
Other current/non-current assets	126,909
Employee benefits payable	(99,639)
Other current/non-current liabilities	(160,374)
Net assets	532,868
Less: Non-controlling interest	(261,105)
Interests in net assets	271,763
Proceeds from disposal of GTJA Allianz	1,045,000
Less: Dividends receivable transferred to Pacific AMC	(124,950)
Interest in net assets	(271,763)
Gain on disposal of a subsidiary	648,287
Satisfied by:	
Cash received in year 2017	1,045,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Year ended 31 December 2018
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(66,740)**

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2018	2017
Income from bulk commodity trading	**2,056,929**	182,097
Government grants[1]	**682,710**	727,649
Gain on disposal of structured entities	**27,223**	450,091
Commission from tax withholding and remitting	**15,553**	36,349
Foreign exchange gains or losses	**5,613**	(193,190)
Gains on disposal of property and equipment	**766**	505
Gain from the acquisition of an associate	**—**	238,196
Others	**83,045**	79,679
Total	**2,871,839**	1,521,376

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

11. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2018	2017
Securities brokerage and investment consulting business	**1,242,882**	1,616,584
Underwriting and sponsorship business	**181,521**	379,458
Futures brokerage business	**96,858**	84,022
Others	**53,452**	53,999
Total	**1,574,713**	2,134,063

12. INTEREST EXPENSES

	Year ended 31 December	
	2018	2017
Bonds	**3,183,876**	2,938,240
Financial assets sold under repurchase agreements	**1,593,732**	1,601,008
Short-term debt instruments	**1,031,156**	785,139
Accounts payable to brokerage customers	**391,501**	424,468
Placements from other financial institutions	**323,925**	348,819
Loans and borrowings	**255,178**	274,985
Securities lending	**78,331**	105,360
Priority tranche holders of structured entities	**60,284**	141,429
Gold borrowing	**47,158**	53,726
Derivative financial instruments	**38,709**	31,179
Others	**6,035**	1,757
Total	**7,009,885**	6,706,110

13. STAFF COSTS

	Year ended 31 December	
	2018	2017
Salaries, bonuses and allowances	**5,705,261**	4,947,692
Contributions to defined contribution schemes	**567,141**	658,247
Other social welfare	**487,173**	417,982
Total	**6,759,575**	6,023,921

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.

14. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2018	2017
Depreciation of property and equipment	**438,117**	353,726
Amortization of other intangible assets	**102,966**	88,538
Amortization of long-term deferred expenses	**25,247**	21,180
Amortization of prepaid land lease payments	**7,949**	30
Total	**574,279**	463,474

15. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2018	2017
Cost of bulk commodity trading	**2,058,302**	185,045
Rental expenses	**834,386**	699,468
Promotion and business development expenses	**286,132**	294,213
Information Technology expenses	**269,516**	229,677
Business travel expenses	**247,437**	237,463
Administrative and office operating expenses	**218,447**	290,589
Postal and communication expenses	**192,070**	203,505
Marketing and advertising expenses	**155,145**	182,689
Consulting fees	**148,384**	142,523
Stock exchange management fees	**94,393**	96,887
Securities investor protection funds	**93,109**	92,875
Utilities	**48,133**	49,446
Fund and asset management scheme distribution expenses	**45,114**	71,263
Donation	**29,653**	28,473
Auditors' remuneration	**13,788**	10,972
Others	**306,623**	272,843
Total	**5,040,632**	3,087,931

16. PROVISION FOR IMPAIRMENT LOSSES

	Year ended 31 December	
	2018	2017
Other current assets	**1,150**	—
Available-for-sale financial assets	**—**	324,538
Financial assets held under resale agreements	**—**	155,572
Margin accounts receivable	**—**	116,832
Other receivables and prepayments	**—**	65,605
Other non-current assets	**—**	63,491
Other intangible assets	**—**	10,000
Accounts receivable	**—**	1,911
Total	**1,150**	737,949

17. CREDIT LOSS EXPENSE

	Year ended 31 December	
	2018	2017
Financial assets held under resale agreements	**669,420**	—
Margin accounts receivable	**234,613**	—
Others	**72,460**	—
Total	**976,493**	—

18. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
Current tax		
Mainland China income tax	**2,317,392**	2,783,584
Hong Kong profits tax	**187,644**	194,116
Adjustment in respect of prior years		
Mainland China income tax	**25,655**	(66,106)
Hong Kong profits tax	**1,848**	(2,066)
Deferred tax	**(334,235)**	268,871
Total tax charges for the year	**2,198,304**	3,178,399

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	
	2018	2017
Profit before income tax	**9,268,342**	13,661,308
Tax at the PRC statutory tax rate of 25%	**2,317,086**	3,415,327
Effect of different tax rates of subsidiaries	**(53,473)**	(98,678)
Adjustments in respect of current tax and deferred tax of prior years	**27,503**	(68,172)
Non-taxable income	**(252,883)**	(281,023)
Profits and losses attributable to joint ventures and associates	**(3,472)**	(9,190)
Non-deductible expenses	**168,189**	265,309
Utilization of tax losses and deductible temporary differences previously not recognized	**(45,254)**	(60,003)
Tax losses and deductible temporary differences not recognized	**40,608**	14,829
Total tax charges for the year	**2,198,304**	3,178,399

19. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2018 and 2017 is as follows:

	Year ended 31 December 2018				
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Executive Directors					
Yang Dehong	—	799	—	376	1,175
Wang Song	—	920	—	716	1,636
Yu Jian	—	1,614	—	4,258	5,872
Non-Executive Directors					
Fu Fan[1]	—	—	—	—	—
Zhong Maojun[1]	—	—	—	—	—
Zhou Lei[1]	—	—	—	—	—
Wang Yongjian	150	—	—	—	150
Xiang Dong[4]	38	—	—	—	38
Liu Qiang[1][4]	—	—	—	—	—
Liu Ying[1]	—	—	—	—	—
Lin Facheng[2]	88	—	—	—	88
Zhou Hao[1][3]	—	—	—	—	—
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	250	—	—	—	250

19. DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

Name	Year ended 31 December 2018 Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Supervisors					
Shang Hongbo	—	—	—	—	—
Zhu Ning	—	719	—	363	1,082
Teng Tieqi[4]	38	—	—	—	38
Shao Chong	150	—	—	—	150
Zuo Zhipeng	150	—	—	—	150
Feng Xiaodong[2]	88	—	—	—	88
Wang Weijie	—	1,132	—	2,860	3,992
Liu Xuefeng	—	1,345	—	2,729	4,074
	1,952	6,529	—	11,302	19,783

(1) Except for these directors, none of the directors or supervisors waived any remuneration during the year.

(2) Appointed on 28 May 2018.

(3) Appointed on 6 June 2018.

(4) Resigned on 29 March 2018.

Name	Year ended 31 December 2017 Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
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]	—	—	—	—	—

19. 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
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
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.

20. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2018 and 2017. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2018	2017
Salaries, allowances and benefits	**12,088**	11,353
Pension scheme contributions and other social welfare	**47**	326
Discretionary bonuses	**65,801**	64,145
Share-based payments	**13,107**	12,954
Total	**91,043**	88,778

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	
	2018	2017
RMB15,000,001 to RMB16,000,000 yuan	**3**	2
RMB17,000,001 to RMB18,000,000 yuan	**1**	1
RMB18,000,001 to RMB19,000,000 yuan	**—**	1
RMB20,000,001 to RMB21,000,000 yuan	**—**	1
RMB27,000,001 to RMB28,000,000 yuan	**1**	—
Total	**5**	5

21. DIVIDENDS

	Year ended 31 December	
	2018	2017
Proposed and paid dividends	**3,485,576**	2,973,750
Distribution to other equity instrument holders	**590,000**	590,000

Pursuant to the resolution of the meeting of shareholders held on 18 May 2018, the Company distributed 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.

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.

21. DIVIDENDS *(continued)*

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. The Company recognized dividend payable to other equity instrument holders of RMB590 million as at 31 December 2018 and 2017 for the years then ended.

Pursuant to the resolution of the 11th meeting of the 5th term of the Board held on 20 March 2019, the Board has proposed the annual profit distribution plan for the year ended 31 December 2018 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 ordinary shares on the registered common shareholders as indicated in the statutory records on that date, the Company shall distribute cash dividends of RMB2.75 yuan for every 10 shares (tax included) amounting to RMB2,396 million in total for the year ended 31 December 2018 based on the total 8,713,940,629 ordinary shares as at 31 December 2018 without considering the shares that may be converted from convertible bonds after 31 December 2018. The profit distribution plan is subject to shareholders' approval in the upcoming shareholders' meeting.

22. 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 the conversion of dilutive potential ordinary shares into ordinary shares, (c) the dilutive effect of subsidiaries' potential ordinary shares and (d) the tax impact of the above adjustments.

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 are assumed to be converted at the beginning of the year and those issued in the year are assumed to be converted at the issuance date. The Group has convertible corporate bonds as dilutive potential ordinary shares.

22. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are as follows:

	Year ended 31 December	
	2018	2017
Earnings		
Profit attributable to equity holders of the Company	**6,708,116**	9,881,545
Less: Profit attributable to other equity holders of the Company[1]	**590,000**	590,000
Profit attributable to ordinary equity holders of the Company	**6,118,116**	9,291,545
Add: Interest expense on convertible bonds, net of tax[2]	**—**	104,446
Less: Dilutive effect of a subsidiary's potential ordinary shares[3]	**1,220**	4,377
Adjusted profit attributable to ordinary equity holders of the Company	**6,116,896**	9,391,614
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	**8,713,939**	8,346,878
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares[2]	**—**	168,995
Adjusted weighted average number of ordinary shares in issue during the year	**8,713,939**	8,515,873
Earnings per share attributable to ordinary equity holders of the Company (RMB Yuan per share)		
— Basic	**0.70**	1.11
— Diluted	**0.70**	1.10

(1) For the purpose of calculating basic earnings per ordinary share in respect of the years 2018 and 2017, RMB590 million attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

(2) The convertible bonds had an anti-dilutive effect on the basic earnings per share for the year 2018 and were ignored in the calculation of diluted earnings per share.

(3) The dilutive effect is due to the share options issued by Guotai Junan International Holdings Limited ("GJIHL").

23. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2018	**2,880,380**	**472,056**	**31,339**	**1,287,230**	**18,842**	**156,994**	**753,300**	**46,816**	**5,646,957**
Additions	**43,686**	**60,439**	**2,321**	**144,740**	**1,915**	**13,517**	**590,642**	**36,524**	**893,784**
Transfers during the year	**742,893**	**57,434**	**43,148**	**131,006**	**208**	**–**	**(1,072,796)**	**25,373**	**(72,734)**
Disposals	**(4,634)**	**(19,062)**	**(16,190)**	**(348,799)**	**(1,693)**	**(17,237)**	**–**	**(1,842)**	**(409,457)**
As at 31 December 2018	**3,662,325**	**570,867**	**60,618**	**1,214,177**	**19,272**	**153,274**	**271,146**	**106,871**	**6,058,550**
Accumulated depreciation									
As at 1 January 2018	**(634,451)**	**(260,138)**	**(13,051)**	**(777,209)**	**(11,964)**	**(106,838)**	**–**	**(20,454)**	**(1,824,105)**
Depreciation charge	**(110,786)**	**(77,498)**	**(5,101)**	**(193,523)**	**(1,792)**	**(12,513)**	**–**	**(36,904)**	**(438,117)**
Disposals	**1,223**	**17,715**	**15,091**	**324,131**	**1,625**	**16,393**	**–**	**1,753**	**377,931**
As at 31 December 2018	**(744,014)**	**(319,921)**	**(3,061)**	**(646,601)**	**(12,131)**	**(102,958)**	**–**	**(55,605)**	**(1,884,291)**
Impairment									
As at 1 January 2018 and 31 December 2018	**(92,253)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(92,253)**
Net carrying amount									
As at 31 December 2018	**2,826,058**	**250,946**	**57,557**	**567,576**	**7,141**	**50,316**	**271,146**	**51,266**	**4,082,006**

	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

As at 31 December 2018 and 2017, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB236,093 thousand and RMB239,571 thousand, respectively.

24. PREPAID LAND LEASE PAYMENTS

	Year ended 31 December	
	2018	2017
Cost		
As at 1 January	**876,029**	876,029
As at 31 December	**876,029**	876,029
Accumulated amortization		
As at 1 January	**(71,641)**	(52,534)
Amortization	**(19,076)**	(19,107)
As at 31 December	**(90,717)**	(71,641)
Carrying amount		
As at 31 December	**785,312**	804,388

25. GOODWILL

	As at 31 December	
	2018	2017
Cost	**581,407**	581,407
Less: Impairment losses	**—**	—
Carrying amount	**581,407**	581,407

Impairment testing on goodwill

	As at 31 December	
	2018	2017
Cost and carrying value		
Unit A — Shanghai Securities Co., Ltd.	**578,916**	578,916
Unit B — Guotai Junan Futures Co., Ltd.	**2,491**	2,491
Total	**581,407**	581,407

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.

25. GOODWILL *(continued)*

Impairment testing on goodwill *(continued)*

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 of 13% which reflected the risk specific to the cash-generating units, with the terminal growth rate of 3%. Other assumptions include budgeted income and gross margin estimated based on the past performance and management's expectations of market developments, etc.

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.

26. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2018	**623,706**	**207,240**	**1,066,264**	**33,049**	**1,930,259**
Additions	**150,049**	**166**	**—**	**4,727**	**154,942**
Disposal	**(26,312)**	**(1,540)**	**—**	**(21,445)**	**(49,297)**
As at 31 December 2018	**747,443**	**205,866**	**1,066,264**	**16,331**	**2,035,904**
Accumulated amortization					
As at 1 January 2018	**(337,626)**	**(128,079)**	**—**	**(1,275)**	**(466,980)**
Amortization	**(102,966)**	**—**	**—**	**—**	**(102,966)**
Disposal	**20,157**	**1,540**	**—**	**—**	**21,697**
As at 31 December 2018	**(420,435)**	**(126,539)**	**—**	**(1,275)**	**(548,249)**
Impairment					
As at 1 January 2018	**—**	**(4,756)**	**—**	**(16,252)**	**(21,008)**
Disposal	**—**	**—**	**—**	**5,777**	**5,777**
As at 31 December 2018	**—**	**(4,756)**	**—**	**(10,475)**	**(15,231)**
Net carrying amount					
As at 31 December 2018	**327,008**	**74,571**	**1,066,264**	**4,581**	**1,472,424**

26. OTHER INTANGIBLE ASSETS *(continued)*

	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)
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

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 2018 and 2017. Refer to Note 25 for impairment testing of goodwill arising from the acquisition of Shanghai Securities.

27. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2018	2017
Unlisted shares, carried at cost	**15,789,770**	12,240,770
Less: Impairment losses	**—**	—
Total	**15,789,770**	12,240,770

(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 2018	2017
Guotai Junan Innovation Investment Co., Ltd [2]	Shanghai PRC	RMB7,500,000,000	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 [2]	HK PRC	HKD31,980,000	Investment service	**100%**	100%
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	**100%**	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	**100%**	90%
Guotai Junan Zhengyu Investment Co., Ltd [2]	Shanghai PRC	RMB1,000,000,000	Equity investment Financial products investment Industrial investment	**100%**	N/A
GTJA Allianz Funds Co., Ltd. [1] [2] ("GTJA Allianz")	Shanghai PRC	RMB150,000,000	Fund management	**N/A**	51%
Guotai Junan Futures Co., Ltd. [2]	Shanghai PRC	RMB1,200,000,000	Futures brokerage Futures investment consulting	**100%**	100%
Shanghai Securities Co., Ltd. [2]	Shanghai PRC	RMB2,610,000,000	Securities brokerage Securities investment Underwriting and consulting	**51%**	51%

27. 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 2018	2017
Hicend Futures Co., Ltd.	Shanghai PRC	RMB360,000,000	Futures brokerage Futures investment consulting	**51%**	51%
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	–	Equity investment Fund management	**100%**	90%
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%
GJIHL	HK PRC	HKD771,500,000	Investment and financing	**66.35%**	64.62%
Guotai Junan (Hong Kong) Limited	Samoa	USD820,400,000	Investment Administrative management	**66.35%**	64.62%
Guotai Junan Fund Management Limited [3]	HK PRC	HKD10,000,000	Fund management Securities trading	**33.18%**	32.31%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	**66.35%**	64.62%
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	**66.35%**	64.62%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	**66.35%**	64.62%
Guotai Junan Capital (Hong Kong) Limited	HK PRC	HKD50,000,000	Investment consulting	**66.35%**	64.62%
Guotai Junan Assets Management (Asia) Limited	HK PRC	HKD50,000,000	Fund management	**66.35%**	64.62%
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	**66.35%**	64.62%
Guotai Junan Finance Holdings Limited (BVI)	British Virgin Is.	USD1	Financial financing	**100%**	100%
Guotai Junan International (Singapore) Holdings Pte. Limited	Singapore	SGD9,300,000	Investment management	**66.35%**	64.62%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD2,000,000	Assets management	**66.35%**	64.62%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	**66.35%**	64.62%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD3,500,000	Securities brokerage	**66.35%**	64.62%
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%

(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. The transaction was approved by the CSRC in March 2018. After the completion of the share transfer, GTJA Allianz ceased 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 66.35%, 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.

27. 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	
	2018	2017
NCI percentage	**49.00%**	49.00%
Current assets	**22,307,947**	27,621,601
Non-current assets	**6,790,027**	6,543,025
Current liabilities	**15,689,967**	16,701,816
Non-current liabilities	**2,013,777**	6,109,379
Net assets	**11,394,230**	11,353,431
Carrying amount of NCI	**6,623,145**	6,561,333

	Year ended 31 December	
	2018	2017
Total revenue and other income	**1,639,590**	2,164,232
Total expenses and income tax expense	**1,595,935**	1,709,760
Profit for the year	**43,655**	454,472
Total comprehensive income	**42,366**	256,191
Profit attributable to NCI	**63,211**	264,512
Distribution to NCI	**—**	209,890
Cash flows generated from/(used in) operating activities	**6,245,434**	(278,821)
Cash flows used in investing activities	**(2,987,873)**	(205,119)
Cash flows used in financing activities	**(3,693,103)**	(776,542)

27. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Partly-owned subsidiaries with material non-controlling interests *(continued)*

GJIHL

	As at 31 December	
	2018	2017
NCI percentage	**33.65%**	35.38%
Current assets	**74,551,726**	61,404,784
Non-current assets	**2,583,920**	420,179
Current liabilities	**67,048,815**	52,575,349
Non-current liabilities	**—**	29,444
Net assets	**10,086,831**	9,220,170
Carrying amount of NCI	**3,585,232**	3,746,972

	Year ended 31 December	
	2018	2017
Total revenue and other income	**2,550,460**	2,766,660
Total expenses and income tax expense	**1,843,964**	1,765,246
Profit for the year	**706,496**	1,001,414
Total comprehensive income	**706,744**	1,000,072
Profit attributable to NCI	**287,909**	314,423
Distribution to NCI	**213,110**	240,258
Cash flows used in operating activities	**(2,523,450)**	(12,571,118)
Cash flows used in investing activities	**(23,834)**	(21,840)
Cash flows generated from financing activities	**4,147,502**	12,727,968

28. 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 an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

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 exercised the power over the structured entities including limited partnerships and asset management products by acting as a manager or general partner during the year. Except for the structured entities the Group has consolidated stated in note 28(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 (not applicable for the year ended 31 December 2018), financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2018 and 2017, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB5,605 million and RMB9,226 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB855 million and RMB1,075 million for the years ended 31 December 2018 and 2017, respectively.

The carrying amounts of interests in unconsolidated structured entities in the consolidated statement of financial position are approximately equal to the maximum exposure to the loss of interests held by the Group in the unconsolidated structured entities.

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2018	2017
Share of net assets		
— Associates	**1,294,133**	1,309,278
— Joint ventures	**1,333,516**	2,303,249
Total	**2,627,649**	3,612,527

At the end of each reporting period, the Group had the following associates and joint ventures:

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital/ Capital commitment (Expressed in yuan)	Principal activities	Percentage of equity interests as at 31 December 2018	2017
Associates:					
Anhui Guozhen Group Co., Ltd.	Hefei PRC	RMB91,810,000	Project investment and investment management	**23%**	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 [2]	Yingtan PRC	RMB169,181,800	Investment management and advisory	**18%**	18%
Xiamen Hongxin Electron-Tech Co., Ltd. [2]	Xiamen PRC	RMB104,000,000	Flexible printed circuit board research and design	**5%**	6%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. [2]	Shanghai PRC	RMB100,000,000	Investment management and equity investment	**13%**	13%
Huaan Funds Management Co., Ltd.	Shanghai PRC	RMB150,000,000	Fund management	**20%**	20%
Joint ventures:					
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 [2]	Xiamen PRC	RMB200,100,000	Investment management and equity investment	**10%**	20%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	RMB100,000,000	Investment management and equity investment	**25%**	25%
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%

29. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital (Expressed in yuan)	Principal activities	Percentage of equity interests as at 31 December 2018	2017
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.2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	**25%**	25%
Shanghai Guojun Chuangtou Longbo Investment Management Centre LLP (2)	Shanghai PRC	RMB139,400,000	Investment management and advisory	**18%**	18%
Shanghai Guojun Chuangtou Longzhang Investment Management Centre LLP (2)	Shanghai PRC	RMB233,000,000	Investment management and advisory	**15%**	15%
Shanghai Juntong Jinglian Investment LLP (1)	Shanghai PRC	RMB701,000,000	Investment management and advisory	**100%**	100%
Juntong Phase II Fund	Shanghai PRC	RMB401,000,000	Investment management and advisory	**50%**	50%

(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 the relevant arrangements stipulated in the articles of association or other agreements.

(2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates or joint ventures as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	Year ended 31 December	
	2018	2017
Share of associates' profit for the year	**59,513**	23,423
Share of joint ventures' profit for the year	**68,032**	(8,663)

	Year ended 31 December	
	2018	2017
Share of associates' total comprehensive income for the year	**45,496**	22,526
Share of joint ventures' total comprehensive income for the year	**(864,735)**	14,772

	As at 31 December	
	2018	2017
Aggregate carrying amount of the Group's investments in associates	**1,294,133**	1,309,278
Aggregate carrying amount of the Group's investments in joint ventures	**1,333,516**	2,303,249

30. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Non-current

	As at 31 December	
	2018	2017
At fair value:		
— Debt securities	—	10,601,881
— Equity securities	—	5,345,716
— Funds	—	639,178
— Contribution to designated accounts at China Securities Finance Corporation Limited	—	14,078,132
— Other investments	—	5,829,002
At cost:		
— Equity investments	—	1,846,097
Total	—	38,340,006
Analysed as:		
Listed in Hong Kong	—	1,416,326
Listed outside Hong Kong	—	7,501,068
Unlisted	—	29,422,612
Total	—	38,340,006

Current

	As at 31 December	
	2018	2017
At fair value:		
— Debt securities	—	1,631,794
Total	—	1,631,794
Analysed as:		
Listed outside Hong Kong	—	1,631,794
Total	—	1,631,794

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
Non-current	**2018**	2017
Government Bonds	**5,658,610**	—
Financial Bonds	**8,818,045**	—
Corporate Bonds	**13,983,921**	—
Other Bonds	**4,984,727**	—
Total	**33,445,303**	—
Analysed as:		
Listed outside Hong Kong	**15,685,430**	—
Unlisted	**17,759,873**	—
Total	**33,445,303**	—

	As at 31 December	
Current	**2018**	2017
Government Bonds	**499,472**	—
Financial Bonds	**235,834**	—
Corporate Bonds	**2,457,635**	—
Other Bonds	**2,528,437**	—
Total	**5,721,378**	—
Analysed as:		
Listed outside Hong Kong	**1,908,243**	—
Unlisted	**3,813,135**	—
Total	**5,721,378**	—

As at 31 December 2018, debt instruments at fair value through other comprehensive income of the Group included approximately RMB29,111,504 thousand of pledged, restricted or transferred assets.

(a) Analysis of the movements of allowance for ECL:

	Year ended 31 December	
	2018	2017
At the end of last year	**—**	—
Impact of adopting IFRS 9	**238,621**	—
At the beginning of the year	**238,621**	—
Charge for the year	**19,553**	—
Reversal	**(43,896)**	—
Amounts written off	**(62,452)**	—
At the end of the year	**151,826**	—

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

(b) Analysis of the stages of allowance for ECL:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2018	71,204	80,622	—	*151,826*

32. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2018	2017
Contribution to designated accounts at China Securities Finance Corporation Limited ("CSFC investment") [1] [2]	**12,393,180**	—
Equity securities [2]	**4,392,769**	—
Total	**16,785,949**	—
Analysed as:		
Listed outside Hong Kong	**3,530,723**	—
Unlisted	**13,255,226**	—
Total	**16,785,949**	—

(1) As at 31 December 2018, the equity instruments at fair value through other comprehensive income included funds contributed by the Company together with various PRC securities firms, to designated accounts managed by China Securities Finance Corporation Limited ("CSFC"). CSFC managing 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 2018, the fair value of the Company's contribution was RMB12,393 million, based on the investment account statement provided by CSFC.

(2) The Group has designated some investments, including CSFC investment and those held for strategic investment purposes or for securities lending, as equity instruments at fair value through other comprehensive income during the year ended 31 December 2018. The dividend income related to equity instruments at fair value through other comprehensive income was disclosed in note 8.

For the year ended 31 December 2018, the Group disposed of some of the equity instruments at fair value through other comprehensive income resulting from adjustment in its investment strategy. The accumulated net realized losses and the dividend income of the equity instruments disposed of were RMB555 million and RMB223 million, respectively.

(3) As at 31 December 2018, equity instruments at fair value through other comprehensive income of the Group included approximately RMB385,862 thousand of pledged, restricted or transferred shares.

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by collateral type:

Non-current

	As at 31 December	
	2018	2017
Equity securities	**6,529,812**	27,619,010
Less: Allowance for ECLs/Impairment losses	**(85,227)**	(262,006)
Total	**6,444,585**	27,357,004

Current

	As at 31 December	
	2018	2017
Equity securities	**33,666,689**	50,007,920
Debt securities	**21,632,169**	12,562,764
Precious metals	**917,372**	3,110,746
Others	**6,103**	214
Less: Allowance for ECLs/Impairment losses	**(1,549,334)**	(439,449)
Total	**54,672,999**	65,242,195

(b) Analysed by market:

Non-current

	As at 31 December	
	2018	2017
Stock exchanges	**6,529,812**	27,619,010
Less: Allowance for ECLs/Impairment losses	**(85,227)**	(262,006)
Total	**6,444,585**	27,357,004

Current

	As at 31 December	
	2018	2017
Stock exchanges	**37,735,743**	51,192,234
Interbank market	**17,563,114**	9,426,365
Over the counter	**923,476**	5,063,045
Less: Allowance for ECLs/Impairment losses	**(1,549,334)**	(439,449)
Total	**54,672,999**	65,242,195

33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

(c) Analysis of the movements of allowance for ECLs/impairment losses

	Year ended 31 December	
	2018	2017
At the end of last year	**701,455**	546,017
Impact of adopting IFRS 9	**263,686**	—
At the beginning of the year	**965,141**	546,017
Charge for the year	**669,480**	156,595
Reversal	**(60)**	(1,023)
Amounts written off	**—**	(134)
At the end of the year	**1,634,561**	701,455

(d) Analysed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2018	270,983	426,543	937,035	*1,634,561*

(e) Fair value of collateral:

	As at 31 December	
	2018	2017
Fair value	**106,454,497**	211,869,311
Including: Able to sale or pledge	**1,092,954**	2,011,317
Including: Sold or pledged	**737,008**	39,001

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2018	2017
At fair value through profit or loss:		
Funds	**597,507**	—
Equity securities	**1,193,791**	—
Asset backed securities	**1,371,180**	—
Other investments [1]	**405,283**	—
Designated as at fair value through profit or loss:		
Funds	**—**	300,000
Total	**3,567,761**	300,000

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Non-current

	As at 31 December	
	2018	2017
Analysed as:		
Listed outside Hong Kong	**1,350,828**	—
Unlisted	**2,216,933**	300,000
Total	**3,567,761**	300,000

Current

	As at 31 December	
	2018	2017
At fair value through profit or loss:		
Debt securities	**71,813,468**	40,775,513
Funds	**39,372,098**	18,735,986
Equity securities	**9,118,472**	8,125,365
Wealth management products	**4,742,829**	—
Asset management schemes	**4,490,705**	1,611,111
Perpetual bonds	**2,970,986**	99,152
Asset backed securities	**1,410,829**	275,101
Other investments (1)	**194,932**	809,221
Designated as at fair value through profit or loss:		
Debt securities	**—**	19,245,246
Funds	**—**	6,987,350
Equity securities	**—**	584,556
Other investments (1)	**—**	953,514
Total	**134,114,319**	98,202,115
Analysed as:		
Listed in Hong Kong	**26,811,149**	6,516,210
Listed outside Hong Kong	**56,697,451**	40,193,011
Unlisted	**50,605,719**	51,492,894
Total	**134,114,319**	98,202,115

(1) Other investments mainly represent investments in precious metals, etc.

(2) As at 31 December 2018, financial assets at fair value through profit or loss of the Group included approximately RMB23,446,786 thousand of pledged, restricted or transferred assets.

35. REFUNDABLE DEPOSITS

	As at 31 December	
	2018	2017
Deposits with exchanges and other financial institutions: Futures deposits	**6,542,669**	5,887,261
Trading deposits	**422,757**	476,442
Performance deposits	**294,691**	9,535
Credit deposits	**265,968**	515,737
Other deposits	**26,593**	25,679
Total	**7,552,678**	6,914,654

36. 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	
	2018	2017
Deferred tax assets	**1,289,051**	333,909
Deferred tax liabilities	**(43,015)**	(181,608)
Total	**1,246,036**	152,301

The following are the major deferred tax assets and liabilities recognized and the movements thereon for the years ended 31 December 2018 and 2017:

Deferred tax arising from:	Allowance for ECLs/ impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Others	Total
As at 1 January 2017	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
Impact of adopting IFRS 9	(21,657)	–	101,816	–	–	2	80,161
As at 1 January 2018	472,365	892,464	(679,426)	(452,321)	13,828	(14,448)	232,462
Recognized in profit or loss	276,432	(71,719)	4,740	9,334	(1,391)	116,839	334,235
Recognized in other comprehensive income	–	–	862,383	–	–	–	862,383
Transferred out	–	–	(138,850)	–	–	–	(138,850)
Disposal of a subsidiary	–	(21,558)	(12,973)	–	–	(9,663)	(44,194)
As at 31 December 2018	748,797	799,187	35,874	(442,987)	12,437	92,728	1,246,036

The Group did not have significant unrecognized deductible temporary differences and deductible losses.

37. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2018	2017
Term loan	**2,067,210**	25,008
Prepayments [(a)]	**572,268**	572,268
Advances relating to lawsuits	**256,037**	256,037
Deposit	**68,777**	—
Long-term deferred expenses [(b)]	**65,154**	67,922
Others	**568,826**	462,491
Less: Allowance for ECLs/impairment losses [(c)]	**(666,235)**	(706,228)
Total	**2,932,037**	677,498

(a) The details of prepayments are shown below:

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 six properties to be developed by Bund & Riverside Development, on a land lot located at Huangpu District, Shanghai, provided that Bund & Riverside Development managed to acquire the land use right at the 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 2018 and 2017, the prepayment for this project amounted to RMB572.3 million.

(b) The movements of long-term deferred expenses are as follows:

	Year ended 31 December	
	2018	2017
Balance at the beginning of the year	**67,922**	57,515
Increase	**22,556**	34,243
Decrease	**(25,324)**	(23,836)
Balance at the end of the year	**65,154**	67,922

37. OTHER NON-CURRENT ASSETS *(continued)*

(c) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2018	2017
At the beginning of the year	**706,228**	660,699
Charge for the year	**45,213**	63,491
Amounts written off	**(85,206)**	(17,962)
At the end of the year	**666,235**	706,228

(d) Analysed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2018	155	—	666,080	*666,235*

38. ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	As at 31 December	
	2018	2017
Accounts receivable from:		
— Brokers and dealers	**2,650,217**	2,630,485
— Fee and commission	**829,801**	782,652
— Settlement	**76,491**	639,885
— Fund management fee	**63,584**	92,768
— Cash and custodian clients	**41,106**	156,758
Less: Allowance for ECLs/impairment losses	**(26,465)**	(14,187)
Total	**3,634,734**	4,288,361

(b) Analysed by aging:

	As at 31 December	
	2018	2017
Within 1 year	**3,634,734**	4,288,361

38. ACCOUNTS RECEIVABLE *(continued)*

(c) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2018	2017
At the end of last year	**14,187**	12,276
Impact of adopting IFRS 9	**27,533**	—
At the beginning of the year	**41,720**	12,276
Charge for the year	**1,454**	1,911
Reversal	**(12,338)**	—
Amounts written off	**(4,371)**	—
At the end of the year	**26,465**	14,187

(d) Analysed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2018	26,465	—	—	*26,465*

39. OTHER CURRENT ASSETS

(a) Analysed by nature:

	As at 31 December	
	2018	2017
Term loans	**925,095**	2,541,659
Deposit	**173,755**	111,601
Dividends receivable	**171,985**	149,399
Prepayment for expenses	**141,690**	125,068
Prepayments	**116,826**	63,722
Bulk commodity trading inventories	**55,580**	5,235
Interest receivable	**3,358**	2,977,099
Others	**414,463**	362,332
Less: Allowance for ECLs/impairment losses	**(135,196)**	(65,605)
Total	**1,867,556**	6,270,510

39. OTHER CURRENT ASSETS *(continued)*

(b) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2018	2017
At the end of last year	**65,605**	—
Impact of adopting IFRS 9	**2,088**	—
At the beginning of the year	**67,693**	—
Charge for the year	**69,591**	65,605
Reversal	**(2,088)**	—
At the end of the year	**135,196**	65,605

(c) Analysed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2018	1,195	—	132,851	*134,046*

40. MARGIN ACCOUNTS RECEIVABLE

(a) Analysed by nature:

	As at 31 December	
	2018	2017
Individuals	**42,404,756**	60,712,237
Institutions	**11,842,680**	13,680,943
Less: Allowance for ECLs/impairment losses	**(592,078)**	(409,233)
Total	**53,655,358**	73,983,947

(b) Analysis of the movements of allowance for ECLs/impairment losses:

	Year ended 31 December	
	2018	2017
At the end of last year	**409,233**	298,502
Impact of adopting IFRS 9	**31,958**	—
At the beginning of the year	**441,191**	298,502
Charge for the year	**237,145**	116,832
Reversal	**(2,532)**	—
Amounts written off	**(83,726)**	(6,101)
At the end of the year	**592,078**	409,233

(c) Analysed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2018	88,770	44,616	458,692	*592,078*

40. MARGIN ACCOUNTS RECEIVABLE *(continued)*

(d) The fair value of collateral for the margin financing and securities lending business is analysed as follows:

	As at 31 December	
	2018	2017
Fair value of collateral:		
— Stocks	**140,380,877**	264,189,241
— Cash	**6,973,750**	7,037,093
— Funds	**1,843,195**	1,036,708
— Bonds	**34,417**	73,879
Total	**149,232,239**	272,336,921

41. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2018		
	Nominal amount	**Fair value**	
		Assets	**Liabilities**
Interest rate derivatives			
— Treasury futures	**14,295,844**	**—**	**(22,585)**
— Interest rate swap	**2,395,878,384**	**13,453**	**(152,191)**
— Others	**11,481,715**	**1,472**	**(15,222)**
Equity derivatives			
— Stock index futures	**5,338,156**	**119**	**(248,214)**
— Forward contracts	**275,148**	**398**	**(3,616)**
— Equity return swaps	**8,572,873**	**387,210**	**(29,993)**
— Stock options	**16,093,300**	**167,957**	**(124,768)**
Currency derivatives			
— Currency swaps	**6,385,222**	**17,943**	**(3,091)**
— Foreign exchange forward	**2,151,078**	**21,948**	**(12,573)**
— Foreign exchange options	**307,300**	**937**	**(945)**
— Others	**1,487,381**	**11,221**	**—**
Other derivatives			
— Precious metals futures	**940,033**	**571**	**(8,159)**
— Au (T+D)	**166,767**	**268**	**—**
— Commodity futures	**1,757,227**	**15,140**	**515**
— Gold options	**6,336,187**	**363**	**(4,251)**
— Commodity options	**3,415,921**	**42,500**	**(44,130)**
— Others	**596,271**	**45**	**(559)**
Less: Cash (received)/paid as settlement		**(33,187)**	**413,809**
Total		**648,358**	**(255,973)**

41. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

	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	—
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)
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	—
Other derivatives			
— 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)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap and currency 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.

42. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2018	2017
Deposits with stock exchanges		
— China Securities Depository and Clearing Corporation Limited	**2,869,960**	2,128,688
— Others	**136,876**	29,001
Total	**3,006,836**	2,157,689

As at 31 December 2018 and 2017, the Group's clearing settlement funds of RMB74,829 thousand and RMB11,945 thousand, respectively, were restricted.

43. 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.

44. CASH AND BANK BALANCES

	As at 31 December	
	2018	2017
Cash on hand	**434**	516
Bank balances	**20,348,449**	15,985,433
Total	**20,348,883**	15,985,949

As at 31 December 2018 and 2017, the Group's bank balances of RMB481,793 thousand and RMB447,789 thousand, respectively, were restricted.

As at 31 December 2018, the ECL allowance of cash and cash balances amounted to RMB6,939 thousand (31 December 2017: nil).

45. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOW

(a) Cash and cash equivalents

	As at 31 December	
	2018	2017
Cash on hand	**434**	516
Bank balances	**20,348,449**	15,985,433
Clearing settlement funds	**3,006,836**	2,157,689
Financial assets held under resale agreements with original maturity of less than three months	**21,550,747**	11,273,135
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	**(6,959,215)**	(2,359,734)
Total	**37,947,251**	27,057,039

45. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOW *(continued)*

(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	(45,794)	—	160,193
As 31 December 2017	11,520,278	36,454,635	68,312,091
Changes from financing cash flows	(3,496,937)	(29,753,903)	(3,781,512)
Non-cash changes	256,081	344,692	3,726,621
At 31 December 2018	8,279,422	7,045,424	68,257,200

46. LOANS AND BORROWINGS

Current

	As at 31 December	
	2018	2017
Unsecured loans and borrowings [1]	**8,279,422**	11,520,278
Total	**8,279,422**	11,520,278

(1) As at 31 December 2018 and 2017, the current unsecured loans and borrowings of the Group were repayable within one year, and bore interest at rates ranging from 3.48% to 3.89% per annum and from 1.60% to 2.78% per annum, respectively.

47. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	As at 1 January 2018	Increase	Decrease	As at 31 December 2018
Short-term financing bills payable	**3.15%-4.99%**	**6,000,000**	**16,714,994**	**(19,695,576)**	**3,019,418**
Short-term corporate bonds	**4.25%-5.10%**	**1,999,950**	**604,882**	**(2,096,970)**	**507,862**
Medium-term notes	**0.90%-2.80%**	**3,756,035**	**2,516,094**	**(3,982,835)**	**2,289,294**
Structured notes	**2.80%-5.50%**	**24,698,650**	**16,240,380**	**(39,710,180)**	**1,228,850**
Total		**36,454,635**	**36,076,350**	**(65,485,561)**	**7,045,424**

47. SHORT-TERM DEBT INSTRUMENTS *(continued)*

	Nominal interest rate	As at 1 January 2017	Increase	Decrease	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
Short-term corporate bonds	4.30%-5.10%	—	7,999,826	(5,999,876)	1,999,950
Medium-term notes	0.90%-2.80%	57,606	3,889,446	(191,017)	3,756,035
Structured notes	3.90%-6.66%	8,789,980	41,998,780	(26,090,110)	24,698,650
Total		14,847,586	61,888,052	(40,281,003)	36,454,635

48. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2018	2017
Placements from banks [1]	**9,006,422**	900,000
Placements from CSFC [2]	**1,156,824**	6,700,000
Total	**10,163,246**	7,600,000

(1) As at 31 December 2018 and 2017, placements from banks were repayable within one year, and bore interest at annual interest rates ranging from 2.89% to 5.70% and from 3.20% to 6.10%, respectively.

(2) As at 31 December 2018 and 2017, placements from CSFC were repayable within one year, and bore interest at annual interest rates ranging from 4.80% to 5.10% and from 5.10% to 5.40%, respectively.

49. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2018	2017
Margin financing and securities lending deposits	**11,159,295**	10,605,418
Other brokerage business deposits	**71,187,748**	73,750,814
Total	**82,347,043**	84,356,232

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest 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 and future trading activities under the normal course of business. Only amounts in excess of the required deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not provide additional value in view of the nature of these businesses.

50. EMPLOYEE BENEFITS PAYABLE

Current

	As at 31 December	
	2018	2017
Salaries, bonuses and allowances	**4,665,499**	4,658,925
Social welfare and others	**295,002**	330,514
Contributions to a defined contribution scheme	**24,362**	16,515
Total	**4,984,863**	5,005,954

Non-current

	As at 31 December	
	2018	2017
Salaries, bonuses and allowances	**—**	622,458
Total	**—**	622,458

51. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by collateral type:

Current

	As at 31 December	
	2018	2017
Bonds	**61,719,773**	31,263,560
Funds	**3,700,541**	3,512,237
Margin accounts receivable-backed repurchase	**3,004,500**	4,900,000
Precious metals	**2,133,731**	4,173,788
Total	**70,558,545**	43,849,585

Non-current

	As at 31 December	
	2018	2017
Margin accounts receivable-backed repurchase	**—**	3,000,000
Total	**—**	3,000,000

51. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS *(continued)*

(b) Analysed by market:

Current

	As at 31 December	
	2018	2017
Interbank market	**39,116,376**	17,147,994
Stock exchanges	**26,303,937**	17,927,803
Over the counter	**5,138,232**	8,773,788
Total	**70,558,545**	43,849,585

Non-current

	As at 31 December	
	2018	2017
Over the counter	**—**	3,000,000
Total	**—**	3,000,000

52. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current

	As at 31 December	
	2018	2017
At fair value through profit or loss [1]		
—Debt securities	**3,705,281**	2,740,626
—Gold	**157,392**	2,460,958
Designated as at fair value through profit or loss		
—Debt securities [2]	**28,346,896**	17,852,004
—Interest attributable to other holders of consolidated structured entities [3]	**536,992**	400,784
Total	**32,746,561**	23,454,372

52. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

Non-current

	As at 31 December	
	2018	2017
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]	**530,082**	—
Total	**530,082**	1,013,019

(1) As at 31 December 2018 and 2017, included in the Group's financial liabilities through profit or loss were bonds and gold borrowed by the Group.

(2) As at 31 December 2018 and 2017, 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 listed equity investments, listed debt investments and unlisted fund investments.

(3) As at 31 December 2018 and 2017, 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.

53. BONDS PAYABLE

Current

	As at 31 December	
	2018	2017
Corporate bonds [1]	**9,251,506**	—
Subordinated bonds [1]	**5,324,029**	1,279,944
Structured notes	**901,307**	—
Total	**15,476,842**	1,279,944

Non-current

	As at 31 December	
	2018	2017
Corporate bonds [1]	**41,783,163**	41,140,610
Subordinated bonds [1]	**10,997,195**	24,991,537
Structured notes	**—**	900,000
Total	**52,780,358**	67,032,147

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

As at 31 December 2018

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
GUOTAI FH B1905(ii)	**3,059,553**	**2014.05**	**2019.05**	**3.625%**
16 GUOJUN G1(v)	**5,000,000**	**2016.04**	**2021.04**	**2.97%**
Subordinated bonds				
16 GUOJUN C3	**3,000,000**	**2016.11**	**2019.11**	**3.34%**
17 Shanghai Securities C3	**2,000,000**	**2017.11**	**2019.11**	**5.50%**
Non-current				
Corporate bonds				
15 GUOJUN G2(iv)	**1,000,000**	**2015.11**	**2022.11**	**3.80%**
16 GUOJUN G2(vi)	**1,000,000**	**2016.04**	**2023.04**	**3.25%**
16 GUOJUN G3(vii)	**5,000,000**	**2016.08**	**2021.08**	**2.90%**
16 GUOJUN G4	**3,000,000**	**2016.08**	**2021.08**	**3.14%**
16 GUOJUN G5(viii)	**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 bonds(ix)	**7,000,000**	**2017.07**	**2023.07**	**0.50%**
18 GUOJUN G1	**4,300,000**	**2018.03**	**2021.03**	**5.15%**
18 GUOJUN G2	**4,300,000**	**2018.04**	**2021.04**	**4.55%**
18 GUOJUN G3	**4,700,000**	**2018.07**	**2021.07**	**4.44%**
18 GUOJUN G4	**300,000**	**2018.07**	**2023.07**	**4.64%**
Subordinated bonds				
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 GUOZI 01	**1,000,000**	**2017.05**	**2020.05**	**4.60%**

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

As at 31 December 2017

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Subordinated bonds				
15 Shanghai Securities 02(i)	1,280,000	2015.04	2018.04	5.00%
Non-current				
Corporate bonds				
GUOTAI FH B1905(ii)	3,059,553	2014.05	2019.05	3.625%
15 GUOJUN G1(iii)	5,000,000	2015.11	2020.11	3.60%
15 GUOJUN G2(iv)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G1(v)	5,000,000	2016.04	2021.04	2.97%
16 GUOJUN G2(vi)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G3(vii)	5,000,000	2016.08	2021.08	2.90%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
16 GUOJUN G5(viii)	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 bonds(ix)	7,000,000	2017.07	2023.07	0.20%
Subordinated bonds				
16 GUOJUN C1(x)	5,000,000	2016.07	2020.07	3.30%
16 GUOJUN C2(xi)	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%

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

(i) In April 2015, Shanghai Securities issued 3-year subordinated bonds with par value of RMB2.1 billion. The bonds bear a fixed annual interest rate of 6.00% payable on an annual basis. At the end of the second year, Shanghai Securities had the right to adjust the interest rate. The Company had an option to redeem and the investors had an option to put back the bond at the end of the second year. In April 2017, a total of RMB820 million was redeemed as a result of the exercise of the option by investors. The interest rate has been decreased by issuer by 100bps to 5.00%. The remaining bonds due in April 2018.

(ii) In May 2014, Guotai Junan Finance Holding Limited (BVI) issued 5-year credit enhancement bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5754 and bear a fixed annual interest rate of 3.625% payable on a semi-annual basis.

(iii) In November 2015, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB5 billion. The bonds bear 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 for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year. In November 2018, the Company redeemed all of the bonds.

(iv) In November 2015, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear 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 for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year.

(v) In April 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB5 billion. The bonds bear 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 for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year. In February 2019, the company announced to redeem all of the bonds.

(vi) In April 2016, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear 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 for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year.

(vii) In August 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB5 billion. The bonds bear 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 for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year.

53. BONDS PAYABLE *(continued)*

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: *(continued)*

(viii) In September 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB3 billion. The bonds bear a fixed annual interest rate of 2.94% payable on an annual basis. At the end of the third year, the Company has the right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year.

(ix) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bonds bear 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 RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds 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 the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognized the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,129,841 thousand.

For the year ended 31 December 2018, convertible corporate bonds with a principal amount of RMB138 thousand were converted into 6,829 ordinary A shares.

(x) In July 2016, as approved by the CSRC, the Company issued 4-year subordinated bonds with par value of RMB5 billion. The bonds bear an annual interest rate of 3.30% payable on an annual basis. The issuer has an option to redeem the bonds at the end of the second year. If the redemption option is not exercised, the nominal interest rate of the subordinated bonds will increase by 300 bps. In July 2018, the Company redeemed all of the bonds.

(xi) In October 2016, as approved by the CSRC, the Company issued 4-year subordinated bonds with par value of RMB4 billion. The bonds bear an annual interest rate of 3.14% payable on an annual basis. The issuer has an option to redeem the bonds at the end of the second year. If the redemption option is not exercised, the nominal interest rate of the subordinated bonds will increase by 300 bps. In October 2018, the Company redeemed all of the bonds.

54. OTHER CURRENT LIABILITIES

	As at 31 December	
	2018	2017
Accounts payable arising from derivative brokerage	**7,369,304**	247,162
Payables to priority tranche holders of structured entities	**2,101,399**	590,881
Unsettled transaction payables	**1,977,532**	55,983
Accounts payable to brokers	**1,249,908**	1,852,254
Proceeds from underwriting securities received on behalf of customers	**813,270**	59,674
Dividends payable	**622,889**	700,673
Other tax payable	**401,206**	1,075,694
Underwriting fee payable in relation to the listing of A shares and H shares	**261,054**	294,854
Payable for construction projects	**145,647**	55,513
Advance received from issuance of financial products	**128,757**	467,879
Rental fee payable	**95,447**	383
Commission payable to other distributors	**57,928**	31,160
Payables for the securities investor protection fund	**45,438**	50,876
Dividend received on behalf of customers	**34,019**	29,000
Interest payable	**25,317**	1,492,725
Advance received from disposal of a subsidiary	**—**	1,045,000
Others	**781,242**	606,860
Total	**16,110,357**	8,656,571

55. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2018	2017
Risk reserve for the futures brokerage business	**130,297**	118,864
Provisions	**85,555**	82,142
Payables to priority tranche holders of structured entities	**—**	1,791,190
Total	**215,852**	1,992,196

56. 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	
	2018	2017
At beginning of the year	**8,713,934**	7,625,000
The conversion of convertible bonds into ordinary shares	**7**	—
Issuance of shares	**—**	1,088,934
At the end of the year	**8,713,941**	8,713,934

57. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2018	2017
Perpetual subordinated bonds (1)	**10,000,000**	10,000,000
Equity component of convertible bonds (2)	**1,129,819**	1,129,841
Total	**11,129,819**	11,129,841

(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 2018 and 2017, the Company recognized dividends payable to holders of the Perpetual Subordinated Bonds amounting to RMB590 million and RMB590 million (note 21), respectively.

(2) Refer to note 53 for the issuance of convertible bonds.

58. 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 the 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 for the year ended 31 December 2017 and the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income for the year ended 31 December 2018.

(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 the 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.

58. RESERVES AND RETAINED PROFITS *(continued)*

(6) Retained profits

The movements in retained profits are set out below:

	Year ended 31 December	
	2018	2017
At the end of last year	**38,347,216**	34,557,357
Impact of adopting IFRS 9	**(314,011)**	—
At beginning of the year	**38,033,205**	34,557,357
Profit for the year	**6,708,116**	9,881,545
Appropriation to surplus reserve	**(668,361)**	(767,335)
Appropriation to general reserve	**(1,510,464)**	(1,760,601)
Dividends	**(3,485,576)**	(2,973,750)
Distribution to other equity instrument holders	**(590,000)**	(590,000)
Others	**(416,547)**	—
At end of the year	**38,070,373**	38,347,216

59. 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.

59. 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) Asset-backed securities management schemes

The Group sells margin accounts receivable to the securitization vehicle, which in turn issues asset-backed securities to investors with the purchased assets as the underlying assets. Such securitization vehicle is consolidated by the Group, and consequently the underlying assets are transferred from the Group to the investors. The Group has the obligation to pass cash flows from the underlying assets to the investors. The cash flows that the securitization vehicle collects from the transferred assets have not been passed through to investors without material delay, and the Group has the obligation to repurchase these margin accounts receivable on specified future dates and at agreed-upon prices. Thus the Group has not derecognized these financial assets in the consolidated statement of financial position. The consideration received from the investors is recognized as a financial liability.

(4) 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:

31 December 2018	Repurchase agreements	Securities lending	Asset-backed securities management schemes	Margin financing borrowing
Carrying amount of transferred assets	**6,640,057**	**528,340**	**505,378**	**406,985**
Carrying amount of related liabilities	**6,350,792**	**N/A**	**475,000**	**N/A**

59. TRANSFERRED FINANCIAL ASSETS *(continued)*

(4) Margin financing borrowing *(continued)*

31 December 2017	Repurchase agreements	Securities lending	Asset-backed securities management schemes	Margin financing borrowing
Carrying amount of transferred assets	11,326,213	572,566	—	2,224,070
Carrying amount of related liabilities	10,966,582	N/A	—	N/A

60. COMMITMENTS

(1) Capital commitments

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. 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 2018, the accumulated amounts paid by the Company amounted to RMB572 million (31 December 2017: RMB572 million).

(2) Operating lease commitments

	As at 31 December	
	2018	2017
Within 1 year (inclusive)	**798,004**	659,675
1 to 2 years (inclusive)	**612,356**	394,716
2 to 3 years (inclusive)	**506,187**	303,303
After 3 years	**1,706,590**	425,571
Total	**3,623,137**	1,783,265

61. CONTINGENCIES

As at 31 December 2018 and 2017, the contingent liabilities due to pending litigations amounted to RMB142,716 thousand and RMB42,415 thousand, respectively.

62. 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 2018, the total equity-settled share-based compensation expense of RMB 65,512 thousand was recognized in profit or loss (2017: RMB 65,535 thousand).

63. 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	
	2018	2017
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	**21.82%**	21.82%
Shanghai International Group Co., Ltd. ("SIG")	**7.83%**	7.83%
Shenzhen Investment Holding Co., Ltd. ("SIHC")	**6.99%**	6.99%

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in note 27.

(3) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in note 29.

(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. ("Zhengtong")	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The director of the Company acts as a director of the entity
Anhui Huamao Endi Aishi Fashion Co., Ltd. ("Anhui Huamao")	The supervisor of the Company acts as a director of the entity
Great Wall Securities Co., Ltd. ("GW Securities")	The supervisor of the Company acts as the vice chairman of the entity

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(a) Relationship of related parties *(continued)*

(4) Other related parties of the Group *(continued)*

Name of the related parties	Relationship of the related parties
Shenzhen Energy Group Co., Ltd. ("Shenzhen Energy")	The supervisor of the Company acts as a member of 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
Shanghai International Group Co., Ltd (Hong Kong) ("SIG (HK)")	The director of the Company acts as the chairman of the entity
Guotai Junan Leasing (Shanghai) Co., Ltd. ("Guotai Junan Leasing")	The Shanghai SA holds more than 30% equity interests of the entity's parent company
Shanghai Huarui Bank Co., Ltd. ("Huarui Bank")	The director of the Company acted as the chairman of the entity
Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance")	The director of the Company acts as a director of the entity
Bright Food (group) Co., Ltd. ("Bright Food")	The director of the Company acts as a director of the entity
SPDB Financial Leasing Co., Ltd. ("SPDB Financial Leasing")	The senior management of The Shanghai SA acts as a director of the entity
Galaxy Asset Management Co.,Ltd. ("Galaxy AMC")	The director of the Company acts as a director of the entity
Guosen Securities Co., Ltd. ("Guosen Securities")	The director of the Company acted as a director of the entity
China Minsheng Investment Group ("CMIG")	The director of the Company acted as a senior management of the entity
China Minsheng Financial Holding Co., Ltd. ("CM Financial")	The director of the Company acted as the chairman of the entity
Shenzhen Special Economic Zone Construction and Development Co., Ltd. ("SSEZ")	The demission director of the Company acted as the director and senior management of the entity
FAW Group Co., Ltd. ("FAW")	The demission supervisor of the Company acted as a member of senior management of the entity
Tullett Prebon SITICO (China) Ltd. ("TP SITICO")	The entity used to be under the control of SIG
Shanghai International Trust Co., Ltd. ("Shanghai Trust")	The entity used to be under the control of SIG
China International Fund Management Co., Ltd. ("CIFM")	The entity used to be under the control of SIG

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2018**	2017
Shanghai SA	Securities brokerage	**1,102**	20,462
SIG (HK)	Securities brokerage	**240**	1,429
Shenzhen Energy	Securities brokerage	**1,597**	13,241
Shanghai Trust	Securities brokerage	**N/A**	76
Hua An Fund	Trading seats lending	**32,788**	24,156
Galaxy AMC	Trading seats lending	**2,174**	N/A
CIFM	Trading seats lending	**N/A**	2,673
SPD Bank	Underwriting	**264**	6,134
YUDC	Underwriting	**—**	3,538
Bright Food	Underwriting	**5,825**	3,396
CMIG	Underwriting	**3,538**	2,025
SSEZ	Underwriting	**1,208**	52
SPDB Financial Leasing	Underwriting	**2,208**	925
SPD Bank	Assets management	**25,885**	26,570
YUDC	Assets management	**597**	1,200
Shanghai SA	Assets management	**461**	900
SRCB	Assets management	**390**	711
Ping An Insurance	Assets management	**—**	2,085
SIHC	Financial advisory	**377**	708

(2) Fee and commission expense to related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2018**	2017
SPD Bank	Third-party funds depository business	**820**	2,146
TP SITICO	Currency brokerage	**N/A**	873

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties

(3) Interest received from related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2018**	2017
SPD Bank	Financial assets held under resale agreements	**12,981**	8,370
GW Securities	Financial assets held under resale agreements	**461**	815
Huarui Bank	Financial assets held under resale agreements	**—**	756
Guosen Securities	Financial assets held under resale agreements	**949**	16
Hua An Fund	Financial assets held under resale agreements	**28**	9
SPD Bank	Deposit in financial institutions	**135,843**	326,686

(4) Interest paid to related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2018**	2017
SRCB	Financial assets sold under repurchase agreements	**9,264**	12,470
SPD Bank	Financial assets sold under repurchase agreements	**759**	213
Hua An Fund	Financial assets sold under repurchase agreements	**43**	259
SPD Bank	Placements from other financial institutions	**148**	6,545
SPD Bank	Bonds	**15,682**	18,000
Guosen Securities	Bonds	**1,570**	1,570
SIG	Accounts payable to brokerage customers	**32**	330
FAW	Accounts payable to brokerage customers	**373**	290

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(b) Transactions between the Group and other related parties *(continued)*

(5) Operating expenses and costs paid to related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2018**	2017
Zhengtong	Information inquiry fees	**600**	1,100
SPD Bank	Sales of financial products	**3,360**	239

(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 2018, 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:

	Year ended 31 December 2018	
	Caps	**Actual amount**
Description of transaction	**RMB in million**	**RMB in million**
Securities and financial products		
Inflow		
Products with fixed income features	**3,915.10**	**2,206.70**
Other products and financing transactions	**26.50**	**23.39**
Outflow		
Products with fixed income features	**5,930.80**	**1,173.65**
Other products and financing transactions	**22.60**	**—**
Financial services		
Revenue generated	**57.33**	**7.45**
Fees paid	**58.83**	**3.16**

(c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

	As at 31 December	
Name of related parties	**2018**	2017
SPD Bank	**6,137,599**	2,951,986
SRCB	**2,402**	2,517

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(2) Accounts receivable

		As at 31 December	
Name of related parties	**Description of transactions**	**2018**	2017
Hua An Fund	Trading seats lending	**14,598**	7,650
CM Financial	Management fee and Remuneration	**2,107**	114

(3) Financial assets held under resale agreements

	As at 31 December	
Name of related parties	**2018**	2017
Guosen Securities	**100,173**	—

(4) Accounts payable

		As at 31 December	
Name of related parties	**Description of transactions**	**2018**	2017
SPD Bank	Third-party funds depository business	**413**	556
SPD Bank	Sales of financial products	**2,202**	239

(5) Bonds payable to related parties

	As at 31 December	
Name of related parties	**2018**	2017
SPD Bank	**—**	500,000
Guosen Securities	**50,606**	50,000

(6) Related parties' funds, asset management plans and trusts held by the Group

	As at 31 December	
Name of related parties	**2018**	2017
Hua An Fund	**30,000**	—

63. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(7) The Group's assets management plans or funds held by related parties

	As at 31 December	
Name of related parties	**2018**	2017
Shanghai SA	**206,022**	—
Guotai Junan Leasing	**2,046**	5,523
Anhui Huamao	**2**	7,471

(d) 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 19, is as follows:

	Year ended 31 December	
	2018	2017
Salaries, allowances and benefits	**9,656**	12,638
Pension scheme contributions and other social welfare	**931**	1,235
Discretionary bonuses	**15,781**	20,965
Total	**26,368**	34,838

Further details of directors' and supervisors' emoluments are included in note 19.

64. 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;

64. SEGMENT REPORTING *(continued)*

(4) The investment management segment, which primarily includes asset management, fund management, and 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.

(a) Operating segments

	Year ended 31 December 2018						
	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	1,180,096	1,677,959	4,530,292	1,466,566	939,273	—	9,794,186
Interest income	5,626,609	—	6,038,115	10,330	1,166,897	38	12,841,989
Net investment gains	4,208,178	—	—	350,867	514,039	—	5,073,084
Gain on disposal of a subsidiary	—	—	—	648,287	—	—	648,287
Other income and gains	2,196,153	—	15,775	33,368	(131,976)	758,519	2,871,839
Total revenue and other income	13,211,036	1,677,959	10,584,182	2,509,418	2,488,233	758,557	31,229,385
Segment expenses	(7,660,189)	(1,096,109)	(9,327,001)	(1,146,777)	(1,899,804)	(958,708)	(22,088,588)
Including: Interest expenses	(3,406,679)	—	(2,841,436)	(47,519)	(713,495)	(756)	(7,009,885)
Provision for impairment losses	—	—	(1,150)	—	—	—	(1,150)
Credit loss expense	(679,052)	—	(69,475)	(11,143)	(216,823)	—	(976,493)
Segment operating profit	5,550,847	581,850	1,257,181	1,362,641	588,429	(200,151)	9,140,797
Share of profits of associates and joint ventures	—	—	—	127,545	—	—	127,545
Segment profit before income tax	5,550,847	581,850	1,257,181	1,490,186	588,429	(200,151)	9,268,342
Income tax expense	(1,340,154)	(140,478)	(303,525)	(359,780)	(102,690)	48,323	(2,198,304)
Segment profit for the year	4,210,693	441,372	953,656	1,130,406	485,739	(151,828)	7,070,038
As at 31 December 2018							
Segment total assets	205,571,719	1,168,074	130,469,082	18,538,279	78,037,585	2,944,341	436,729,080
Segment total liabilities	130,398,012	867,976	97,692,222	3,673,350	69,020,249	1,403,879	303,055,688
Year ended 31 December 2018							
Other segment information:							
Depreciation and amortization expenses	123,524	52,211	250,409	18,460	65,028	64,647	574,279
Capital expenditure	194,304	119,870	160,581	19,936	79,273	344,385	918,349

64. SEGMENT REPORTING *(continued)*

(a) Operating segments *(continued)*

	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	1,235,397	2,659,284	5,988,949	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	11,387,039	2,659,284	12,357,592	3,125,571	2,724,893	698,973	32,953,352
Segment expenses	(5,948,621)	(1,366,018)	(8,806,100)	(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	5,438,418	1,293,266	3,551,492	2,289,415	1,005,139	68,818	13,646,548
Share of profits of associates and joint ventures	–	–	–	14,760	–	–	14,760
Segment profit before income tax	5,438,418	1,293,266	3,551,492	2,304,175	1,005,139	68,818	13,661,308
Income tax expense	(1,280,240)	(304,444)	(836,046)	(542,418)	(199,051)	(16,200)	(3,178,399)
Segment profit for the year	4,158,178	988,822	2,715,446	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

(b) Geographical segments

	Year ended 31 December	
Revenue	**2018**	2017
Mainland, China	**25,089,050**	28,662,656
Hong Kong, China	**2,620,209**	2,769,320
Total	**27,709,259**	31,431,976

The Group's non-current assets are mainly located in Mainland China (country of domicile).

64. SEGMENT REPORTING *(continued)*

(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 2018 and 2017.

65. 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.

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.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

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.

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 the 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.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

In order to manage the credit risk arising from the brokerage business, securities and futures 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.

Credit risk arises from the margin financing and securities lending business and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full in 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, and the 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 the 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 calls when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. When determining the expected credit loss of the margin financing and securities lending business, securities repurchase and stock-pledged financing, the Group estimates the probability of default based on practical experience and historical data, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

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. When determining the expected credit loss of bond investments, the Group estimates probability of default based on the mapping relationship of rating, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

For trade receivables, the Group applies a simplified approach in calculating ECLs based on the historical credit loss experience, adjusted for related information specific to the debtors and the economic environment, etc.

For other financial assets without using a simplified approach, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs ("LTECL") that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Both LTECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group primarily calculates LTECLs on an individual basis.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt financial assets under the requirement of IFRS 9 into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When debt financial assets are first recognised, the Group recognises an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.
- Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.
- POCI: Purchased or originated credit-impaired ("POCI") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including quality and quantity analyses based on historical data, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Criteria of significant increase in credit risk *(continued)*

The Group considers the following factors used to determine whether there is significant increase in credit risk of financial instruments including the significant increase of probability of default in the remaining life at the reporting date compares to probability of default at initial recognition date, the significant unfavorable changes which occur are related to the debtor's operation or financial status, etc. It is concluded that the credit risk on a financial instrument has increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly.

Definition of credit-impaired financial asset

To determine whether a financial asset is credit-impaired, the standard used by the Group keep consistent with internal credit risk management object for relevant financial instruments, and the Group considers quantity and quality criteria simultaneously. It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. It is concluded that a financial asset is credit-impaired when the contractual payment is more than or equal to 90 days past due unless there is reasonable and supportable information to support a more appropriate lagging default criterion

Key parameters of expected credit loss

Depending on whether the credit risk is significant increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantity analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collaterals, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

The definition is as following:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.
- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs.
- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Forward-looking information

Both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identify the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on a historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

(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	
	2018	2017
Available-for-sale financial assets	**—**	12,233,675
Debt instruments at fair value through other comprehensive income	**39,166,681**	—
Financial assets held under resale agreements	**61,117,584**	92,599,199
Financial assets at fair value through profit or loss	**71,813,468**	60,020,759
Refundable deposits	**7,552,678**	6,914,654
Other non-current assets	**2,294,615**	37,308
Accounts receivable	**3,634,734**	4,288,361
Other current assets	**1,400,009**	5,985,385
Margin accounts receivable	**53,655,358**	73,983,947
Derivative financial assets	**92,792**	200,041
Clearing settlement funds	**3,006,836**	2,157,689
Cash held on behalf of brokerage customers	**77,492,497**	79,476,131
Bank balances	**20,348,449**	15,985,433
Total maximum credit risk exposure	**341,575,701**	353,882,582

65. 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, 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 the 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 facilities, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB8,300 million and RMB8,300 million as at 31 December 2018 and 2017, respectively, in case of any temporary position shortage.

65. 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 2018	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Loans and borrowings	—	8,300,741	—	—	—	—	8,300,741
Short-term debt instruments	—	3,707,157	1,727,785	1,714,662	—	—	7,149,604
Placements from other financial institutions	—	9,615,739	51,272	512,715	—	—	10,179,726
Accounts payable to brokerage customers	82,347,043	—	—	—	—	—	82,347,043
Financial assets sold under repurchase agreements	—	62,866,215	6,618,450	1,386,087	—	—	70,870,752
Financial liabilities at fair value through profit or loss	18,996,244	1,919,350	3,038,114	9,307,527	267,206	262,876	33,791,317
Derivative financial liabilities	704	59,274	41,477	154,518	—	—	255,973
Bonds payable	—	—	451,450	16,569,272	56,877,290	—	73,898,012
Other current liabilities	—	12,887,770	107,423	2,536,700	—	—	15,531,893
Total financial liabilities	101,343,991	99,356,246	12,035,971	32,181,481	57,144,496	262,876	302,325,061

31 December 2017	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	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	94,934,542	53,607,090	29,379,068	38,149,545	71,240,724	8,589,570	295,900,539

65. 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 the 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 current assets, 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, available-for-sale financial assets(applicable to year ended 31 December 2017) and debt instruments at fair value through other comprehensive income(applicable to year ended 31 December 2018) 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 dates or maturity dates, and are stated in their carrying amounts.

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

31 December 2018	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							
Debt instruments at fair value through other comprehensive income	846,536	495,583	3,733,232	24,608,592	9,482,738	–	39,166,681
Equity Instrument at fair value through other comprehensive income	–	–	–	–	–	16,785,949	16,785,949
Financial assets held under resale agreements	27,444,320	5,448,958	21,779,721	6,444,585	–	–	61,117,584
Financial assets at fair value through profit or loss	1,576,265	5,397,341	39,099,289	19,726,916	6,013,657	65,868,612	137,682,080
Refundable deposits	1,700,981	–	–	–	–	5,851,697	7,552,678
Other non-current assets	–	–	–	2,067,057	–	227,558	2,294,615
Accounts receivable	2,660,529	–	–	–	–	974,205	3,634,734
Other current assets	186,333	604,716	–	–	–	608,960	1,400,009
Margin accounts receivable	14,397,450	10,293,514	28,964,394	–	–	–	53,655,358
Derivative financial assets	4,866	8,279	1,780	–	–	633,433	648,358
Clearing settlement funds	3,006,836	–	–	–	–	–	3,006,836
Cash held on behalf of brokerage customers	63,867,571	6,738,713	6,886,213	–	–	–	77,492,497
Cash and bank balances	16,176,188	2,462,262	1,709,999	–	–	434	20,348,883
Total	131,867,875	31,449,366	102,174,628	52,847,150	15,496,395	90,950,848	424,786,262
Financial liabilities							
Loans and borrowings	8,279,422	–	–	–	–	–	8,279,422
Short-term debt instruments	3,671,827	1,685,344	1,688,253	–	–	–	7,045,424
Placements from other financial institutions	9,612,311	50,871	500,064	–	–	–	10,163,246
Accounts payable to brokerage customers	72,778,192	–	–	–	–	9,568,851	82,347,043
Financial assets sold under repurchase agreements	62,848,090	6,344,411	1,366,044	–	–	–	70,558,545
Financial liabilities at fair value through profit or loss	8,470,426	5,873,933	17,707,818	–	–	1,224,466	33,276,643
Derivative financial liabilities	4,896	1,095	26,010	–	–	223,972	255,973
Bonds payable	–	–	14,475,001	53,782,199	–	–	68,257,200
Other current liabilities	–	–	1,620,116	–	–	13,838,307	15,458,423
Total	165,665,164	13,955,654	37,383,306	53,782,199	–	24,855,596	295,641,919
Interest rate sensitivity exposure	(33,797,289)	17,493,712	64,791,322	(935,049)	15,496,395	66,095,252	129,144,343

65. 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 current assets	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	124,337,318	41,004,532	116,596,424	46,614,836	14,332,030	77,332,631	420,217,771
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	136,744,901	26,173,266	33,888,423	65,332,698	6,916,726	18,721,218	287,777,232
Interest rate sensitivity exposure	(12,407,583)	14,831,266	82,708,001	(18,717,862)	7,415,304	58,611,413	132,440,539

65. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses the sensitivity 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 the 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, available-for-sale (applicable to year ended 31 December 2017) and debt instruments at fair value through other comprehensive income (applicable to year ended 31 December 2018), due to certain changes in interest rates.

The table below summarizes the results of the 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 2018 and 2017, with all other variables held constant.

	As at 31 December			
	2018		2017	
	+50 BP	**-50 BP**	+50 BP	-50 BP
Change in				
– net profit	**(344,756)**	**349,986**	(295,224)	303,532
– other comprehensive income	**(500,136)**	**519,419**	(122,228)	125,647
Change in equity	**(844,892)**	**869,405**	(417,452)	429,179

(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.

The Group's currency risk is not material because the net foreign currency exposure is relatively low.

65. 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 the stock index level or the price of individual securities.

The Group mainly invests in listed equity securities, warrants, funds, 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 (applicable to year ended 31 December 2017) and equity instruments at fair value through other comprehensive income (applicable to year ended 31 December 2018), the impact only takes into account changes in fair value, without considering the impact on profit or loss due to possible impairment.

Sensitivity analysis

	As at 31 December			
	2018		2017	
	+10%	**-10%**	+10%	-10%
Change in				
– net profit	**5,274,150**	**(5,274,150)**	2,851,209	(2,851,209)
– other comprehensive income	**1,258,946**	**(1,258,946)**	1,939,004	(1,939,004)
Change in equity	**6,533,096**	**(6,533,096)**	4,790,213	(4,790,213)

65. 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 the 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. Based on the rules above and other related rules issued or revised afterwards,, 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");

65. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

(viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100% ("Ratio 8");

(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 2018 and 2017,the Company has maintained the above ratios as follows:

	As at 31 December	
	2018	2017
Net capital	**85,576,140**	96,365,266
Ratio 1	**343.15%**	312.79%
Ratio 2	**76.97%**	86.23%
Ratio 3	**58.05%**	63.04%
Ratio 4	**75.42%**	73.11%
Ratio 5	**27.45%**	27.92%
Ratio 6	**133.40%**	82.27%
Ratio 7	**21.54%**	29.32%
Ratio 8	**372.53%**	364.80%
Ratio 9	**151.12%**	137.73%
Ratio 10	**90.20%**	136.62%

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.

66. 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. Methods and assumptions below are used to estimate the fair value.

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").

66. 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 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	**2,395,768**	**69,316,966**	**100,734**	**71,813,468**
– Funds	**16,635,004**	**18,349,587**	**4,985,014**	**39,969,605**
– Equity securities	**8,204,864**	**355,588**	**1,751,811**	**10,312,263**
– Other investments	**5,232,926**	**10,253,818**	**100,000**	**15,586,744**
Debt instruments at fair value through other comprehensive income				
– Debt securities	**2,371,070**	**36,795,611**	**—**	**39,166,681**
Equity Instrument at fair value through other comprehensive income				
– Equity securities	**3,601,815**	**44,515**	**746,439**	**4,392,769**
– CSFC investment	**—**	**12,393,180**	**—**	**12,393,180**
Derivative financial assets	**184,922**	**435,739**	**27,697**	**648,358**
Total	**38,626,369**	**147,945,004**	**7,711,695**	**194,283,068**
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	**—**	**3,705,281**	**—**	**3,705,281**
– Others	**157,392**	**—**	**—**	**157,392**
Designated as at fair value through profit or loss				
– Debt securities	**—**	**23,972,227**	**4,374,669**	**28,346,896**
– Others	**—**	**329,180**	**737,894**	**1,067,074**
Derivative financial liabilities	**29,811**	**86,217**	**139,945**	**255,973**
Total	**187,203**	**28,092,905**	**5,252,508**	**33,532,616**

66. 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 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	33,467,975	101,636,031	1,839,045	136,943,051
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	2,499,301	20,683,562	1,687,356	24,870,219

During the year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of the 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 year, the Group held no changes on 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 certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was 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.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(3) Movements in Level 3 financial instruments measured at fair value:

	Year ended 31 December 2018					
	Equity instruments at fair value through other comprehensive income	**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 31 December 2017	**—**	**1,519,487**	**188,212**	**131,346**	**(1,388,323)**	**(299,033)**
Impact of adopting IFRS 9	**676,045**	**1,351,488**	**(188,212)**	**—**	**—**	**—**
As at 1 January 2018	**676,045**	**2,870,975**	**—**	**131,346**	**(1,388,323)**	**(299,033)**
Gains/(losses) for the year	**—**	**(320,381)**	**—**	**3,318**	**354,573**	**(74,208)**
Changes in fair value recognized in other comprehensive income	**(125,852)**	**—**	**—**	**—**	**—**	**—**
Purchases	**4,694**	**3,987,065**	**—**	**416,588**	**—**	**—**
Issues	**—**	**—**	**—**	**—**	**(3,323,608)**	**(513,987)**
Transfer in	**196,692**	**774,406**	**—**	**—**	**(817,033)**	**—**
Transfer out	**—**	**(8,511)**	**—**	**—**	**—**	**—**
Disposal and settlements	**(5,140)**	**(365,995)**	**—**	**(523,555)**	**61,828**	**747,283**
As at 31 December 2018	**746,439**	**6,937,559**	**—**	**27,697**	**(5,112,563)**	**(139,945)**

	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 2017	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	—	(172,000)	—	—	—
As at 31 December 2017	1,519,487	188,212	131,346	(1,388,323)	(299,033)

66. 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 measured 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
Stocks/Unlisted equity Investments	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/Unlisted equity Investments	Level 3	Recent transaction price	N/A	N/A
Unlisted funds	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	Level 3	Recent transaction price	N/A	N/A
Debt Securities	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Other investments	Level 3	Recent transaction price	N/A	N/A
Derivative assets	Level 3	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Financial liabilities	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	Level 3	Recent transaction price	N/A	N/A
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.

66. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

As at 31 December 2018 and 31 December 2017, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated to their fair values, except for bonds payable, whose carrying amounts and fair values are summarized below:

	As at 31 December	
Bonds payable	**2018**	2017
Carrying amounts	**68,257,200**	68,312,091
Fair values		
– Level 1	**7,368,802**	7,341,152
– Level 2	**61,412,726**	60,654,792
– Level 3	**962,359**	846,857
Total	**69,743,887**	68,842,801

67. 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:

On 11 March 2019, the Group's subsidiary, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with par value of USD500 million. The bonds bear a fixed interest rate of 3.875% payable on a semi-annual basis. The Company, as the guarantor, provided unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited (BVI).

On 12 March 2019, the Company issued 3-year corporate bonds with par value of EUR 255 million. The bonds bear a floating interest rate of 0.842% at initial payable on a quarterly basis.

Section XI Financial Statements

68. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2018	2017
Non-current assets		
Property and equipment	**1,649,953**	1,545,861
Other intangible assets	**355,606**	320,436
Investments in subsidiaries	**15,789,770**	12,240,770
Investments in associates	**234,997**	261,469
Available-for-sale financial assets	**—**	33,063,479
Debt instruments at fair value through other comprehensive income	**30,034,611**	—
Equity instruments at fair value through other comprehensive income	**15,792,128**	—
Financial assets held under resale agreements	**6,424,527**	27,357,004
Financial assets at fair value through profit or loss	**2,329,556**	300,000
Refundable deposits	**1,660,064**	1,030,226
Deferred tax assets	**1,115,299**	221,843
Other non-current assets	**1,810,893**	1,531,099
Total non-current assets	**77,197,404**	77,872,187
Current assets		
Accounts receivable	**1,083,902**	1,773,097
Other current assets	**1,048,681**	2,744,561
Margin accounts receivable	**41,644,659**	57,362,515
Available-for-sale financial assets	**—**	1,195,727
Debt instruments at fair value through other comprehensive income	**5,316,810**	—
Financial assets held under resale agreements	**48,559,614**	59,690,525
Financial assets at fair value through profit or loss	**70,425,441**	50,599,412
Derivative financial assets	**550,733**	243,277
Clearing settlement funds	**2,539,476**	1,687,359
Cash held on behalf of brokerage customers	**46,445,755**	49,696,777
Cash and bank balances	**12,847,764**	11,173,907
Total current assets	**230,462,835**	236,167,157
Total assets	**307,660,239**	314,039,344

68. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2018	2017
Current liabilities		
Short-term debt instruments	**4,248,268**	30,298,650
Placements from other financial institutions	**10,112,375**	7,400,000
Accounts payable to brokerage customers	**46,036,444**	49,426,727
Employee benefits payable	**4,190,269**	3,769,414
Income tax payable	**1,236,191**	1,128,574
Financial assets sold under repurchase agreements	**52,771,568**	36,011,907
Financial liabilities at fair value through profit or loss	**5,972,936**	6,361,505
Derivative financial liabilities	**167,153**	385,394
Bonds payable	**9,030,848**	—
Other current liabilities	**11,545,020**	4,921,054
Total current liabilities	**145,311,072**	139,703,225
Net current assets	**85,151,763**	96,463,932
Total assets less current liabilities	**162,349,167**	174,336,119
Non-current liabilities		
Bonds payable	**49,783,162**	57,883,520
Employee benefits payable	**—**	600,000
Financial assets sold under repurchase agreements	**—**	3,000,000
Financial liabilities at fair value through profit or loss	**—**	1,013,019
Other non-current liabilities	**82,115**	82,115
Total non-current liabilities	**49,865,277**	62,578,654
Net assets	**112,483,890**	111,757,465
Equity		
Share capital	**8,713,941**	8,713,934
Other equity instruments	**11,129,819**	11,129,841
Reserves	**63,589,752**	63,145,838
Retained profits	**29,050,378**	28,767,852
Total equity	**112,483,890**	111,757,465

68. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

			Reserves					
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained profits	Total
At 1 January 2017	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
Issuance 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
Impact of adopting IFRS 9	–	–	–	(314,039)	11,256	22,513	78,794	(201,476)
Restated opening balance under IFRS 9	8,713,934	11,129,841	42,402,719	1,238,166	6,508,077	12,716,606	28,846,646	111,555,989
Profit for the year	–	–	–	–	–	–	6,683,614	6,683,614
Other comprehensive income for the year	–	–	–	(1,664,265)	–	–	–	(1,664,265)
Total comprehensive income for the year	–	–	–	(1,664,265)	–	–	6,683,614	5,019,349
Dividends	–	–	–	–	–	–	(3,485,576)	(3,485,576)
Appropriation to surplus reserve	–	–	–	–	668,361	–	(668,361)	–
Appropriation to general reserve	–	–	–	–	–	1,336,723	(1,336,723)	–
Distribution to other equity instrument holders	–	–	–	–	–	–	(590,000)	(590,000)
Other comprehensive income that has been reclassified to retained profits	–	–	–	399,222	–	–	(399,222)	–
Conversion of convertible bonds	7	(22)	136	–	–	–	–	121
Others	–	–	(15,993)	–	–	–	–	(15,993)
At 31 December 2018	8,713,941	11,129,819	42,386,862	(26,877)	7,176,438	14,053,329	29,050,378	112,483,890

69. COMPARATIVE AMOUNTS

The accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

70. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 20 March 2019.

Section XII Documents Available for Inspection

Documents Available for Inspection	1.	The text of the annual report with signatures of authorized representatives of the Company
Documents Available for Inspection	2.	The text of the financial report signed and chopped by authorized representatives of the Company, competent responsible persons of accounting works and persons in charge of accounting institutions
Documents Available for Inspection	3.	The original copy of the audit report signed by the accounting firm as well as signed and chopped by the certified accountant
Documents Available for Inspection	4.	All original copies of texts and announcements of documents of the Company publicly disclosed on websites designated by China Securities Regulatory Commission during the Reporting Period
Documents Available for Inspection	5.	Other relevant information

Chairman of the Board: Yang Dehong
Date of approval by the Board: 20 March 2019

Section XIII Information Disclosure of Securities Company

I. RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

√ Applicable □ Not applicable

No.	Date of approval	Headings of approval	No. of approval
1	16 January 2018	Notice on Matters regarding Participation in the RMB Interest Rate Swap Clearing Agency Business	2018 Bian Han No. 8
2	18 January 2018	No Objection Letter to Guotai Junan Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Corporate Bonds	Shang Zheng Han [2018] No. 93
3	25 January 2018	Notice on Matters regarding Participation in the Centralized Clearing Business of Credit Default Swap	2018 Bian Han No. 29
4	7 February 2018	No Objection Letter to Guotai Junan Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Subordinated Bonds	Shang Zheng Han [2018] No. 165
5	8 February 2018	Reply of Approval on the Change of Important Articles of the Articles of Association of Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2018] No.10
6	11 February 2018	Reply of Approval on Public Issuance of Corporate Bonds to Qualified Investors by Guotai Junan Securities Co., Ltd.	Zheng Jian Xu Ke [2018] No.329
7	28 May 2018	Reply of Approval of the Qualification of Feng Xiaodong as Supervisor of Securities Company	Hu Zheng Jian Xu Ke [2018] No.43
8	28 May 2018	Reply of Approval of the Qualification of Lin Facheng as Director of Securities Company	Hu Zheng Jian Xu Ke [2018] No.44
9	6 June 2018	Reply of Approval of the Qualification of Zhou Hao as Director of Securities Company	Hu Zheng Jian Xu Ke [2018] No.46
10	12 June 2018	Reply of Approval of the Establishment of Eight Securities Branches by Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2018] No.48
11	31 July 2018	No Objection Letter to Guotai Junan Securities in relation to the Application for the Qualification of First-class Dealer for Over-the-counter Options	Ji Gou Bu Han [2018] No. 1789

No.	Date of approval	Headings of approval	No. of approval
12	8 August 2018	Reply of Approval of the Qualification of Zhao Hong as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2018] No. 60
13	27 August 2018	Reply of Approval of the Qualification of Yu Feng as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2018] No. 65
14	28 August 2018	Reply of Approval of the New Issuance of Overseas Listed Foreign Invested Shares by Guotai Junan	Zheng Jian Xu Ke [2018] No. 1392
15	2 November 2018	No Objection Letter to Guotai Junan Securities for Conducting Credit Derivatives Business	Ji Gou Bu Han [2018] No. 2545
16	8 November 2018	Notice of Approval on the Inter-bank Foreign Currency Market Membership of Guotai Junan Securities Co., Ltd.	Zhong Hui Jiao Fa [2018] No. 412
17	14 November 2018	Notice on Accreditation of Clearing Membership by the Shanghai Clearing House	Qing Suan Suo Fa [2018] No. 193
18	2018/11/19	No Objection Letter to Guotai Junan Securities Co., Ltd. in relation to the Appointment of Zhang Zhihong as Compliance Officer	Hu Zheng Jian Ji Gou Zi [2018] No. 472

(2) Administrative Permissions of the Major Controlled Subsidiaries

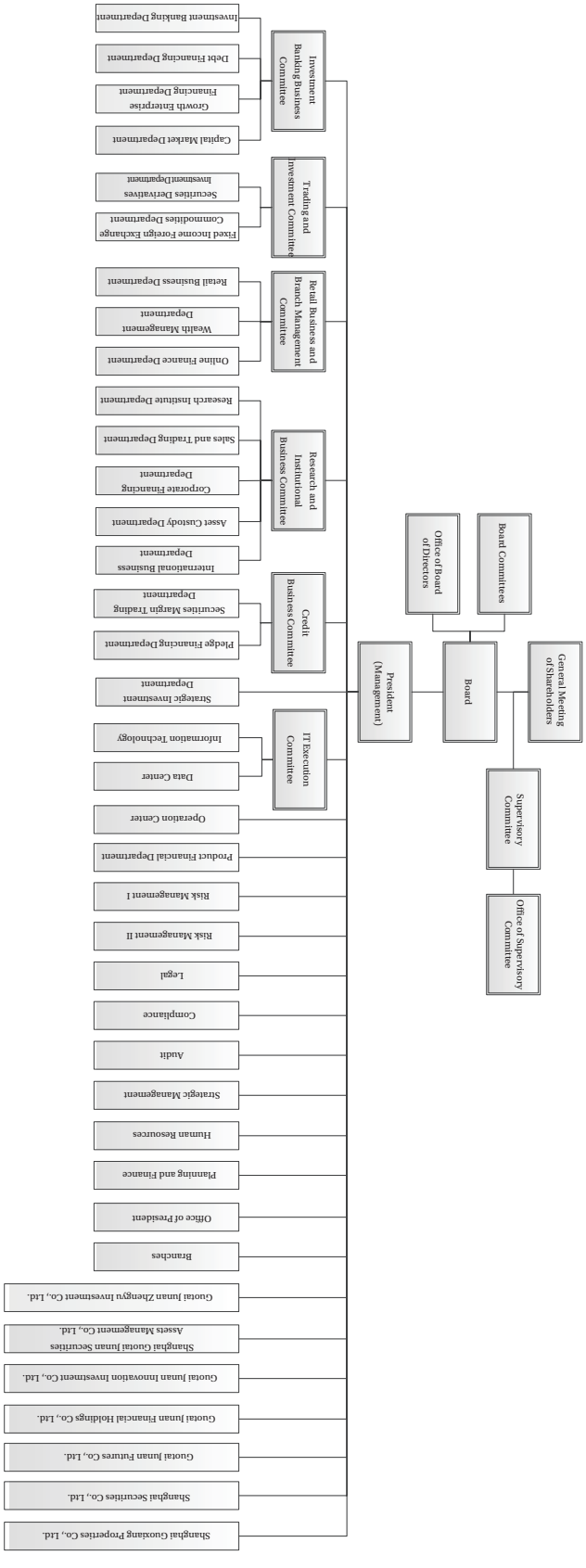
No.	Name of the subsidiary	Date of approval	Headings of approval	No. of approval
1	Shanghai Securities and its subsidiaries	11 January 2018	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Li Guozhu as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2018] No. 1
		11 January 2018	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Ma Yonggang as Senior Management of Securities Company	Hu Zheng Jian Xu Ke [2018] No. 2
		18 January 2018	Shanghai Supervision Bureau of CSRC' s No Objection Letter to Shanghai Securities Co., Ltd. in relation to the Appointment of Ma Yonggang as Compliance Officer	Hu Zheng Jian Ji Gou Zi [2018] No. 13
		18 January 2018	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Establishment of One Branch by Shanghai Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2018] No. 4
		9 April 2018	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Qualification of Lv Jinxin as Director of Securities Company	Hu Zheng Jian Xu Ke [2018] No. 34
		30 September 2018	Shanghai Supervision Bureau of CSRC's Reply of Approval of the Establishment of Two Branches by Shanghai Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2018] No. 83

II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

√ Applicable □ Not applicable

The Company's classified evaluation result in 2018: 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)	0571-7245858 Ext 8753
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)	0771-5651977
Xinjiang Branch Office	256 Xinhua North Road, Tianshan District, Urumqi	2013.3.4	RMB 5 million	Zhang Qingsong (張青松)	0991-2835838
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)	010-82263606
Shanghai Branch Office	369 Jiangsu Road	2000.8.15	RMB 10 million	Jiang Wei (江偉)	021-52400388
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)	021-52400647
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)	0755-23976888 -6121
Sichuan Branch Office	China Resources Building, 10 Shuangqing Road, Chenghua District, Chengdu City	2000.7.31	Nil	Jiang Tao (姜濤)	028-65775298
Hubei Branch Office	7/F, 137 Xudong Street, Hongshan District, Wuhan City	2000.8.11	RMB 10 million	Hu Sufei (胡肅飛)	027-87267558
Tianjin Branch Office	Units 07-09, 42F, Surveying and Mapping Level, Jinta Office Building, Tianjin Worldwide Finance Center, No.2 Dagu North Road, Xiaobailou, Heping District, Tianjin City	2009.6.30	RMB 5 million	Geng Xunling (耿旭令)	022-58308306
Hebei Branch Office	9/F, Tower A, Fangbei Building, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province	2009.7.2	RMB 5 million	Wang Zhiyong (王志勇)	0311-85668338
Shanxi Branch Office	Rooms 1204 & 1205, 12/F, Building 1, 15 Taiyuan High-tech Zone	2009.7.3	Nil	Fan Xiaojun (範曉軍)	0351-7023028

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)	0431-5212939
Liaoning Branch Office	68 Shiyiwei Road, Heping District, Shenyang City	2009.7.1	RMB 5 million	Luan Jinchang (欒金昶)	024-22821663
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)	0431-84505678
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)	0451-86201260
Jiangsu Branch Office	Room 401 & 502, 389 Taiping South Road, Qinhuai District, Nanjing City	2009.7.9	Nil	Wang Yuansong (王原松)	025-84575188
Zhejiang Branch Office	Room 1401, Unit 1 & 2, 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)	0571-87227580
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)	0591-83666109
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)	0791-86113053
Shandong Branch Office	5/F, 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)	0531-68817977
Henan Branch Office	39 Jinshui East Road, Zhengdong New District, Zhengzhou City	2009.6.29	RMB 5 million	Yu Ping (於萍)	0371-65752727
Hunan Branch Office	4/F, 89 Wuyi Boulevard, Changsha City, Hunan Province	2009.7.1	RMB 5 million	Yin Ping (尹萍)	0731-85525225

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)	0898-68551022
Guizhou Branch Office	22/F, Tower 1-6, East Zone, Financial Business District, Area B, Zhongtian Exhibition, Changling North Road, Guanshanhu District, Guiyang City, Guizhou Province	2009.7.1	RMB 5 million	Ma Hong (馬鴻)	0851-85818223
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)	0871-63107159
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)	029-88304680
Gansu Branch Office	215 Jiuquan Road, Chengguan District, Lanzhou City	2009.6.30	Nil	Lan Geru (蘭革儒)	0931-8436687
Guangdong Branch Office	Units 2502A, 2502B, 2506, 2602 and 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)	020-28023166
Chongqing Branch Office	17-1/F, 3 Finance Street, Jiangbei District, Chongqing City	2009.6.30	RMB 5 million	Huang Feng (黃鋒)	023-63707175

2. BRANCH OFFICE OF SHANGHAI SECURITIES

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in-charge	Contact number
Shanghai Branch Office	3/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone	2017.11.9	RMB 5 million	Zhang Guofa (張國發)	021-53686919
Wenzhou Branch Office	2/F, Tower D, Xiechi Mall, Renmin East Road, Wenzhou	2012.6.1	RMB 5 million	Cai Xiaomin (蔡曉敏)	0577-88812528
Shenzhen Branch Office	Unit 1105-1106, Huarong Tower, No.178 Mintian Road, Futian Street, Futian District, Shenzhen City	2018.2.12	RMB 5 million	Wang Yu (王瑜)	0755-83640898

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	1	Beijing Dewai Street Securities Branch	109-A (De Sheng Zone), Building 1, Court 13, Deshengmenwai Street, Xicheng District, Beijing City	Chen Ping (陳平)	010-82080798
	2	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)	010-82263600
	3	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)	010-59312789
	4	Beijing Fangzhuang Road Securities Branch	1 Fangzhuang Road, Fengtai District, Beijing City	Chen Bin (陳兵)	010-82263583
	5	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)	010-82311188
	6	Beijing Huairou Fuqian Street Securities Branch	3 Fuqian Street, Hairou District, Beijing City	Li Qian (李倩)	010-69680345
	7	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)	010-68659161
	8	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)	010-51062212
	9	Beijing Chaonei Street Securities Branch	Room 10203, 2/F, Yinhe Souhou Center, 2 Nanzhugan Alley, Dongcheng District, Beijing City	Li Xiaoyong (李小勇)	010-50953125
	10	Beijing Jianguo Road Securities Branch	119, Building 5, Court 93, Jianguo Road, Chaoyang District, Beijing City	Wang Xiaolu (王曉路)	010-50953115

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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
	11	Beijing Guanghua Road Securities Branch	Unit 03, 01/F, No. 1 (Commercial Office), Guanghua Road, Chaoyang District, Beijing City	Teng Shangguo (滕上國)	010-50953131
	12	Beijing Zhongguangcun Street Securities Branch	107, l/F, 8 Haidian North Second Street, Haidian District, Beijing City	Mo Xiankun (莫獻坤)	010-50953105
	13	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
	14	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)	010-82263995
	15	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)	010-82263608
Shanghai	16	Shanghai Jiujiang Road Securities Branch	Building 16, 663 Jiujiang Road, Huangpu District, Shanghai City	Ding Bing (丁冰)	021-63522648
	17	Shanghai Dapu Road Securities Branch	92 Dapu Road, Shanghai City	Gu Liwen (顧立文)	021-58761684
	18	Shanghai Hongqiao Road Securities Branch	188 Hongqiao Road	Shen Liang (沈亮)	021-33568338
	19	Shanghai Jiangsu Road Securities Branch	369 Jiangsu Road, Shanghai City	Li Yongcai (李永才)	021-52401110
	20	Shanghai Liquan Road Securities Branch	1-2/F, No. 728 and 720 700 Lane, Liquan Road, Putuo District, Shanghai City	Qiao Yiyin (喬亦穎)	021-52808918
	21	Shanghai Lujiazui East Road Securities Branch	161 Lujiazui East Road, Pudong New District	Luo Haojun (駱浩鈞)	021-58767818
	22	Shanghai Mudanjiang Road Securities Branch	1 & 2/F, Baoxin Building, 1188 Mudanjiang Road	Huang Fang (黃芳)	021-56673533
	23	Shanghai Tuanjie Road Securities Branch	1, 3 and 4/F, 41 Tuanjie Road, Baoshan District, Shanghai City	Fu Lianjie (付連傑)	021-56698801
	24	Shanghai Fushan Road Securities Branch	450 Fushan Road, Pudong New District	Yu Liang (於梁)	021-68755959

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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
	25	Shanghai Shangcheng Road Securities Branch	618 Shangcheng Road, Pudong New District	Wen Shixu (文詩序)	021-68825016
	26	Shanghai Siping Road Securities Branch	1962 Siping Road, Shanghai City	Yan Zheying (閆澤英)	021-55580598
	27	Shanghai Yishan Road Securities Branch	Rooms 103, 502 and 503, Tower C, 900 Yishan Road	Cao Mingang (曹敏剛)	021-54235353
	28	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)	021-33536373
	29	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
	30	Shanghai Hongkou District Datian Road Securities Branch	179 Dalian Road, Hongkou District, Shanghai City	Zhen Yong (鄭勇)	021-65191866
	31	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)	021-63401585
	32	Shanghai Jiading Tacheng Road Securities Branch	Building 4, 885 Tacheng Road, Jiading District, Shanghai City	Zhang Jianjun (張建軍)	021-69016118
	33	Shanghai Songjiang Zhongshan East Road Securities Branch	1 & 2/F, Building 4, 298 Zhongshan East Road, Songjiang District, Shanghai City	Zhen Jun (鄭軍)	021-67848999
	34	Shanghai Pudong 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)	021-53520207
	35	Shanghai Yincheng Central Road Securities Branch	Room 501, 168 Yincheng Central Road, Pudong New District, Shanghai City	Ye Jia (葉佳)	021-38677333
Shenzhen	36	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)	0755-8060009

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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
	37	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)	0755-82485608
	38	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)	0755-25771280
	39	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)	0755-88315268
	40	Shenzhen Huafa Road Securities Branch	15/F, Tower C, Electronic Science and Technology Building, 2070 Shennan Central Road, Futian District, Shenzhen City	Zhang Xiaoguang (張曉光)	0755-83273771
	41	Shenzhen Hongli West Road Securities Branch	305, 3/F, Donghai City Plaza, South Side of Hongli West Road, Futian District, Shenzhen City	Wang Li (王黎)	0755-82296268
	42	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)	0755-82296268
	43	Shenzhen Jintian Road Securities Branch	Unit 08-13, 5/F, Rongchao Tower, 4036 Jintian Road, Futian Central District, Lianhua Street, Futian District, Shenzhen City	Li Yongshi (李世永)	0755-83755899
	44	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)	0755-26575998
	45	Shenzhen Songgang Securities Branch	2/F, Baolilai Commercial City, Lougang Avenue, Songgang Town, Baoan District, Shenzhen City	Peng Guojia (彭國嘉)	0755-27080065

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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
	46	Shenzhen Huaqiang North Road Securities Branch	13/F, Shenfang Building, No. 2001 Huaqiang North Road, Futian District, Shenzhen City	Tian He (田禾)	0755-83776136
	47	Shenzhen Yitian Road Securities Branch	30/F, Tower B, Chaorong Business Center, 6003 Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen City	Cheng Xiuli (程秀麗)	0755-82940585
	48	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)	0755-29107674
	49	Shenzhen Keyuan South Road Securities Branch	Unit F, 1/F, China Energy Storage Tower, No. 3099, Keyuan South Road, Yuehai Sub-district, Nanshan District, Shenzhen City	Kang Le (康樂)	0755-86562515
	50	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)	0755-26916219
	51	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)	0755-82719649
	52	Shenzhen Longgang Avenue Securities Branch	No. 1B-1, Huifengxuan, No. 6006 Longgang Avenue, Longgang Subdistrict, Longgang District, Shenzhen City	Yang Huixia (楊輝霞)	0755-84879540
	53	Shenzhen Baoan Unicenter Securities Branch	Shops 18-22, Haili Road, South District, Unicenter, No. 99 Xinhu Road, Xinan Street, Baoan District, Shenzhen City	Zhang Qining (張琦寧)	0755-23009516

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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
	54	Shenzhen Fuming Road Securities Branch	2C, No. 196 Fuming Road, Fubao Street, Futian District, Shenzhen City	Tang Yunfeng (唐雲峰)	0755-83755836
	55	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	Wu Zhihong (伍志紅)	0755-83273917
	56	Shenzhen Dengliang Road Securities Branch	N2-1501, AliCloud Building, Alibaba Shenzhen Office Tower, No. 3331, Keyuan South Road (Shenzhen Bay Section), Weilan Coast Community, Yuehai Sub-district, Nanshan District, Shenzhen City	Zeng Dongyan (曾東燕)	0755-82493995
Sichuan	57	Chengdu North 1st Ring Road Securities Branch	No. 99, Section 1 of North 1st Ring Road, Chengdu City	Guo Min (郭旻)	028-86783357
	58	Chengdu Shuangqing Securities Branch	CR Building, No. 10 Shuangqing Road, Chenghua District, Chengdu City	Liu Ting (劉婷)	028-86627453
	59	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)	028-86787827
	60	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)	0830-2292776
	61	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)	028-67919599
	62	Luzhou Xingguang Road Securities Branch	Building 3, No. 68, Yuntai Road, Chuannan Lingang District, Free Trade Zone, Sichuan Province	Yang Jiuxian (楊久鮮)	0830-2280993
	63	Yaan Chaoyang Street Securities Branch	5/F, No. 66 Chaoyang Street, Yucheng District, Yaan City, Sichuan Province	Wang Yina (王夷娜)	0835-2360663
	64	Yibin Jinshajiang Avenue Securities Branch	No. 28, 3/F, Building 13, Xinyuewan Phase II, Cuiping District, Yibin City	Lei Zhen (雷震)	0831-2399588
	65	Chengdu Jianshe Road 2nd Securities Branch	1/F, Sub No.17-18, No. 9 Jianshe Road, Chenghua District, Chengdu City	Li Ya (黎婭)	028-68892202

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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
	66	Chengdu Tianfu 2nd Street Securities Branch	No. 204, 2/F, Building 1, No. 138 Tianfu 2nd Street, Hi-Tech Zone, Chengdu City	Xu Heng (徐蘅)	028-86787613
	67	Nanchong Beihu Road Securities Branch	Sub No. 2, 3 and 4, No. 99 Beihu Road, Shunqing District, Nanchong City	Chen Hong (陳泓)	0817-2254188
	68	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)	15984604974
	69	Xichang Hangtian Avenue Securities Branch	1/F, Liangshan Guotou Building, 4th Section of Hangtian Avenue, Xichang City	Zhang Yuanhong (張遠洪)	0834-5245668
	70	Chengdu Jiaozi Avenue Securities Branch	No.1, 2/F, Building 5, No. 998, Jiaozi Avenue, Chengdu High-tech Zone, Free Trade Pilot Zone, Sichuan Province	Huang Suchuan (黃蘇川)	028-65775117
Tianjin	71	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)	022-58186739
	72	Tianjin Binhai New District Fuzhou Road Securities Branch	No. 1256 Fuzhou Road, Binhai New District, Tianjin City	Cao Xingang (曹欣剛)	022-25894073
	73	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)	022-59959029
	74	Tianjin Qingnian Road Securities Branch	No. 281 Qingnian Road, Nankai District, Tianjin City	Liu Jianguo (劉建國)	022-87870636
	75	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)	022-58928878
	76	Tianjin Binhai New District Huanghai Road Securities Branch	No. 16, 3rd Avenue, Economic and Technological Development Area, Tianjin City	Zhang Lipei (張麗沛)	022-25894072
Hebei	77	Handan Renmin East Road Securities Branch	No.34 Renmin East Road, Handan City	Shi Rongyan (石榮豔)	0310-5516898

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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
	78	Shijiazhuang Yuhua East Road Securities Branch	10/F, Block A, Fangbei Tower, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province, and the north and south sides of the first floor hall	Xie Ying (謝穎)	0311-89250018
	79	Tangshan Jianhua West Road Securities Branch	No. 25-1 Jianhua West Road, Lubei District, Tangshan City	Hu Yanzhuo (胡彥卓)	0311-85671289
	80	Cangzhou Can County Jiaotong North Avenue Securities Branch	No. 11 Jiaotong North Avenue, Cangzhou City	Ouyang Baoliang (歐陽寶亮)	0311-85868064
	81	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)	0314-2565369
	82	Baoding Ruixing Road Securities Branch	No. 377 Ruixing Road, Baoding City, Hebei Province	Gao Zong (高縱)	0312-3376668
	83	Qinghuangdao Hebei Avenue Securities Branch	No. 285 Hebei Avenue, Haigang County, Qinghuangdao City, Hebei Province	Shi Guobin (史國斌)	0317-3160605
	84	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)	0317-3160610
	85	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)	0310-5516758
	86	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)	0318-5171189
Shanxi	87	Taiyuan Jianshe South Road Securities Branch	2/F and part of 1/F, Shengshi Building, No. 632 Jianshe South Road, Xiaodian District, Taiyuan City, Shanxi Province	Cheng Yanqing (程延慶)	0351-4183615
	88	Jincheng Hongxin West Street Securities Branch	3/F, Huibang Yinzuo, No.1951 Hongxin West Street, Jincheng City	Wu Jianfeng (毋劍峰)	0356-2222577
	89	Lvliang Changzhi Road Securities Branch	No. 3, Changzhi Road, Lishi District, Lvliang City	Sun Chong (孫沖)	0358-8259360

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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
	90	Linfen Pingyang South Street Securities Branch	No. 2, Meihua Lane, Pingyang South Street, Linfen City	Sun Tingting (孫婷婷)	0351-4181877
	91	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
	92	Taiyuan Binzhou North Road Securities Branch	4/F, No. 143 Binzhou North Road, Yingze District, Taiyuan City	Liu Ze (劉澤)	0351-4181502
	93	Jinzhong Xinjian North Road Securities Branch	No.46 Xinjian North Road, Yuci District, Jinzhong City, Shanxi Province	Zhang Xiaolong (張小龍)	0351-4183517
Inner Mongolia	94	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)	0471-6685305
	95	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)	0472-2143355
	96	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)	0478-8772265
	97	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	Bu Fanqiang (卜繁強)	0471-5212929
	98	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)	0471-3955884
Liaoning	99	Shenyang Huanghe South Avenue Securities Branch	No. 48 Huanghe South Avenue, Huanggu District, Shenyang City	Pan Hongyan (潘洪豔)	024-86852545
	100	Shenyang Shiyiwei Road Securities Branch	No.68 Shiyiwei Road, Heping District, Shenyang City	Zhang Bo (張博)	024-22861011
	101	Dalian Chengyi Street Shenyang Securities Branch	No. 6 Chengyi Street, Shahekou District, Dalian City	Ba Qian (白茜)	0411-84620393

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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
	102	Anshan Xinhua Street Securities Branch	No. -2, Building 35, Xinhua Street, Tiedong District, Anshan City	Yao Ruyan (姚如妍)	0412-2215307
	103	Panjin Xinglongtai Street Securities Branch	No. 02, Building 0001, Xinyihe Community Shangwang, Zhenxing Area, Xinglongtai District, Panjin City	Song Dianming (宋殿明)	0427-7808859
	104	Dalian Jinma Road Securities Branch	No. 135 Jinma Road, Economic Development Zone, Dalian City, Liaoning Province	Zhang Liang (張亮)	0411-39265935
	105	Chaoyang Xinhua Road Securities Branch	No. 24 Section 3 of Xinhua Road, Shuangta District, Chaoyang City, Liaoning Province	Xu Peng (徐鹏)	0421-2916660
	106	Shenyang Beier East Road Securities Branch	No.22 (No. 9 Gate), Beier East Road, Tiexi District, Shenyang City	Liu Hao (劉浩)	024-22829990
Jilin	107	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)	0432-64872577
	108	Changchun Weixing Road Securities Branch	B301-B304, B306, Tower B, Pearl Plaza, No. 8788 Renmin Avenue, Nanguan District	Zhang Yinjia (張寅甲)	0431-88598811
	109	Jilin Songjiang Road Securities Branch	Room 0001005, Building 11, No. 145 Songjiang Road, Chuanying District, Jilin City, Jilin Province	Lv Sanling (呂三令)	0433-4371818
	110	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)	0432-64871660
	111	Siping Central West Road Securities Branch	No. 58 Central West Road, Renxing Street, Tiexi District, Siping City, Jilin Province	Li Ding (李丁)	0434-7785999
	112	Yanji Changbaishan Road Securities Branch	No. 5 East, Block 2, Building 5, Minghao Modern City Community, Changbaishan Road, Yanji City	Liu Jun (劉君)	0433-4371818
	113	Tonghua Guangming Road Securities Branch	No. 47 Guangming Road, Dongchang District, Tonghua City	Dong Yuxin (東虞新)	0431-88733639

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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
	114	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)	0432-66191091
	115	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
Heilongjiang	116	Harbin Shangzhi Avenue Securities Branch	No. 109 Shangzhi Avenue, Daoli District, Harbin City	LiLi (李力)	0451-87657007
	117	Harbin Xidazhi Street Securities Branch	2/F No. 90 Xidazhi Street, Nangang District, Harbin City	Wu Ning (吳凝)	0451-86213825
	118	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 Avenue, Nangang District, Harbin City	Liu Desheng (劉德勝)	0451-55592018
	119	Harbin Shangzhi Central Street Securities Branch	No. 205, Central Street, Shangzhi Town, Shangzhi City	Tang Xiong (唐雄)	0451-53358591
	120	Qiqihar Central Plaza Securities Branch	No. 31, Central Plaza, Longsha District, Qiqihar City	Cai Cuiwei (蔡翠微)	0452-8919501
	121	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)	0451-86236438
Guangdong	122	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	Sun Rong (孫嶸)	020-83553188
	123	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)	020-87535101

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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
	124	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)	020-81300406
	125	Shantou Jinsha Road Securities Branch	No.46 Jinsha Road, Shantou City	Xu Shaoliang (許少亮)	0754-88636172
	126	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)	0757-22312188
	127	Dongguan Tiyu Road Securities Branch	101, 102, 103, A306, A307, HongXi Center, No. 2 Tiyu Road, Dongguan City	Xu Ye (許燁)	0769-22800868
	128	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)	0760-89983280
	129	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)	020-28368008
	130	Meizhou Xinzhong Road Securities Branch	Duplex Shop No. 14-17, Block A, Xianhua Garden, Xinzhong Road, Meizhou City	Li Xiaolan (李曉蘭)	0753-2178000
	131	Zhanjiang Wanhao Shijia Securities Branch	Shop 03, 1/F, Building 3 & 4, Wanhao Shijia, No. 6 Lvmin Road, Xiashan District, Zhanjiang City	Cao Lisan (曹禮三)	0759-2695866
	132	Jiangmen Heshan Dongsheng Road Securities Branch	No. 181, 183, 185 Dongsheng Road, Shaping, Heshan City, Jiangmen	Lao Zhibiao (勞志標)	13727338200
	133	Zhuhai Jingshan Road Securities Branch	Shop 201 and 202, No. 91 Jingshan Road, Xiangzhou District, Zhuhai City	Zhang Shugeng (張述庚)	18688198101
	134	Maoming Youcheng 8th Road Securities Branch	Room 105, 1/F, No. 15, 17, 19 Youcheng 8th Road, Maoming City, Guangdong Province	He Guochao (何國超)	0668-2727700

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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
	135	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
	136	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)	0760-89983285
	137	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)	0754-88629898
	138	Heyuan Yuewang Avenue Securities Branch	Room D105 & D106, Building D, Liyuan Shijinianhua, Huangsha Avenue West, Weishier Road South, Dongchengxipian District, New City District, Heyuan City	Li Yingxia (李映霞)	0762-3868666
	139	Guangzhou Hanxing Middle Road Securities Branch	No. 19, 21 & 2/F, 23, Hanxing Middle Road, Zhongcun Street, Panyu District, Guangzhou	Liu Gang (劉鋼)	020-83565030
	140	Qingyuan Jingfu Road Securities Branch	One of Shop 01, 02 & 27, G/F, Chaonan International Business Centre, No.27 Jingfu Road, Xincheng, Qingyuan City	Liu Xinqiang (劉新強)	0763-3886810
	141	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)	13902626274
	142	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)	020-83549327
	143	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)	020-81305091

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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
	144	Yangjiang Jinyuan Road Securities Branch	No. 3 and No. 5, Jinyuan Road, Jiangcheng District, Yangjiang City	Zhong Yinglei (鐘英磊)	020-28023333
	145	Shanwei Binhu Road Securities Branch	1/F, Building 1, Taihao Apartment, Binhu Road, Shanwei City, Guangdong Province	Huang Xiaoqiang (黃小強)	18933028833
Hainan	146	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
	147	Haikou Guomao Avenue Securities Branch	3/F, Beijing Building, No. 56 Guomao Avenue, Haikou City	Lin Minghong (林明宏)	0898-68551551
	148	Qionghai Jinhai Road Securities Branch	No. 163 Jinhai Road, Jiaji Town, Qionghai City, Hainan Province	Huang Wenshan (黃聞山)	0898-62818418
	149	Danzhou Zhongxing Avenue Securities Branch	1/F, Telecom Building, Zhongxing Avenue, Danzhou City, Hainan Province	Liu Yuexiang (劉躍湘)	0898-23329388
	150	SanyaYingbin 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)	0898-66759318
Fujian	151	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	Cai Bingzheng (蔡炳政)	0591-87550982
	152	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	Zeng Yicheng (曾毅成)	0591-87550982
	153	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 (陳鎂琳)	0592-5566731

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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
	154	Changle Chaoyang Middle Road Securities Branch	No. 189 Chaoyang Middle Road, Changle City	Lin Jie (林杰)	0591-27529915
	155	Longyan Hualian Road Securities Branch	2B, 2/F, Building 1, Duotejiayuan, No.5 Hualian Road, Xicheng, Xinluo District, Longyan City	Zhang Huan (張歡)	0597-2206272
	156	Quanzhou Yunlu Road Securities Branch	1-2F, Qianxihui Building, Yunlu Road, Fengze District, Quanzhou City, Fujian Province	Zhuang Jinlong (莊金龍)	0595-22167025
	157	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)	0591-87819207
	158	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)	0595-28989936
	159	Minqing Tianxing Street Securities Branch	Shops 13, 1/F& 13/F, 2/F, Building No.2, Hengxiangguancheng, No. 2 Tianxing Street, Meicheng Town, Minqing County, Fuzhou City, Fujian Province	Chen Hong (陳洪)	0591-22373860
	160	Sanming Liedong Street Securities Branch	1/F, Building 31, Meilingxincun, Lieming District, Sanming City, Fujian Province	Chen Xupeng (陳旭鵬)	0591-87431008
	161	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)	0591-87518521
	162	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

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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
	163	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)	0591-87677321
	164	Ningde Qiaoxing 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 Jingqian (陳敬錢)	0593-2600799
	165	Putian Yanshou South Street Securities Branch	No. 550 & 554 Yanshou South Street, Zhenhai Street, Licheng District, Putian City, Fujian Province	Lin Ming (林銘)	0594-2303339
Guangxi	166	Nanning Minzu Avenue Securities Branch	Room 2501, 2502, 2503&2505, Office Building, Block A, Yongkai Chunhui Garden, No. 137 Minzu Avenue, Qingxiu District, Nanjing City	Su Yi (蘇翊)	0771-2537008
	167	Guilin Kongming West Road Securities Branch	No. 16 Kongming West Road, Qixing District, Guilin City	Huang Shuang (黃爽)	0773-5824899
	168	Guangxi Hechi Jincheng Middle 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)	0778-2786659
	169	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)	0772-3800101
	170	Yulin Guangchang East Road Securities Branch	No. 139 Guangchang East Road, Yulin City	Du Haiping (杜海平)	0775-2085218
	171	Nanning Shuangyong Road Securities Branch	Room 2206, Office Building A, Nanhu Mingdu Plaza, No. 30 Shuangyong Road, Qingxiu District, Nanning City	Chen Zhe (陳哲)	0771-5555653
Jiangxi	172	Nanchang Zhanqian Road Securities Branch	Room 2, 1/F and 18/F, Jiangxi Supply and Marketing Logistics Service Center, No. 105 Zhanqian Road, Xihu District, Nanchang City, Jiangxi Province	Xiong Liqing (熊麗卿)	0791-86113093

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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
	173	Jiujiang Gantang Road Securities Branch	No. 159 Gantang North Road, Xunyang District, Jiujiang City	Yan Yan (鄢嫣)	0792-8239808
	174	Yingtan Huancheng West Road Securities Branch	No. 2 Huancheng West Road, Yuehu District, Yingtan City, Jiangxi Province	Huang Changjun (黄昌俊)	0701-6210670
	175	Yichun Yuanshan Middle Road Securities Branch	No. 262 Yuanshan Avenue, Yuanzhou District, Yichun City, Jiangxi Province	Li Juan (李娟)	0791-6113092
	176	Fuzhou Gandong Avenue Securities Branch	No. 939 Gandong Avenue, Fuzhou City	Wu Xianmin (吴憲民)	0794-8265708
	177	Nanchang Xiangshan North Road Securities Branch	4-5/F, No. 237 Xiangshan North Road, Donghu District, Nanchang City, Jiangxi Province	Li Jie (栗捷)	0791-86734895
	178	Guixi Jianshe Road Securities Branch	2/F, Building 6, Jiayu Garden, No. 120 Jianshe Road, Guixi City, Jiangxi Province	Zhu Yanjun (祝豔軍)	0701-3331680
	179	Jiujiang Shili Road Securities Branch	No. 1299, Shili Road, Lianxi District, Jiujiang City, Jiangxi Province	Cheng Gang (程剛)	0792-8251999
	180	Nanchang Jinxian Junhu Road Securities Branch	No. 251 Junhu Road, Minhe Town, Jinxian County, Nanchang City, Jiangxi Province	Shao Gang (邵剛)	0791-85670715
	181	Guixi Yejin Avenue Securities Branch	1/F, Dormitory Building of the Construction Bank, No.19 Yejin Avenue, Guixi City, Jiangxi Province	Lin Haihui (林海輝)	0701-3351985
	182	Jiujiang Nanhai Road Securities Branch	Block A, Chaisang International, No. 7 Nanhai Road, Jiujiang Economic Development Zone, Jiujiang City, Jiangxi Province	Wu Yansong (吴岩松)	0792-8617760
	183	Fuzhou Nanfeng Judu Avenue Securities Branch	No. 42 Judu Avenue, Nanfeng County	Yan Yougen (嚴友根)	0794-3221388
	184	Yichun Gao'an Ruizhou Road Securities Branch	No. 70 Ruizhou Road, Gao'an City, Jiangxi Province	Gao Yong (高勇)	15180126623

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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
	185	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)	0797-8456518
	186	Pingxiang Yuejin South Road Securities Branch	No. 154 Yuejin South Road, Anyuan District, Pingxiang City	Yu Yongliang\ (餘永亮)	0799-6841108
	187	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)	0791-86735024
	188	Shangrao Gandong North Avenue Securities Branch	1-1, No. 13, Gandong North Avenue, Xinzhou District, Shangrao City	Liu Wenchao (劉文超)	13767409869
	189	Jingdezhen Cidu Avenue Securities Branch	No.558 Cidu Avenue, Changjiang County, Jingdezhen City, Jiangxi Province	Zhang Ying (張瑩)	0791-86111072
	190	Xinyu Zhongshan Road Securities Branch	No. 285 Zhongshan Road, Yushui District, Xinyu City, Jiangxi Province	Nie Xu (聶勖)	0795-3215108
	191	Ji'an Jinggangshan Avenue Securities Branch	No. 108 Jinggangshan Avenue, Jizhou District, Ji'an City, Jiangxi Province	Ouyang Huijian (歐陽輝健)	0795-3215116

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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	192	Nanjing Middle Road Securities Branch	2/F, Li'ao Building, 323 Middle Road, Gulou District, Nanjing City	Chen Xin (陳鑫)	025-83362683
	193	Nanjing Taiping South Road Securities Branch	East Side of 1/F, Room 401, 389 Taiping South Road, Qinhuai District, Nanjing City	Tian Lan (田嵐)	025-84575182
	194	Changzhou Yanling Middle Road Securities Branch	No. 29-1 Yanling Middle Road, Tianning District, Changzhou City	He Fuwei (何符偉)	0519-86689705
	195	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)	0516-83819222
	196	Wuxi Hubin Road Securities Branch	No. 101, 1/F & Nos. 201, 202, 203, 204, 2/F, No. 688 Hubin Road, Wuxi City	Cheng Meiying (成美穎)	0510-82710198
	197	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)	0516-86258017
	198	Nanjing Lishui Zhongda Street Securities Branch	No. 77 Zhongda Street, Lishui District, Nanjing City	Zou Jian (鄒健)	025-57225091
	199	Nantong Gongnong Road Securities Branch	No. 33 Gongnong Road, Chongchuan District, Nantong	Lin Ming (林鳴)	0513-55085108
	200	Nanjing Shuanglong Avenue Securities Branch	No. 1698 Shuanglong Avenue, Jiangning District, Nanjing City	Wang Xingxiang (王興祥)	025-84575133
	201	Suzhou Suzhou Avenue East Securities Branch	Room D, C-2, 40th Floor, Modern Media Plaza, No. 265 Suzhou Avenue East, Suzhou Industrial Park	Dong Jie (董杰)	13915405723
	202	Yangzhou Yangzijiang Middle Road Securities Branch	701-703, Building 1, No. 438-1 Yangzijiang Middle Road, Yangzhou Development Zone	Miao Jin (繆進)	0519-86633701
	203	Yancheng Jiefang South Road Securities Branch	No. 58 Jiefang South Road, Yancheng City	Wang Hao (汪浩)	0515-88531059
	204	Huai'an Jiankang East Road Securities Branch	Room 601, No. 30 Jiankang East Road, Qingjiangpu District, Huai'an City	Li Yongyan (李永岩)	0517-83407888

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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
	205	Taizhou Gulou South Road Securities Branch	No. 398 Gulou South Road, Hailing District, Taizhou City	Cui Jianwei (崔健偉)	0523-86998696
	206	Lianyungang Julong South Road Securities Branch	No. 59 Julong South Road, Haizhou District, Lianyungang City	Zhuang Qingchao (莊慶超)	0518-81060199
	207	Zhenjiang Changjiang Road Securities Branch	1/F, No. 9 Changjiang Road, Jingkou District, Zhenjiang City	Shi Wei (史薇)	0511-83816460
	208	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)	0512-52985556
	209	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)	18961705507
	210	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
	211	Nanjing Lushan Road Securities Branch	Room 303, No. 94 Lushan Village, Jianye Country, Nanjing City, Jiangsu Province	Zhang Dingkun (張定坤)	025-83608882
	212	Jiangyin Huancheng North Road Securities Branch	Room 1502, 1503, No. 27 Huancheng North Road, Jiangyin City	Zhang Jing (張晶)	18921006845
	213	Suzhou Shishan Road Securities Branch	Paradise Walk, Shishan, Shishan Road, High-tech Zone, Suzhou City	Shen Fangchao (沈方超)	0512-68201768
Zhejiang					
	214	Hangzhou Qingchun Road Securities Branch	No. 26 Qingchun Road, Xiacheng District, Hangzhou City	Zhang Hong (張虹)	0571-87245709
	215	Ningbo Caihong North Road Securities Branch	No.97 Caihong North Road, Yinzhou District	Zhu Xuequan (朱雪泉)	0574-87742159

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	216	Quzhou Kecheng Securities Branch	Complex Building, Kecheng Garden, Quzhou City, Zhejiang Province	Ye Zhaoming (葉兆明)	0570-3067616
	217	Linhai Jinshan Middle Road Securities Branch	No. 59 Jinshan Middle Road, Linhai, Taizhou	Zhu Liemin (朱列旻)	0576-85197000
	218	Shaoxing Chongxian Street Securities Branch	Rooms 3-3, 701 and 702, No. 5 Chongxian Street, Yuecheng District, Shaoxing City, Zhejiang Province	Shen Guanghui (沈光輝)	0575-85118931
	219	Yuyao Shunshui South Road Securities Branch	Nos. 63 and 65 Shunshui South Road, Yuyao City	Wang Pengwei (王澎偉)	0574-62661058
	220	Tiantai Huancheng East Road Securities Branch	No. 277 Huancheng East Road, Chicheng Subdistrict, Tiantai County (Yuelong Building)	Ding Chunling (丁春玲)	0576-83899471
	221	Xianju Jiufang Alley Securities Branch	No.139 Jiufang Alley, Fuying Subdistrict, Xianju County	Yuan Liang (袁亮)	0576-87794623
	222	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)	0574-86683877
	223	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)	0579-82568870
	224	Jiaxing Zhongshan West Road Securities Branch	No. 914 Zhongshan West Road, Jiaxing City	Yu Jingsheng (余京生)	0573-82288280
	225	Wenzhou Jiangbin West Road Securities Branch	Room 103 (southeastern), Block 1, Rongxing Building, Jiangbin West Road, Lucheng District, Wenzhou City	Zhang Wei (章巍)	0577-88831177
	226	Ningbo Junzi Street Securities Branch	No. 58 Qizha Road, No. 92 Junzi Street, Haishu District	Chen Xin (陳欣)	0574-81850368
	227	Quzhou Hehua Middle Road Securities Branch	Nos. 63-5 Hehua Middle Road, Quzhou City, Zhejiang Province	Jiang Meifeng (江美峰)	0570-3065905

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	228	Hangzhou Xueyuan Road Securities Branch	No. 131-2 Xueyuan Road, Xihu District, Hangzhou City, Zhejiang Province	Shen Ming (沈明)	0571-87229037
	229	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)	0571-87224937
	230	Hangzhou Xiaoshan Shixin Middle Road Securities Branch	Nos. 81 and 83 Shixin Middle Road, Beigan Street, Xiaoshan District	Gu Yonggang (顧勇剛)	0571-83697172
	231	Deqing Wuyuan Street Securities Branch	Nos. 181, 181-1, 183, 183-1, 185 and 185-1 Wuyuan Street, Deqing County	Shi Yiping (施縉平)	0572-8081858
	232	Huzhou Binhe Road Securities Branch	Eastern side of 1F, Shidai Commercial Building, No. 688 Binhe Road, Huzhou City	Fan Yin (范寅)	0571-87245610, 0572-2022006
	233	Yiwu 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	Wang Yue (王躍)	0571-87245811
	234	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)	0574-63081168
	235	Wenling Wanchang Central Road Securities Branch	Nos. 18 and 20 Wanchang Central Road, Taiping Subdistrict, Wenling City, Zhejiang Province	Zhang Ting (張挺)	0571—87560523
	236	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)	0571-87245697

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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
	237	Rui'an 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)	13676591140
Anhui	238	Hefei Changjiang West Road Securities Branch	No.1, East Section of the Long Corridor of Science and Technology of Anhui Agricultural University, No. 130 Changjiang West Road, Shushan District, Hefei City, Anhui Province	Li Ding (李頂)	0551-62816558
	239	Anqing Fangzhi South Road Securities Branch	No. 80 Fangzhi South Road, Daguan District, Anqing City, Anhui Province	Fang Mihu (方密虎)	0556-5586768
	240	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)	0554-2670650
	241	Wuhu Wenhua Road Securities Branch	No. 39-2 Wenhua Road, Wuhu City	Yue Hao (岳浩)	0551-62818714
	242	Fuyang Huaihe Road Securities Branch	1F, Shops 108 and 109, Building 2, No. 666 Huaihe Road, Yingzhou District, Fuyang City	Niu Jinwei (牛金偉)	0558-2222201
Shandong	243	Jinan Jingshi Road Securities Branch	Southwest Side of 1/F and East Side of 5A Floor, Building 1, Long'ao Jinzuo, No. 8000 Jingshi Road, Lixia District, Jinan City	Xu Meifei (絮美飛)	0531-86950990
	244	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)	0531-86558085

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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
	245	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 (吕大偉)	0539-8320777
	246	Qingdao Nanjing Road Securities Branch	No. 108B Nanjing Road, Shinan District, Qingdao City	Li Jian (李建)	0532-85833400
	247	Linyi Yimeng Road Securities Branch	Opposite to the People's Hall, No. 212 Yimeng Road, Lanshan District, Linyi City, Shandong Province	Liu Tao (劉濤)	0539-7080988
	248	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)	0536-8111666
	249	Jining Wutaizha Road Securities Branch	1F, west skirt building of Shantui Building, No. 71 Wutaizha Road, Jining City	Zhang Rongrong (張榮榮)	0537-7978681
	250	Yantai South Street Securities Branch	No. 9 South Street, Zhifu District, Yantai City, Shandong Province	Geng Dianni (耿殿妮)	0535-3392100
	251	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 Liantong Road, Zhangdian District, Zibo City, Shandong Province	Wang Changzhao (王長照)	0533-6208680
	252	Dongying Beiyi Road Securities Branch	101, No. 787 Beiyi Road, Dongying District, Dongying City, Shandong Province	Qi Pengyun (亓鵬雲)	0546-6092106
	253	Qingdao Songling Road Securities Branch	No. 118, Songling Road, Laoshan District, Qingdao City, Shandong Province	Wang Anyi (王安宜)	0532-85842774

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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
	254	Zaozhuang Guangming West Road Securities Branch	No. 1677 Guangming West Road, Gaoxin District, Zaozhuang City, Shandong Province	Liu Riqun (劉日群)	0632-5205678
	255	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)	0531-86124389
	256	Weihai Qingdao North Road Securities Branch	Weihai International Finance Hotel, No. 9 Qingdao North Road, Huancui District, Weihai City, Shandong Province	Li Anning (李安寧)	18669838929
Henan	257	Zhengzhou Huanghe Road Securities Branch	No. 16 Huanghe Road, Zhengzhou City	Huang Yong (黃勇)	0391-6627117
	258	Jiyuan Jishui Street Securities Branch	No. 523 middle section of Jishui Street	Yu Haisong (余海松)	0375-6195518
	259	Xingyang Guotai Road Securities Branch	Southeast corner of Guotai Road and Sangong Road intersection, Xingyang City	Tang Jing (唐靜)	0371-63257100
	260	Luoyang Zhongzhou Middle Road Securities Branch	Eastern side of 5F, Zhong zhou International, Block 1, Courtyard 605, Zhongzhou Middle Road, Xigong District, Luoyang City	Liu Gang (柳剛)	0379-62278611
	261	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)	0375-6195518
	262	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)	0391-6616132

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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
	263	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)	0374-8588909
	264	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)	0372-3773368
	265	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)	18638775738
	266	Jiaozuo Tower South Road Securities Branch	Flat 6, Taiji Tower, Taiji Jinrun Garden, No. 399 Tower South Road, Shanyang District, Jiaozuo City, Henan Province	Chen Yuzhang (陳豫章)	18638655022
	267	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)	0371-55673738
Hubei	268	Wuhan Dongting Street Securities Branch	Jun'an Building, No. 30 Dongting Street, Jiang'an District	Xiong Dongping (熊東平)	027-87250713
	269	Wuhan Jinghan Avenue Securities Branch	1& 4F, Hankou Central Park, No. 528 Jinghan Avenue, Qiaokou District, Wuhan City	Zhou Chunyan (周春豔)	027-83768585
	270	Wuhan Ziyang East Road Securities Branch	No. 77 Ziyang East Road, Wuchang, Wuhan City	Liu Jun (劉駿)	027-68781213
	271	Jinzhou Bianhe East Road Securities Branch	Room 401, 4F, Block 5, Bianhe East Road (Shenhua), Shashi District	Li Mao (李茂)	0716-8221632
	272	Xiangyang Xiangcheng West Street Securities Branch	No. 18-1 Xiangcheng West Street, Xiangyang City, Hubei Province	Zhao Qing (趙青)	0710-3515118

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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
	273	Yichang Sixin Road Securities Branch	No. 2 Sixin Road, Yichang City	Li Mao (李茂)	0716-8228739
	274	Yichang Zhenzhu Road Securities Branch	No. 33 Zhenzhu Road, Xiling District, Yichang City	Wang Yong (王勇)	0717-6770368
	275	Xiangyang Dongfeng Motor Avenue Securities Branch	2F, Financial Building, Dongfeng Motor Avenue, Gaoxin District, Xiangyang City	Zhai Huijun (翟慧君)	0710-3313256
	276	Xianning Xianning Avenue Securities Branch	1F of Block A and 5F of Block B, the International Building, No. 39 Xianning Avenue	Liu Fei (劉飛)	0715-8893658
	277	Wuhan Guanshan Avenue Securities Branch	A1-19, Block A,Guanggu New Development International Center, No. 473 Guanshan Avenue, Donghu New Technology Development Zone, Wuhan City	Lu Aijun (魯艾軍)	027-87888925
	278	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)	0719-8677929
	279	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)	027-18627015900
	280	Xiaogan Beijing Road Securities Branch	1F, Minbang Furnitures, Teyihao Xigongguan, Beijing Road, Xiaogan City, Hubei Province	Lv Qiang (吕強)	0712-2329797
	281	Huangshi Wuhan Road Securities Branch	Shop 5122, 1F, 5# Commercial Building, Mo'er City, No. 193 Wuhan Road, Huangshi City	Hua Mei (華梅)	027-82805617
	282	Wuhan Xudong Street Securities Branch	1&7F, No. 137 Xudong Street, Hongshan District, Wuhan City	Yu Wei (喻偉)	18162779058

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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	283	Changsha Wuyi Avenue Securities Branch	No. 89 Wuyi Avenue, Changsha City	Gao Yuan (高源)	0731-84130011
	284	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 (黄薇)	0736-7232009
	285	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)	0735-2293248
	286	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)	0731-55567333
	287	Hengyang Jiefang Avenue Securities Branch	No. 8 Jiefang Avenue, Gaoxin District, Hengyang City, Hunan Province	Liu Xia (劉霞)	0734-8277202
	288	Zhuzhou Changjiang South Road Securities Branch	No. 291 Changjiang South Road, Tianyuan District, Zhuzhou City, Hunan Province	Wu Shaojie (吳邵傑)	0731-22727638
	289	Hengyang Yancheng Road Securities Branch	No. 1 Yancheng Road, Yanfeng District, Hengyang City	Wang Zi (王梓)	0734-8213121
	290	Shaoyang Baoqing West Road Securities Branch	No. 81 Baoqing West Road, Daxiang District, Shaoyang City, Hunan Province	Liao Zhaoliang (廖照良)	0739-5029988
	291	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)	0731-85233100
	292	Changde Renmin Road Securities Branch	No. 1888 Renmin Road, Guangmingxiang Community, Chengxi Representative office, Wuling District, Changde City, Hunan Province	Li Jun (李軍)	0736-7139101
	293	Zhuzhou Jianshe Middle Road Securities Branch	No. 40 Jianshe Middle Road, Lu Song District, Zhuzhou City, Hunan Province	Ceng Shanshan (曾山珊)	0731-28248666

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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
	294	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)	8795521
	295	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)	0736-7139102
	296	Huaihua Remin Road Securities Branch	2F, No. 21 Remin North Road, Hecheng District, Huaihua City, Hunan Province	Li Bing (李冰)	0736-7222753
	297	Yueyang Nanhu Avenue Securities Branch	No. 335 Nanhu Avenue, Yueyang City, Hunan Province	Wang Jingyang (王景楊)	0730-8383776
	298	Jishou Renmin Middle Road Securities Branch	No. 408 Renmin Middle Road, Qianzhou Representative Office, Jishou City, Hunan Province	Jia Chen (賈晨)	18684908488
	299	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
	300	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)	0730-8373988
	301	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)	0731-85233100

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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	302	Guiyang Zhonghua Middle Road Securities Branch	9F & 13F, Fenghui International Building, No.1 Zhonghua Middle Road,Guiyang City	Yu Peitian (余沛田)	0851-82238677
	303	Zunyi Kunming Road Securities Branch	Hangtian Luozhuang Podium 1-3F, Kunming Road, Huichuan District, Zunyi City	Su Dan (蘇丹)	0852-8973252
	304	Anshun Nanhua Road Securities Branch	No. 67 Nanhua Road, Xixiu District, Anshun City, Guizhou Province	Ke Min (柯敏)	0851-33220766
	305	Xingyi Ruijin Road Securities Branch	12F, Jinzhou Meifu West Building, the intersection of Ruijin Road & B4 Road, Jushan Committee, Xingyi City, Qianxinan Buyi and Miao Autonomous Prefecture, Guizhou Province	Xie Xiaoyan (謝小豔)	0859-3666516
	306	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)	0852-8973131
Yunnan	307	Kunming Renmin Middle Road Securities Branch	No. 9-2 Renmin Middle Road, Kunming City, Yunnan Province	Su Haiyan (蘇海燕)	0871-63196511
	308	Lijiang Fuhui Road Securities Branch	2F, Attached Building of ICBC Office Building, Fuhui Road, Ancient Town, Lijiang City	Dong Shicai (董詩才)	0888-5308451
	309	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
	310	Mang City Kuoshi Road Securities Branch	Nos. 64-3, 64-4 & 64-5 Kuoshi Road, Mang City	Zhu Xiang (朱翔)	0692-2295521
	311	Wenshan Fenghuang Road Securities Branch	1F, Fenghuang Mingzuo, Fenghuang Road, Wenshan City, Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province	Yang Peng (楊鵬)	0876-2620799

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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
	312	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)	0876-2130653
	313	Qujing Cuifeng East Road Securities Branch	Podium 1F, Huibao Building, Cuifeng East Road, Qilin District, Qujing City,Yunnan Province	Hu Kai (胡凱)	0874-8874399
	314	Yuxi Yuxing Road Securities Branch	No. 72 Shanhu Road, Hongta District, Yuxi City, Yunnan Province	Yang Wei (楊威)	13887606511
Chongqing	315	Chongqing Jiuchikan Securities Branch	1&2 F, Tai'an Building, No. 66 Jiuchikan,Yuzhong District	Zhang Jiapeng (張佳鵬)	023-63788907
	316	Chongqing Minsheng Road Securities Branch	5F & 9F, Ping Street, Minsheng Building, No. 181 Minsheng Road, Yuzhong District, Chongqing City	Zhou Daqing (周大慶)	023-60551777
	317	Chongqing Zhongshan Three Road Securities Branch	No. 168 Zhongshan Three Road,Yuzhong District	He Xianyu (賀顯羽)	023-63860222
	318	Chongqing Wanzhou Beibin Avenue Securities Branch	No. 1 Shopping Mall, -1F, No. 258 Beibin Avenue, Wanzhou District, Chongqing City	Zhan Xinjian (詹新建)	023-58252788
	319	Chongqing Fengjie Securities Branch	1F, No. 139 Danzhou Road, Yongan Town, Fengjie County, Chongqing City	Xu Mingfei (許鳴飛)	023-56553300
	320	Chongqing Wushan Securities Branch	2F, Building No. 1, No. 80 Jingtan First Road, Wuxia Town, Wushan County	Chen Liang (陳亮)	023-57684443
	321	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)	023-63712411
	322	Chongqing Zhong County Securities Branch	1&2 F, No. 21 Bridge Road, Zhongzhou Town, Zhong County, Chongqing City	Chen Qian (陳謙)	023-54213158
	323	Chongqing Nanping Huigong Road Securities Branch	4F-01, No. 3 Huigong Road, Nanping Street, Nan'an District, Chongqing City	Zhang Tao (張濤)	023-62925825

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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
	324	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)	023-67890535
	325	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)	023-67891527
Shaanxi	326	Xi'an Dongguanzheng Street Securities Branch	World Trade Centre, No. 66 Dongguanzheng Street, Beilin District, Xi'an City	Hu Lei (胡磊)	029-82481777
	327	Xi'an Gaoxin Road Securities Branch	2E, Financial Business Centre, Telecom Plaza, No. 56 Gaoxin Road, Yanta District, Xi'an City	Wen Quan (溫泉)	029-88304660
	328	Xianyang Century Avenue Securities Branch	No. 2-1-1 Business Street, Fengwei Jiayuan (Birchwood • Image), Century Avenue, Xixian Fengdong New Town, Shaanxi Province	Han Jiachen (韓佳晨)	029-32065180
	329	Weinan Cangcheng Road Securities Branch	Room 801, Block A, Xinzhou Time Square, Cangcheng Road, Weinan City	Li Kai (李開)	029-88304671
	330	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)	029-88304604
	331	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)	029-88304650
Gansu	332	Lanzhou Jiuquan Road Securities Branch	No. 215 Jiuquan Road, Chengguan District, Lanzhou City	Song Zheng (宋崢)	0931-8462415
	333	Lanzhou Donggang West Road Securities Branch	Chunfeng Plaza, No. 561 Donggang West Road, Chengguan District, Lanzhou City	Lu Xin (魯欣)	0931-8462016

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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
	334	Lanzhou Fuli West Road Securities Branch	Building 136, Lanzhou Shihua Block 15, No. 305 Fuli West Road, Xigu District, Lanzhou	Chen Ye (陳燁)	0931-7533217
	335	Tianshui Jianshe Road Securities Branch	No. 42 Jianshe Road, Qinzhou District, Tianshui City, Gansu Province	Liu Chen (劉琛)	0938-8227776
	336	Jiuquan South Avenue Securities Branch	No. 1 South Avenue, Jiuquan City	Li Penggang (李鵬剛)	0937-8837790
	337	Dunhuang Yangguan Middle Road Securities Branch	No. 1 Yangguan Middle Road, Shazhou Town, Dunhuang City,Jiuquan City, Gansu Province	Wang Bin (王彬)	0937-8837790
	338	Jiayuguan Xinhua Middle Road Securities Branch	South Shop 1F, No. 565 Xinhua Middle Road, Jiayuguan City, Gansu Province	Zhou Yani (周雅妮)	0937-6267772
	339	Zhangye Xianfu South Street Securities Branch	No. 188 Xianfu South Street, Ganzhou District, Zhangye City, Gansu Province	Wang Yanjun (王燕軍)	0936-8223567
	340	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
Xinjiang	341	Urumqi Xinhua North Road Securities Branch	1-2F, Building 1, No. 256 Xinhua North Road, Urumqi	Liu Jianwei (劉建偉)	0991-839096
	342	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)	0991-2833067
	343	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)	0991-2838032
Xining	344	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	345	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)	0371-65718534
Tibet	346	Lhasa Tama Middle Road Securities Branch	3/F, CCB Dongcheng District Sub-branch, Tama Middle Road, Lhasa, Tibet Autonomous Region	Miao Hang (繆航)	028-65775106

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2. SECURITIES BRANCHES OF SHANGHAI SECURITIES

Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Shanghai	34	Pudong New Area Nianjiabang Road Securities Branch	Room 1003, No. 526 Nianjiabang Road, Pudong New Area, Shanghai City	Tang Hua (唐華)	021-62336196
		Hongmei Road Securities Branch	No. 3309 Hongmei Road, Shanghai City	Chen Zhiqing (陳智慶)	021-64469598
		Xinzhuang Securities Branch	No. 319 Xinxi Road, Minhang District	Hu Xiaoyong (胡曉鏞)	021-64923077
		Hongkou Yuezhou Road Securities Branch	Room -2, 3F, No. 58 Yuezhou Road, Hongkou District, Shanghai City	Lin Mingkang (林明康)	021-54037001
		Zhabei North Suzhou Road Securities Branch	Unit 410, No. 1056 North Suzhou Road, Jing'an District, Shanghai City	Liu Haihao (劉海浩)	021-56666269
		Zhoupu Securities Branch	No. 388 Nianjiabang Road, Zhoupu Town, Pudong New Area	Hu Hongrui (胡弘睿)	021-58110508
		Ledu Road Securities Branch	5-6F, No. 251 Ledu Road, Songjiang District, Shanghai City	Yu Jingtao (於靜濤)	13601777025
		Qingpu Securities Branch	No. 566 Chengzhong East Road, Qingpu Town, Qingpu District	Hou Jiangtao (侯江濤)	021-59729992
		Yanchang West Road Securities Branch	No. 80 Yanchang West Road, Shanghai City	Ji Dongming (姬東明)	021-56557590
		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
		Chongming Securities Branch	No.177 Dongmen Road, Chengqiao Town, Chongming County	Fei Min (費敏)	021-69613311
		Nanqiao Securities Branch	Nos. 9707-9719 Nanfeng Road, Nanqiao Town, Fengxian District, Shanghai City	Pan Shengzhong (潘勝忠)	021-57422933
		Pudong New Area Shangcheng Road Second Securities Branch	4/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone	Xu Jing (徐晶)	13918655973

Appendix III Basic Information of Securities Branch

Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		Miaojing Road Securities Branch	No. 829 Miaojing Road, Pudong New Area	Gong Zhehao (龔哲浩)	021-58903018
		Linping Road Securities Branch	2F, No. 19 Linping North Road, Shanghai City	Chen Ji (陳冀)	021-65214658
		Jiujiang Road Securities Branch	Nos. 41 and 47 Jiujiang Road	Fang Liang (方亮)	021-53686203
		Jinshan Securities Branch	3F, No. 10 Lane 939, Shihua Mengshan Road, Jinshan District, Shanghai City	Lu Hao (盧浩)	021-60892201
		Jiading Securities Branch	No. 156 Qinghe Road, Jiading District	Wang Tao (王濤)	021-59927997
		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
		Hongkou Xinshi Road Securities Branch	Rooms 103 and 203, No. 228 Xinshi Road, Hongkou District, Shanghai City	Deng Boxiong (鄧伯雄)	021-65440007
		Tibet South Road Securities Branch	No.889 Tibet South Road, Shanghai City	Yi Weixiong (易偉雄)	021-63453130
		Pingshun Road Securities Branch	No. 108 Pingshun Road	Yu Lin (於林)	021-56911405
		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
		Fengxian Huhang Highway Securities Branch	Rooms 2001 and 2002, 2F, Building 2, Lane 228, Huhang Highway, Fengxian District, Shanghai City	Li Bing (李冰)	021-60753818
		Gao'an Road Securities Branch	No. 107 Gao'an Road, Xuhui District, Shanghai City	Xue Ni (薛旎)	021-64373480
		Buzhen Securities Branch	No. 378 Buzhen Middle Road, Buzhen, Chongming County, Shanghai City	Ni Weikai (倪衛凱)	021-59421582
		Jing'an Nanjing West Road Securities Branch	22F, No. 758 Nanjing West Road, Jing'an District, Shanghai City	Shao Jie (邵捷)	021-62470279
		Jiuting Securities Branch	3F, No. 289-1 Jiuxin Road, Jiuting Town, Songjiang District, Shanghai City	Mo Yichong (莫一沖)	021-33730733

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Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		Qingpu Mingzhu Road 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
		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
Zhejiang	19	Hangzhou Jiefang Road Securities Branch	9/F, No. 85 Jiefang Road, Hangzhou, Zhejiang Province	Wang Zhou (王洲)	0571-87169605
		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
		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
		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
		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
		Aojiang Xing'ao East Road Securities Branch	Room 103 of Building A and Room 202 of Unit 3, Building A, Yong'an Huayuan, Xing'ao East Road, Aojiang Town, Pingyang County, Wenzhou, Zhejiang Province	Jiang Feng (江楓)	0577-63196319

Appendix III Basic Information of Securities Branch

Geographic Area (provinces, cities and autonomous regions)	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
		Yueqing Xuyang Road Securities Branch	Room 103, Building 21, Xuyang Community, Chengnan Street, Yueqing	Lin Lijun (林麗君)	0577-62578208
		Yueqing Hongqiao Feihong South Road Securities Branch	No. 223, Feihong South Road, Hongqiao Town, Yueqing, Zhejiang Province	Zhao Zhangyi (趙章益)	0577-62373360
		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
		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
		Hangzhou Dengyun Road Securities Branch	Room 1501, Area A, Building 18, Hemu Courtyard, Gongshu District, 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 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	Chen Ting (陳挺)	0576-80689759
		Shaoxing Xinchang Renmin West Road Securities Branch	1-2F, No. 3-3 Renmin West Road, Nanming Street, Xinchang County	Yu Feng (俞鋒)	0575-86312393

Appendix III Basic Information of Securities Branch

Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
		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)	0579-85992518
		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
Shenzhen	3	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 1103-1104, Huarong Building, No. 178 Mintian Road, Fu'an Community, Futian Street, Futian District, Shenzhen	Yang Dongyun (楊東雲)	0755-83298561
		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
Guangdong	2	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
		Foshan Chancheng Jihua 5th Road Securities Branch	No, 612-613, No. 55 Jihua 5th Road, Chancheng District, Foshan City	Chen Liping (陳麗蘋)	0757-82911968

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Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Chongqing	1	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	1	Nanchang Minde Road Securities Branch	No. 349 Minde Road, Donghu District, Nanchang, Jiangxi Province	Cai Qing (蔡青)	0791-86799787
Fujian	1	Fuzhou Wusi Road Securities Branch	2/F, Yifa Building, No. 111 Wusi Road, Fuzhou, Fujian Province	Chen Yiping (陳宜平)	0591-87802318
Hainan	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	Nie Wenxiong (聶文雄)	0898-68501323
Beijing	3	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
Liaoning	1	Dalian Minzhu Plaza, Securities Branch	No. 8 Minzhu Plaza, Zhongshan District, Dalian, Liaoning Province	Qu Liqing (曲麗清)	0411-82531910
Tianjin	1	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

Appendix III Basic Information of Securities Branch

Geographic Area (provinces, cities and autonomous regions)	Number of securities branches	Name of securities branch	Address of securities branch	Person-in-charge	Contact number
Jiangsu	7	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
		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
		Suzhou Wujiang Liuhong Road Securities Branch	No. 70 Liuhong Road, Songling Town, Wujiang District, Suzhou, Jiangsu Province	Sun Jie (孫潔)	0512-63185869
		Suzhou Ganjiang West Road Securities Branch	No. 456 Ganjiang West Road, Suzhou, Jiangsu Province	Peng Hongbin (彭洪斌)	0512-65580677
		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
		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

Appendix III Basic Information of Securities Branch

3、FUTURES BRANCHES OF GUOTAI JUNAN FUTURES

Geographic area	Number of futures branches	Names of futures branches	Address of futures branches	Person-in-charge	Contact number
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
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 Futures Building Futures Branch	Room 2001B, Futures Building, No. 300, Songlin Road, China (Shanghai) Pilot Free Trade Zone	Jiang Tao (江濤)	021-68402110
		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
Zhejiang	2	Hangzhou Futures Branch	Room 501-B, Unit 1, Building 6, Fanhai International Center, No. 185, Wuxing Road, Jianggan District, Hangzhou, Zhejiang Province	Liang Bin (梁彬)	0571-86921029
		Ningbo Futures Branch	No. 4 <6-1> Lane 999, Yangfan Road, High-tech Zone, Ningbo, Zhejiang Province	Jiang Bo (江波)	0574-87816661
Jilin	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
Beijing	2	Beijing Jianguomenwai Street Futures Branch	Unit 06, 7/F, East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District, Beijing	Wei Wen (魏文)	010-58795766
		Beijing Sanyuanqiao Futures Branch	Unit 1501 and Unit 1502, 15F, Building 22, No. A5 Courtyard, Shuguang Xili, Chaoyang District, Beijing	Zhang Xi (張曦)	010-64669901

Appendix III Basic Information of Securities Branch

Geographic area	Number of futures branches	Names of futures branches	Address of futures branches	Person-in-charge	Contact number
Liaoning	1	Dalian Futures Branch	Room 2703, Dalian Futures Building, Block A, Dalian International Financial Center, No.129, Hui zhan Road, Shahekou District, Dalian, Liaoning Province	Wang Wei (王偉)	0411-84807767
Guangdong	2	Guangzhou Futures Branch	Room 1102, No. 10 Huaxia Road, Tianhe District, Guangzhou City	Li Hui (李輝)	020-38628582
		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
Jiangsu	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
Henan	1	Zhengzhou Futures Branch	Room 1105, Futures Building, No. 30 Shangwu Waihuan Road, Zhengdong New Area, Zhengzhou	Zhang Wentian (張聞天)	0371-65600699
Hubei	1	Wuhan Futures Branch	Office (5), 40/F, Zheshang Building, No. 718 Jianshe Avenue, Jiang'an District, Wuhan	Zhan Jie (佔杰)	027-82883009
Shandong	1	Qingdao Futures Branch	Room 501, 5/F, Building 11, Jiezheng Wealth Center, No. 195 Hong Kong East Road, Laoshan District, Qingdao, Shandong Province	Xu Yang (許陽)	0532-80993639
Hebei	1	Shijiazhuang Futures Branch	Room 803 and Room 804, 8F, Block B, Fangbei Building, No. 133 Yuhua East Road, Yuhua District, Shijiazhuang, Hebei Province	Luo Dedong (羅德東)	0311-89250192
Shaanxi	1	Xi'an Futures Branch	Room 02, 16F (18F of Elevator Floor), PICC (Shaanxi) Financial Building, No. 12 Gaoxin 3rd Road, High-tech Zone, Xi'an, Shaanxi Province	Luo Mingzhe (羅明哲)	029-88220219

Appendix III Basic Information of Securities Branch

4. FUTURES BRANCHES OF HICEND 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
Sichuan	1	Chengdu Futures Branch of Hicend Futures Co., Ltd.	Room 811, 8/F, Unit 2, Building 5, No. 8 Liuli Road, Jinjiang District, Chengdu	Zhang Jingya (張婧雅)	028-65103816
Shanghai	1	Shanghai Lujiazui Futures Branch of Hicend Futures Co., Ltd.	Room 2101 & 2108, No. 707 Zhangyang Road, China (Shanghai) Pilot Free-Trade Zone	Chen Jiajie (陳佳傑)	021-68771290
Jiangsu	1	Suzhou Futures Branch of Hicend Futures Co., Ltd.	Room 04, 12/F, Block A, Building 58, Suzhou Center Plaza, Suzhou Industrial Park	Zhao Zuoyin (趙作銀)	0512-81880106
Shandong	1	Qingdao Futures Branch of Hicend Futures Co., Ltd.	Room 104, Unit B, Building 3, Hisense Innovation Valley, No. 20 Zhuzhou Road, Laoshan District, Qingdao City, Shandong Province	Li Yongtao (李永濤)	0532-81922502
Zhejiang	1	Hangzhou Futures Branch of Hicend Futures Co., Ltd.	Room 901, Building 2, Fortune Financial Center, Jianggan District, Hangzhou City, Zhejiang Province	Chen Yinyin (陳銀銀)	0571-56979598
Guangdong	1	Shenzhen Futures Branch of Hicend Futures Co., Ltd.	2608, Building A, Hailrun Complex, No. 6021 Shennan Blvd, Tian'an Community, Shatou Street, Futian District, Shenzhen City	Li Yue (李越)	0755-82521449
Shandong	1	Jinan Futures Branch of Hicend Futures Co., Ltd.	503 & 504, 5/F, Xinyuan Financial Building, Building 7 Xinyuanxin Center, No.3 Huaxin Road, Licheng District, Jinan City	Ma Hongguang (馬洪廣)	0531-55666358
Henan	1	Zhengzhou Futures Branch of Hicend Futures Co., Ltd.	Room 1905, Future Building, No. 69 Weilai Avenue, Jinshui District, Zhengzhou City	Ma Keyi (馬科藝)	0371-58555661

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	Weihai Qingdao North Road Securities Branch	Weihai International Finance Hotel, No. 9 Qingdao North Road, Huancui District, Weihai City, Shandong Province	26 October 2018
2	Yangjiang Jinyuan Road Securities Branch	No. 3 and No. 5, Jinyuan Road, Jiangcheng District, Yangjiang City	15 November 2018
3	Putian Yanshou South Street Securities Branch	No. 550 & 554 Yanshou South Street, Zhenhai Street, Licheng District, Putian City, Fujian Province	15 November 2018
4	Shanwei Binhu Road Securities Branch	1/F, Taihao Apartment, Binhu Road, Shanwei City, Guangdong Province	27 November 2018
5	Shenzhen Dengliang Road Securities Branch	N2-1501, AliCloud Building, Alibaba Shenzhen Office Tower, No. 3331, Keyuan South Road (Shenzhen Bay Section), Weilan Coast Community, Yuehai Sub-district, Nanshan District, Shenzhen City	10 December 2018
6	Chengdu Jiaozi Avenue Securities Branch	No.1, 2/F, Building 5, No. 998, Jiaozi Avenue, Chengdu High-tech Zone, Free Trade Pilot Zone, Sichuan Province	10 December 2018
7	Lhasa Tama Middle Road Securities Branch	3/F, CCB Dongcheng District Sub-branch, Tama Middle Road, Lhasa, Tibet Autonomous Region	17 December 2018

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
Jilin Branch Office	Jilin Branch Office	Rooms 2506-2509, 2607, Huamao International Building, 4848 Renmin Street, Nanguan District, Changchun City, Jilin Province
Fujian Branch Office	Fujian Branch Office	11/F, Export-Import Bank of China Building, 350 Jiangbin Central Boulevard, Taijiang District, Fuzhou City, Fujian Province
Jiangsu Branch Office	Jiangsu Branch Office	Room 401 & 502, 389 Taiping South Road, Qinhuai District, Nanjing City
Zhejiang Branch Office	Zhejiang Branch Office	Room 1401, Unit 1 & 2, Building 6, Fanhai International Center, 185 Wuxing Road, Sijiqing Sub-district, Jianggan District, Hangzhou City
Guangdong Branch Office	Guangdong Branch Office	Units 2502A, 2502B, 2506, 2602 and 2603, R&F Center, No. 10 Huaxia Road, Zhujiang Xincheng, Tianhe District, Guangzhou City
Guizhou Branch Office	Guizhou Branch Office	22/F, Tower 1-6, East Zone, Financial Business District, Area B, Zhongtian Exhibition, Changling North Road, Guanshanhu District, Guiyang City, Guizhou Province
Hebei Branch Office	Hebei Branch Office	9/F, Tower A, Fangbei Building, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province
Yichun Zhongshan Middle Road Securities Branch	Yichun Yuanshan Middle Road Securities Branch	No. 262 Yuanshan Avenue, Yuanzhou District, Yichun City, Jiangxi Province
Linyi Shuangyuehu Road Securities Branch	Linyi Yimeng Road Securities Branch	Opposite to the People's Hall, No. 212 Yimeng Road, Lanshan District, Linyi City, Shandong Province
Nanchang Xiangshan North Road Securities Branch	Nanchang Xiangshan North Road Securities Branch	4-5/F, No. 237 Xiangshan North Road, Donghu District, Nanchang City, Jiangxi Province
Quanzhou Baiyuan Road Securities Branch	Quanzhou Yunlu Road Securities Branch	1-2F, Qianxihui Building, Yunlu Road, Fengze District, Quanzhou City, Fujian Province
Chongqing Wanzhou Xincheng Road Securities Branch	Chongqing Wanzhou Beibin Avenue Securities Branch	No. 1 Shopping Mall, -1F, No. 258 Beibin Avenue, Wanzhou District, Chongqing City
Lishi Binhe Beidong Road Securities Branch	Lvliang Changzhi Road Securities Branch	No. 3, Changzhi Road, Lishi District, Lvliang City
Dongying Huanghe Road Securities Branch	Dongying Beiyi Road Securities Branch	101, No. 787 Beiyi Road, Dongying District, Dongying City, Shandong 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
Huai'an Jiankang East Road Securities Branch	Huai'an Jiankang East Road Securities Branch	Room 601, No. 30 Jiankang East Road, Qingjiangpu District, Huai'an City
Wenshan Dongfeng Road Securities Branch	Wenshan Fenghuang Road Securities Branch	1F, Fenghuang Mingzuo, Fenghuang Road, Wenshan City, Wenshan Zhuang and Miao Autonomous Prefecture, Yunnan Province
Beijing Jintong West Road Securities Branch	Beijing Guanghua Road Securities Branch	Unit 03, 01/F, No. 1 (Commercial Office), Guanghua Road, Chaoyang District, Beijing City
Linfen Xiangyang West Road Securities Branch	Linfen Pingyang South Street Securities Branch	No. 2, Meihua Lane, Pingyang South Street, Linfen City
Nanchang Zhanqian Road Securities Branch	Nanchang Zhanqian Road Securities Branch	Room 2, 1/F and 18/F, Jiangxi Supply and Marketing Logistics Service Center, No. 105 Zhanqian Road, Xihu District, Nanchang City, Jiangxi Province
Shenzhen Shangbu Middle Road Securities Branch	Shenzhen Jintian Road Securities Branch	Unit 08-13, 5/F, Rongchao Tower, 4036 Jintian Road, Futian Central District, Lianhua Street, Futian District, Shenzhen City
Xianning Xianning Avenue Securities Branch	Xianning Xianning Avenue Securities Branch	1F of Block A and 5F of Block B, the International Building, No. 39 Xianning Avenue
Shaoxing Zhongxing Middle Road Securities Branch	Shaoxing Chongxian Street Securities Branch	Rooms 3-3, 701 and 702, No. 5 Chongxian Street, Yuecheng District, Shaoxing City, Zhejiang Province
Wuhan Luoyu Road Securities Branch	Wuhan Guanshan Avenue Securities Branch	A1-19, Block A,Guanggu New Development International Center, No. 473 Guanshan Avenue, Donghu New Technology Development Zone, Wuhan City
Suzhou Suya Road Securities Branch	Suzhou Suzhou Avenue East Securities Branch	Room D, C-2, 40th Floor, Modern Media Plaza, No. 265 Suzhou Avenue East, Suzhou Industrial Park
Shenzhen High-Tech South 4th Road Securities Branch	Shenzhen Keyuan South Road Securities Branch	Unit F, 1/F, China Energy Storage Tower, No. 3099, Keyuan South Road, Yuehai Sub-district, Nanshan District, Shenzhen City
Jinan Jiefang Road Securities Branch	Jinan Jingshi Road Securities Branch	Southwest Side of 1/F and East Side of 5A Floor, Building 1, Long'ao Jinzuo, No. 8000 Jingshi Road, Lixia District, Jinan City
Chongqing Minsheng Road Securities Branch	Chongqing Minsheng Road Securities Branch	5F & 9F, Ping Street, Minsheng Building, No. 181 Minsheng Road, Yuzhong District, Chongqing City
Hangzhou Tianmushan Road Securities Branch	Hangzhou Xueyuan Road Securities Branch	No. 131-2 Xueyuan Road, Xihu District, Hangzhou City, Zhejiang Province
Nanjing Tianyuan East Road Securities Branch	Nanjing Shuanglong Avenue Securities Branch	No. 1698 Shuanglong Avenue, Jiangning District, Nanjing 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
Shenzhen Yitian Road Securities Branch	Shenzhen Yitian Road Securities Branch	30/F, Tower B, Chaorong Business Center, 6003 Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen City
Guiyang Zhonghua Middle Road Securities Branch	Guiyang Zhonghua Middle Road Securities Branch	9F & 13F, Fenghui International Building, No.1 Zhonghua Middle Road, Guiyang City
Shenzhen Shangbu Middle Road Securities Branch	Shenzhen Jintian Road Securities Branch	Unit 08-13, 5/F, Rongchao Tower, 4036 Jintian Road, Futian Central District, Lianhua Street, Futian District, Shenzhen City
Shijiazhuang Jianhua South Avenue Securities Branch	Shijiazhuang Yuhua East Road Securities Branch	10/F, Block A, Fangbei Tower, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province, and the north and south sides of the first floor hall
Zhanjiang Renmin Avenue Securities Branch	Zhanjiang Wanhao Shijia Securities Branch of Guotai Junan Securities Co., Ltd.	Shop 03, 1/F, Building 3 & 4, Wanhao Shijia, No. 6 Lvmin Road, Xiashan District, Zhanjiang City

3) Deregistered securities branches:

Names of securities branches	Reply reference number	Approval date	Verification letter date
Luoyuan Donghuan Road Securities Branch	Min Zheng Jian Xu Ke No. [2017]12	28 December 2017	16 March 2018

2. SHANGHAI SECURITIES

1) Newly-established branch offices and securities branches

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Shenzhen Branch Office	Unit 1105-1106, Huarong Tower, No.178 Mintian Road, Futian Street, Futian District, Shenzhen City	N/A

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
Shenzhen Mintian Road Securities Branch	Shenzhen Mintian Road Securities Branch	Room 1103-1104, Huarong Tower, No. 178 Mintian Road, Fu'an Community, Futian Street, Futian District, Shenzhen City
Aojiang Xing'ao East Road Securities Branch	Aojiang Xing'ao East Road Securities Branch	Room 103 of Building A and Room 202 of Unit 3, Building A, Yong'an Huayuan, Xing'ao East Road, Aojiang Town, Pingyang County, Wenzhou, Zhejiang Province
Tianshan Road Securities Branch	Pudong New Area Nianjiabang Road Securities Branch	Room 1003, No. 526 Nianjiabang Road, Pudong New Area, Shanghai City
Xiangyang North Road Securities Branch	Hongkou Yuezhou Road Securities Branch	Room -2, 3F, No. 58 Yuezhou Road, Hongkou District, Shanghai City
Datong Road Securities Branch	Pudong New Area Shangcheng Road Second Securities Branch	4/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone
Hangzhou Wen'er Road Securities Branch	Hangzhou Dengyun Road Securities Branch	Room 1501, Area A, Building 18, Hemu Courtyard, Gongshu District, Hangzhou, Zhejiang Province

3. GUOTAI JUNAN FUTURES

1) Newly-established futures branches:

No.	Names of newly-established futures branches	Locations of newly-established futures branches	Permit issuing date
1	Beijing Sanyuanqiao Futures Branch	Unit 1501 and Unit 1502, 15F, Building 22, No. A5 Courtyard, Shuguang Xili, Chaoyang District, Beijing	15 June 2018
2	Shijiazhuang Futures Branch	Room 803 and Room 804, 8F, Block B, Fangbei Building, No. 133 Yuhua East Road, Yuhua District, Shijiazhuang, Hebei Province	20 June 2018
3	Xi'an Futures Branch	Room 02, 16F (18F of Elevator Floor), PICC (Shaanxi) Financial Building, No. 12 Gaoxin 3rd Road, High-tech Zone, Xi'an, Shaanxi Province	25 June 2018

Appendix IV Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

2) Relocated branch offices and futures branches:

Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
Zhengzhou Futures Branch	Zhengzhou Futures Branch	Room 1105, Futures Building, No. 30 Shangwu Waihuan Road, Zhengdong New Area, Zhengzhou

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	Qingdao Futures Branch	Room 104, Unit B, Building 3, Hisense Innovation Valley, No. 20 Zhuzhou Road, Laoshan District, Qingdao City, Shandong Province	15 January 2018
2	Hangzhou Futures Branch	Room 901, Building 2, Fortune Financial Center, Jianggan District, Hangzhou City, Zhejiang Province	25 June 2018
3	Shenzhen Futures Branch	2608, Building A, Hailrun Complex, No. 6021 Shennan Blvd, Tian'an Community, Shatou Street, Futian District, Shenzhen City	25 October 2018
4	Jinan Futures Branch	503 & 504, 5/F, Xinyuan Financial Building, Building 7 Xinyuanxin Center, No.3 Huaxin Road, Licheng District, Jinan City	23 November 2018
5	Zhengzhou Futures Branch	Room 1905, Future Building, No. 69 Weilai Avenue, Jinshui District, Zhengzhou City	26 November 2018

2) Deregistered futures branches:

Names of securities branches	Reply reference number	Approval date	Verification letter date
Changsha Futures Branch	Nil		