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)

2019 THIRD QUARTERLY REPORT

This report is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Set out below is the 2019 third quarterly report of Guotai Junan Securities Co., Ltd. (the "**Company**") and its subsidiaries as of 30 September 2019. The financial report contained therein is prepared pursuant to the China Accounting Standards for Business Enterprises and has not been audited.

This report is prepared in both Chinese and English languages. In the event of any inconsistency between these two versions, the Chinese version shall prevail.

By order of the Board
Guotai Junan Securities Co., Ltd.
WANG Song
Vice Chairman

Shanghai, the PRC
30 October 2019

As at the date of this announcement, the executive directors of the Company are Mr. WANG Song and Mr. YU Jian; the non-executive directors of the Company are Mr. FU Fan, Ms. GUAN Wei, Mr. ZHOU Lei, Mr. ZHONG Maojun, Mr. WANG Wenjie, Mr. LIN Facheng and Mr. ZHOU Hao; and the independent non-executive directors of the Company are Mr. XIA Dawei, Mr. SHI Derong, Mr. CHEN Guogang, Mr. LING Tao, Mr. JIN Qingjun and Mr. LEE Conway Kong Wai.

I. Important Notice

1.1 The board of directors, supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this quarterly report which does not contain any false information, misleading statements or material omissions, and severally and jointly accept legal responsibility for the contents thereof.

1.2 Directors who were not present at the board meeting

Name of absent Director	Title of absent Director	Reason of absence	Name of proxy
ZHOU Lei	Director	Business engagement	FU Fan

1.3 Mr. WANG Song, the person in charge of the Company, and Mr. XIE Lebin, the person in charge of accounting affairs and the person in charge of the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The third quarterly report of the Company has not been audited.

II. Basic Information of the Company

2.1 Key Financial Data

Unit: Yuan Currency: RMB

	As at the end of the reporting period	As at the end of last year	Increase/ decrease at the end of the reporting period as compared with the end of last year (%)
Total assets	537,035,647,924	436,729,079,641	22.97
Net assets attributable to equity holders of the Company	135,218,552,607	123,450,062,700	9.53
	January to September 2019	**January to September 2018**	**Increase/ decrease as compared with the corresponding period of last year (%)**
Net cash flows generated from operating activities	26,437,363,565	42,735,604,946	-38.14
	January to September 2019	**January to September 2018**	**Increase/ decrease as compared with the corresponding period of last year (%)**
Operating revenue	20,593,180,855	16,787,439,112	22.67
Net profits attributable to equity holders of the Company	6,546,185,803	5,512,236,306	18.76
Net profits attributable to equity holders of the Company after deducting non-recurring gains and losses	6,132,715,797	4,615,107,638	32.88
Weighted average return on net assets (%)	5.19	4.47	Increased by 0.72 percentage point
Basic earnings per share (RMB/share)	0.69	0.58	18.97
Diluted earnings per share (RMB/share)	0.69	0.58	18.97

Non-recurring gain and loss items and amounts

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	July to September 2019	January to September 2019	Explanation
Profits and losses on the disposal of non-current assets	-2,209,211	-2,313,583	
Government grants recognized in current profit or loss, excluding those closely related to the Company's normal operations and granted on an ongoing basis under the State's policies according to certain quota of amount or volume	7,730,524	549,259,955	Mainly special financial support funds
Other non-operating incomes and expenditures besides above items	32,488,956	17,748,796	
Effect of income tax	-9,242,917	-140,158,815	
Effect of non-controlling interest (net of tax)	-4,664,825	-11,066,347	
Total	**24,102,527**	**413,470,006**	

2.2 The total number of shareholders, shareholdings of the top ten shareholders and the top ten shareholders not subject to selling restrictions as at the end of the reporting period

Unit: share

Total number of shareholders						170,461
Shareholdings of the top 10 shareholders						
Name of Shareholders (full name)	**Number of shares held at the end of the period**	**Percentage (%)**	**Number of shares subject to selling restrictions**	**Status of shares (pledged or frozen)**		**Nature of shareholders**
				Status	**Number**	
Shanghai State-owned Assets Operation Co., Ltd. (Note 1)	1,900,963,748	21.34	0	Nil	0	State-owned legal person
HKSCC Nominees Limited (Note 2)	1,391,748,920	15.62	0	Unknown	Unknown	Overseas legal person
Shanghai International Group Co., Ltd.	682,215,791	7.66	0	Nil	0	State-owned legal person
Shenzhen Investment Holding Co., Ltd. (Note 3)	609,428,357	6.84	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	260,547,316	2.92	0	Nil	0	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	246,566,512	2.77	0	Nil	0	State-owned legal person
Shenzhen Energy Group Co., Ltd.	154,455,909	1.73	0	Nil	0	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited (Note 4)	100,417,286	1.13	0	Nil	0	Overseas legal person
Hangzhou Financial Investment Group Co., Ltd (杭州市金融投資集團有限公司)	92,322,675	1.04	0	Nil	0	State-owned legal person
China National Publications Import & Export (Group) Corporation	76,630,100	0.86	0	Nil	0	State-owned legal person

Shareholdings of the top 10 shareholders not subject to selling restrictions			
Name of Shareholders	**Number of shares not subject to selling restrictions**	**Class and number of shares**	
		Class	**Number**
Shanghai State-owned Assets Operation Co., Ltd (Note 1)	1,900,963,748	RMB-denominated ordinary shares	1,900,963,748
HKSCC Nominees Limited (Note 2)	1,391,748,920	Overseas listed foreign shares	1,391,748,920
Shanghai International Group Co., Ltd	682,215,791	RMB-denominated ordinary shares	682,215,791
Shenzhen Investment Holding Co., Ltd. (Note 3)	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
Hong Kong Securities Clearing Company Limited (Note 4)	100,417,286	RMB-denominated ordinary shares	100,417,286
Hangzhou Financial Investment Group Co.,Ltd (杭州市金融投資集團有限公司)	92,322,675	RMB-denominated ordinary shares	92,322,675
China National Publications Import & Export (Group) Corporation	76,630,100	RMB-denominated ordinary shares	76,630,100
Description of the shareholders' connected relationship or concerted action	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, respectively. Save for the above, the Company is not aware of any other connected relationship or arrangement acting in concert.		
Description on the holders of preferred shares with voting rights restored and their shareholdings	Not applicable		

Note 1: In the above table, the number of shares held by Shanghai State-owned Assets Operation Co., Ltd. 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 State-owned Assets Operation Co., Ltd. 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 of the Company.

Note 3: In the above table, the number of shares held by Shenzhen Investment Holdings Co., Ltd. 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 Co., Ltd. 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.

Note 6: The total number of shareholders of the Company includes 170,271 shareholders of ordinary A Shares and 190 registered shareholders of H Shares.

2.3 The total number of preference shareholders and the share holdings of the top ten holders of preference shares and the top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period

☐ Applicable √ Not applicable

2.4 Statement of A-share convertible corporate bonds as at the end of the reporting period

Number of convertible bond holders at the end of the period	6,581	
Guarantor of the convertible bonds	Not applicable	
Current conversion price	RMB19.40 Yuan/share	
Top ten 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 (%)**
Special accounts for bonds repurchase and pledge under the registration and settlement system (Industrial and Commercial Bank of China)	630,555,000	9.01
China Securities Finance Corporation Limited	345,101,000	4.93
Shanghai State-owned Assets Operation Co., Ltd.	302,317,000	4.32
China Merchants Fortune－Postal Savings Bank－Postal Savings Bank of China Co., Ltd.	231,098,000	3.30
Special accounts for bonds repurchase and pledge under the registration and settlement system (Bank of China)	202,717,000	2.90
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Merchants Bank Co., Ltd.)	175,264,000	2.50
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Agricultural Bank of China)	154,700,000	2.21
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Everbright Securities Company Limited)	150,000,000	2.14
Specific accounts for bonds repurchase and pledge under the registration and settlement system (China Minsheng Bank Corp., Ltd.)	133,784,000	1.91
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Guotai Junan Securities Co., Ltd.)	124,258,000	1.78

Note 1: From 8 January 2018 to 30 September 2019, the Company had 14,256 A-shares in aggregate converted from A-share convertible corporate bonds, and the outstanding A-share convertible bonds amounted to RMB6,999,715,000 which accounted for 99.9959% of the total amount of A-share convertible bonds issued.

Note 2: In August 2019, the Company distributed an annual dividend of RMB0.275 per share for the year of 2018. As such, the conversion price was changed from RMB19.67 per share into RMB19.40 per share with effect from 12 August 2019.

III. Significant Events

3.1 Details of and reasons for material changes in the major accounting statement items and financial indicators of the Company

√ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items of Balance Sheet	As at the end of the reporting period	As at the end of last year	Increase/ decrease at the end of the reporting period as compared with the end of last year (%)	Reasons of changes
Clearing settlement funds	18,078,562,436	12,702,585,827	42.32	Increases in clearing settlement funds of customers
Margin accounts receivable	67,829,302,830	53,655,358,258	26.42	Increases in margin financing size
Derivative financial assets	1,149,126,624	648,357,715	77.24	Changes in fair value of derivative financial instruments
Refundable deposits	10,440,741,861	7,552,678,333	38.24	Mainly due to increase in refundable deposits of futures
Accounts receivable	9,456,320,699	7,154,014,044	32.18	Mainly due to increase in accounts receivable from brokers and dealers of HK subsidiary
Other debt investments	58,831,876,643	39,166,680,734	50.21	Adjustment in the scale of such investments due to changes in market conditions
Construction in progress	1,334,027,291	271,146,368	392.00	Commencement of the office building construction
Short-term debt instruments	16,603,196,019	7,045,424,124	135.66	Increase in the issuance size of short-term financing bills and medium-term notes to meet the requirements of business operations
Placements from other financial institutions	6,554,272,554	10,163,245,778	-35.51	Decrease in placements from banks
Financial liabilities held for trading	44,204,180,915	33,276,643,453	32.84	Mainly due to increase in the scale of the bonds and precious metals under such financial liabilities
Derivative financial liabilities	1,957,505,418	255,972,539	664.73	Changes in fair value of derivative financial instruments
Financial assets sold under repurchase agreements	110,186,413,663	70,558,544,929	56.16	Mainly due to increase in bonds sold under repurchase agreements
Other equity instruments	16,129,802,748	11,129,819,215	44.92	Issuance of perpetual subordinated bonds during the current period

Income statement and cash flow statement items	January to September 2019	January to September 2018	Increase or decrease as compared with the same period of last year (%)	Reasons of changes
Gains from changes in fair value	737,782,797	-853,580,382	Not applicable	Changes in fair value of financial instruments held for trading and derivative financial instruments due to volatility in securities markets
Other operating revenue	2,722,374,083	1,351,759,336	101.39	An increase in commodity trading
Credit loss expense	784,084,367	544,423,226	44.02	Making prudent impairment provisions as per market conditions
Other operating expenses and costs	2,600,607,054	1,337,272,772	94.47	An increase in commodity trading
Other comprehensive income (net of tax)	843,262,640	-772,615,325	Not applicable	Changes in fair value of other equity instruments investment due to volatility in securities markets
Net cash flows from operating activities	26,437,363,565	42,735,604,946	-38.14	Mainly due to increase in the size of margin accounts receivable and the resulting net cash outflow
Net cash flows from investing activities	-20,796,181,094	-14,208,330,447	Not applicable	Mainly due to an increase in net outflow generated from other debt investments
Net cash flows from financing activities	17,431,816,877	-29,254,791,710	Not applicable	Mainly due to a decrease of cash repayment for liabilities

3.2 The progress of significant events and their impacts as well as analysis and explanation for the solutions

√ Applicable ☐ Not applicable

1. Matters related to the proposed solution for the competition with Shanghai Securities

In July 2014, as approved by the China Securities Regulatory Commission (the "**CSRC**"), 51% of the equity interest in Shanghai Securities Co., Ltd. ("**Shanghai Securities**") held by Shanghai International Group Co., Ltd. was transferred to the Company, and Shanghai Securities became a subsidiary of the Company. According to the requirements of the approval from the CSRC, the Company shall resolve the issue of same industry competition with Shanghai Securities and its subsidiary Haiji Dahe Securities Co. Ltd. (海際大和證券有限公司, currently known as "Haiji Securities Company Limited", "**Haiji Securities**") within five years commencing from the date of becoming the controlling shareholder of Shanghai Securities.

In March 2016, as approved by the CSRC, the Company transferred 66.67% equity interest in Haiji Securities by way of tender on Shanghai United Assets and Equity Exchange, thereby resolving the issue of same industry competition with Haiji Securities.

In August 2019, on the sixteenth extraordinary meeting of the fifth session of the board of directors of the Company (the "**Board**"), the *Proposal on Adopting the Resolution on the Issue of Same Industry Competition through the Targeted Capital Increase of Shanghai Securities Co., Ltd.* (《關於提請審議採取上海證券有限責任公司定向增資方式解決同業競爭問題的議案》) was considered and approved, pursuant to which it was agreed that the issue of competition shall be solved by targeted capital increase of Shanghai Securities. Upon the completion of the capital increase in Shanghai Securities, Bailian (Group) Co., Ltd. will become its controlling shareholder and the issue of competition between the Company and Shanghai Securities will no longer exist.

2. Change of directors of The Company

On 23 September 2019, the Company received the written resignation from Mr. YANG Dehong. Mr. YANG Dehong resigned as the chairman of the fifth session of the Board of Directors, a director, the chairman of the Strategy Committee and all other positions of the Company.

On 23 September 2019, the Company held the eighteenth extraordinary meeting of the fifth session of the Board at which the *Resolution on Proposing to Consider the Nomination of Candidate for Director* was considered and approved. As a result, Mr. HE Qing was nominated as a director candidate of the Company and was proposed to the second extraordinary general meeting of 2019 of the Company for election. The Board agreed to appoint Mr. HE Qing as the chairman of the fifth session of the Board and the chairman of the Strategy Committee of the fifth session of the Board upon taking up his post of director.

On 25 September 2019, the Company held the seventeenth extraordinary meeting of the fifth session at which the *Resolution on Proposing to Consider the Nomination of Candidate for Director* was considered and approved. As a result, Mr. AN Hongjun was nominated as a director candidate of the Company and was proposed to the second extraordinary general meeting of 2019 of the Company for election.

3. Corporate Bonds

On 22 July 2019, pursuant to the Circular of the People's Bank of China (Yin Shi Chang Xu ZhunYu Zi [2019] No.121), the People's Bank of China agreed the Company to issue financial bonds of no more than RMB8 billion. On 8 August 2019, the issue of the Company's 2019 Financial Bonds (First Tranche) has been completed, with total amount of RMB8 billion and a term of 3 years, at an interest rate of 3.48%.

On 12 July 2019, Pursuant to Circular of the CSRC (Ji Gou Bu Han [2019] No. 1740), the Company was allowed to issue perpetual subordinated bonds of no more than RMB20 billion. On 23 September 2019, the Company non-publicly issued 2019 Perpetual Subordinated Bonds (First Tranche) with an amount of RMB5 billion and a coupon rate of 4.20%. The interest rate remained unchanged during the first five interest-bearing years of the bond's existence. If the Company does not exercise the redemption right, the coupon rate will be reset every 5 years from the sixth interest-bearing year.

On 16 October 2019, pursuant to Circular of the CSRC (Zheng Jian Xu Ke [2019] No. 1177), the Company publicly issued 2019 Corporate Bonds (Third Tranche)amounted up to RMB2.5 billion, with a term of 3 years at a coupon rate of 3.48%.

On 21 September 2016, the Company issued 2016 Corporate Bonds (Third Tranche) ("16 GUOJUN G5"), with a total issued amount of RMB3 billion and a bond maturity of 5 years, at a coupon rate of 2.94%. The Company has an option to redeem the 16 GUOJUN G5 at the end of the third year. On 9 August 2019, the Company decided to exercise its issuer's option to redeem and redeem all registered 16 GUOJUN G5 as at the record date. On 23 September 2019, the Company completed the redemption of the 16 GUOJUN G5. The total principal amount and total interest reached RMB3 billion and RMB88.2 million, respectively. The 16 GUOJUN G5 was delisted from the Integrated Electronic Platform for Fixed Income Securities of The Shanghai Stock Exchange on 23 September 2019.

3.3 Undertakings not yet performed within the time limit during the reporting period

□ Applicable √ Not applicable

3.4 Warning and explanation of reasons for forecast of possible loss in respect of the accumulated net profits from the beginning of the year to the end of the next reporting period, or any significant changes as compared to the corresponding period of last year

□ Applicable √ Not applicable

Company name	Guotai Junan Securities Co., Ltd.
Persons in charge of the Company	WANG Song
Date	30 October 2019

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet
30 September 2019

Prepared by: Guotai Junan Securities Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Items	30 September 2019	31 December 2018
Assets:		
Cash and bank balances	113,711,000,253	88,145,630,510
Including: cash held on behalf of customers	87,271,041,514	67,796,747,031
Clearing settlement funds	18,078,562,436	12,702,585,827
Including: settlement funds held on behalf of customers	15,535,251,759	9,695,749,896
Margin accounts receivable	67,829,302,830	53,655,358,258
Derivative financial assets	1,149,126,624	648,357,715
Refundable deposits	10,440,741,861	7,552,678,333
Accounts receivable	9,456,320,699	7,154,014,044
Financial assets held under resale agreements	49,080,476,099	61,117,584,114
Financial investments:	252,308,182,605	193,634,709,537
Financial assets held for trading	175,978,478,989	137,682,079,921
Other debt investments	58,831,876,643	39,166,680,734
Other equity investments	17,497,826,973	16,785,948,882
Long-term equity investment	2,798,127,394	2,627,648,804
Fixed assets	3,412,433,234	3,559,914,219
Construction in progress	1,334,027,291	271,146,368
Right-of-use assets	2,222,567,582	–
Intangible assets	2,297,285,417	2,257,735,667
Goodwill	581,407,294	581,407,294
Deferred tax assets	956,899,350	1,289,051,137
Other assets	1,379,186,955	1,531,257,814
Total assets	**537,035,647,924**	**436,729,079,641**
Liabilities:		
Short-term borrowings	8,155,473,590	8,279,422,386
Short-term debt instruments	16,603,196,019	7,045,424,124
Placements from other financial institutions	6,554,272,554	10,163,245,778
Financial liabilities held for trading	44,204,180,915	33,276,643,453
Derivative financial liabilities	1,957,505,418	255,972,539
Financial assets sold under repurchase agreements	110,186,413,663	70,558,544,929
Accounts payable to brokerage customers	83,636,403,434	66,021,568,347
Proceeds from underwriting securities received on behalf of customers	192,855,999	813,269,557
Employee benefits payable	4,771,678,879	4,984,863,117
Tax payable	1,751,127,602	1,919,310,316
Accounts payable	35,456,870,718	28,274,707,369

Items	30 September 2019	31 December 2018
Provisions	102,064,278	85,554,921
Long-term borrowings	1,483,409,836	–
Bonds payable	72,826,523,012	68,257,199,988
Lease liabilities	2,383,931,949	–
Deferred tax liabilities	54,446,826	43,014,937
Other liabilities	2,929,285,916	3,076,946,099
Total liabilities	**393,249,640,608**	**303,055,687,860**
Equity:		
Share capital	8,907,948,056	8,713,940,629
Other equity instruments	16,129,802,748	11,129,819,215
Including: perpetual subordinated bonds	15,000,000,000	10,000,000,000
Capital reserve	46,142,902,957	43,715,697,016
Other comprehensive income	135,340,284	-837,580,172
Surplus reserve	7,175,002,589	7,176,439,418
General risk reserve	15,531,813,826	15,481,373,804
Retained profits	41,195,742,147	38,070,372,790
Equity attributable to equity holders of the Company	135,218,552,607	123,450,062,700
Non-controlling interests	8,567,454,709	10,223,329,081
Total equity	**143,786,007,316**	**133,673,391,781**
Total liabilities and equity	**537,035,647,924**	**436,729,079,641**

Persons in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

Balance Sheet of the Parent Company
30 September 2019

Prepared by: Guotai Junan Securities Co., Ltd.

Unit: Yuan　Currency: RMB　Audit type: Unaudited

Items	30 September 2019	31 December 2018
Assets:		
Cash and bank balances	68,313,113,328	50,926,619,090
Including: client deposit	52,892,186,232	38,078,855,503
Clearing settlement funds	15,851,662,662	10,906,376,057
Including: settlement funds held on behalf of customers	13,887,371,787	8,366,899,686
Margin accounts receivable	53,042,465,652	41,644,659,271
Derivative financial assets	1,029,299,142	550,733,159
Refundable deposits	1,881,722,014	1,660,064,255
Accounts receivable	3,067,241,115	2,540,759,075
Financial assets held under resale agreements	45,773,649,989	54,984,141,412
Financial investments：	169,674,385,561	123,898,546,094
Financial assets held for trading	99,394,006,259	72,754,996,741
Other debt investments	54,009,087,140	35,351,421,218
Other equity investments	16,271,292,162	15,792,128,135
Long-term equity investment	21,317,808,286	16,024,767,079
Fixed assets	1,280,727,882	1,276,227,108
Construction in progress	140,472,309	232,232,911
Right-of-use assets	1,788,607,397	–
Intangible assets	400,038,782	355,605,855
Deferred tax assets	770,399,084	1,115,299,157
Other assets	635,827,059	1,544,208,712
Total Assets	**384,967,420,262**	**307,660,239,235**
Liabilities:		
Short-term debt instruments	13,268,179,502	4,248,267,647
Placements from other financial institutions	6,554,272,554	10,112,374,528
Financial liabilities held for trading	10,284,613,430	5,972,936,405
Derivative financial liabilities	1,512,709,047	167,152,630
Financial assets sold under repurchase agreements	86,528,310,648	52,771,567,627
Accounts payable to brokerage customers	63,697,139,782	46,036,443,960
Employee benefits payable	3,982,380,940	4,190,269,043
Tax payable	1,487,662,032	1,558,029,493
Accounts payable	8,060,345,592	10,082,263,286
Provisions	82,113,719	82,113,719
Bonds payable	61,839,646,046	58,814,010,577
Lease liabilities	1,887,175,706	–
Other liabilities	1,150,703,723	1,140,919,850
Total liabilities	**260,335,252,721**	**195,176,348,765**

Items	30 September 2019	31 December 2018
Equity:		
Share capital	8,907,948,056	8,713,940,629
Other equity instruments	16,129,802,748	11,129,819,215
Including: perpetual subordinated bonds	15,000,000,000	10,000,000,000
Capital reserve	44,802,735,583	42,386,862,564
Other comprehensive income	663,754,582	-26,877,445
Surplus reserve	7,172,530,796	7,176,439,418
General risk reserve	14,045,510,775	14,053,328,019
Retained profits	32,909,885,001	29,050,378,070
Total equity	**124,632,167,541**	**112,483,890,470**
Total liabilities and equity	**384,967,420,262**	**307,660,239,235**

Persons in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

Consolidated Income Statement
January – September 2019

Prepared by: Guotai Junan Securities Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
1. Total operating revenue	**6,498,209,014**	**5,326,906,227**	**20,593,180,855**	**16,787,439,112**
Net fee and commission income	2,365,194,312	1,706,120,373	7,589,504,646	6,212,294,303
Including: Net fee income from brokerage business	1,341,741,467	961,701,682	4,492,018,602	3,497,878,514
Net fee income from investment banking business	626,104,378	383,720,422	1,690,364,080	1,433,467,960
Net fee income from asset management business	350,808,316	350,012,433	1,221,204,948	1,157,713,249
Net interest income	1,483,053,957	1,097,200,238	4,027,987,791	3,861,673,063
Including: Interest income	3,489,622,782	2,739,388,672	9,417,949,677	9,188,272,891
Interest expenses	2,006,568,825	1,642,188,434	5,389,961,886	5,326,599,828
Investment gains	1,128,102,232	1,572,106,138	4,904,012,377	5,469,970,252
Including: Gains from Investment in associates and joint ventures	34,159,033	7,207,966	176,856,117	101,158,758
Other gains	18,371,998	40,569,658	566,784,894	633,917,508
Gains from changes in fair value (losses presented by "-")	-101,150,173	-32,662,936	737,782,797	-853,580,382
Foreign exchange gains	8,677,577	127,029,660	44,173,003	111,272,277
Other operating revenue	1,595,954,767	816,541,776	2,722,374,083	1,351,759,336
Gains on disposal of assets	4,344	1,320	561,264	132,755
2. Total operating expenses	**4,474,844,712**	**3,406,238,610**	**11,680,694,565**	**9,428,919,804**
Tax and surcharges	31,628,619	33,050,952	97,384,766	117,116,944
General and administrative expenses	2,610,670,024	2,480,634,424	8,197,137,300	7,430,106,862
Credit loss expense	289,596,522	80,200,747	784,084,367	544,423,226
Other provision for impairment losses	1,461,451	-1,313,582	1,481,078	–
Other operating expenses	1,541,488,096	813,666,069	2,600,607,054	1,337,272,772
3. Operating profit	**2,023,364,302**	**1,920,667,617**	**8,912,486,290**	**7,358,519,308**
Add: Non-operating revenue	19,046,586	10,152,718	26,941,084	52,213,987
Less: Non-operating expenses	-587,341	14,257,454	29,592,074	31,285,731
4. Total profit	**2,042,998,229**	**1,916,562,881**	**8,909,835,300**	**7,379,447,564**
Less: Income tax expense	449,734,379	383,078,584	1,979,430,177	1,629,037,009

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
5. Net profit	**1,593,263,850**	**1,533,484,297**	**6,930,405,123**	**5,750,410,555**
(1) Classified by operation continuity				
1. Net profit from continuing operations	1,593,263,850	1,533,484,297	6,930,405,123	5,750,410,555
(2) Classified by ownership				
1. Net profit attributable to equity holders of the company	1,526,070,837	1,503,235,515	6,546,185,803	5,512,236,306
2. Profit or loss attributable to non-controlling interests	67,193,013	30,248,782	384,219,320	238,174,249
6. Other comprehensive income (net of tax)	**17,318,579**	**505,383,920**	**843,262,640**	**-772,615,325**
Other comprehensive income attributable to equity holders of the Company (net of tax)	-68,585,448	354,491,162	756,781,813	-963,273,313
(1) Other comprehensive income that may not be reclassified into profit or loss	-333,146,089	124,688,982	598,187,276	-1,327,238,450
1. Other comprehensive income that may not be transferred to profit or loss under equity method	-29,650,349	-79,661,935	53,506,867	-456,193,893
2. Changes in fair value of other equity investments	-303,495,740	204,350,917	544,680,409	-871,044,557
(2) Other comprehensive income that will be reclassified into profit or loss	264,560,641	229,802,180	158,594,537	363,965,137
1. Other comprehensive income that may be transferred to profit or loss under equity method	10,529,108	–	–	-18,584
2. Changes in fair value of other debt investments	41,630,192	24,270,012	-109,277,831	160,518,443
3. Credit loss expense for other debt investments	4,911,083	-6,761,088	32,390,236	-67,875,435
4. Exchange differences on translation of financial statements in foreign currencies	207,490,258	212,293,256	235,482,132	271,340,713
Other comprehensive income attributable to non-controlling interests (net of tax)	85,904,027	150,892,758	86,480,827	190,657,988

Items	The third quarter of 2019 (July to September)	The third quarter of 2018 (July to September)	First three quarters of 2019 (January to September)	First three quarters of 2018 (January to September)
7. Total comprehensive income	**1,610,582,429**	**2,038,868,217**	**7,773,667,763**	**4,977,795,230**
Total comprehensive income attributable to equity holders of the Company	1,457,485,389	1,857,726,677	7,302,967,616	4,548,962,993
Total comprehensive income attributable to non-controlling interests	153,097,040	181,141,540	470,700,147	428,832,237
8. Earnings per share:				
(1) Basic earnings per share (RMB/share)	0.15	0.15	0.69	0.58
(2) Diluted earnings per share (RMB/share)	0.15	0.15	0.69	0.58

Persons in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

Income Statement of the Parent Company
January – September 2019

Prepared by: Guotai Junan Securities Co., Ltd

Unit: Yuan　Currency: RMB　Audit type: Unaudited

Items	2019 Third Quarter (July to September)	2018 Third Quarter (July to September)	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
1. Total operating revenue	**5,198,878,269**	**3,569,971,624**	**14,884,213,612**	**12,162,829,724**
Net fee and commission income	1,783,063,717	1,204,559,048	5,472,313,625	4,505,775,212
Including: Net fee income from brokerage business	1,209,221,901	912,408,005	4,096,902,716	3,328,696,861
Net fee income from investment banking business	503,996,563	288,504,276	1,190,200,837	1,062,189,643
Net interest income	1,056,189,842	931,318,916	3,154,626,741	3,024,057,842
Including: Interest income	2,613,504,453	2,191,000,483	7,287,736,944	7,281,019,529
Interest expenses	1,557,314,611	1,259,681,567	4,133,110,203	4,256,961,687
Investment gains	2,447,608,822	1,320,713,037	5,689,281,093	5,148,735,002
Including: Gains from Investment in associates and joint ventures	22,561,125	–	64,561,125	938,936
Other gains	430,479	9,416,000	428,907,712	445,566,000
Gains from changes in fair value (losses presented by "-")	-88,475,642	-11,035,207	66,880,828	-1,106,217,617
Foreign exchange gains (losses presented by "-")	-2,399,732	111,650,338	63,289,419	135,791,783
Other operating revenue	2,460,783	3,349,492	8,779,488	8,990,067
Gains on disposal of assets (losses presented by "-")	–	–	134,706	131,435
2. Total operating expenses	**2,146,925,117**	**1,947,270,976**	**6,138,313,093**	**5,993,885,086**
Tax and surcharges	26,114,411	26,433,906	76,777,590	101,500,115
General and administrative expenses	1,893,449,521	1,845,121,389	5,820,472,386	5,634,866,819
Credit loss expense	227,361,185	75,715,681	241,063,117	257,518,152
3. Operating profit	**3,051,953,152**	**1,622,700,648**	**8,745,900,519**	**6,168,944,638**
Add: Non-operating revenue	1,199,980	9,164,487	4,104,561	25,812,337
Less: Non-operating expenses	2,745,632	5,508,643	30,934,979	22,156,764
4. Total profit	**3,050,407,500**	**1,626,356,492**	**8,719,070,101**	**6,172,600,211**
Less: Income tax expense	314,856,675	336,734,784	1,576,378,485	1,359,687,815
5. Net profit	**2,735,550,825**	**1,289,621,708**	**7,142,691,616**	**4,812,912,396**
(1) Net profit from continuing operations	2,735,550,825	1,289,621,708	7,142,691,616	4,812,912,396

Items	2019 Third Quarter (July to September)	2018 Third Quarter (July to September)	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
6. Other comprehensive income (net of tax)	**-242,102,673**	**199,667,346**	**474,493,384**	**-648,862,069**
(1) Other comprehensive income that will not be reclassified into profit or loss	-300,734,395	179,022,734	529,841,684	-758,676,954
1. Changes in fair value of other equity instruments investment	-300,734,395	179,022,734	529,841,684	-758,676,954
(2) Other comprehensive income that will be reclassified into profit or loss	58,631,722	20,644,612	-55,348,300	109,814,885
1. Other comprehensive income that may be transferred to profit or loss under equity method	10,529,108	–	–	-18,584
2. Changes in fair value of other debt investments	45,910,474	25,147,239	-84,824,009	172,427,505
3. Credit loss provision for other debt investments	2,192,140	-4,502,627	29,475,709	-62,594,036
7. Total comprehensive income	**2,493,448,152**	**1,489,289,054**	**7,617,185,000**	**4,164,050,327**

Person in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

Consolidated Cash Flow Statement

January – September 2019

Prepared by: Guotai Junan Securities Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Items	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
1. Cash flows from operating activities:		
Net increase in financial liabilities held for trading	9,263,364,191	6,538,122,596
Cash received from interest, fees and commissions	19,042,922,376	19,217,035,004
Net decrease in margin accounts receivable	–	14,655,043,895
Net increase in repurchase businesses	44,769,475,683	42,503,410,698
Net cash received from accounts payable to brokerage customers	17,614,835,087	1,177,417,531
Cash received from other operating activities	12,240,681,849	11,477,104,518
Subtotal of cash inflows from operating activities	102,931,279,186	95,568,134,242
Net increase in financial assets held for trading	34,139,094,370	33,364,630,439
Net decrease in placements from other financial institutions	3,608,973,224	4,200,000,000
Net increase in margin accounts receivables	14,360,249,124	–
Cash payment of interest, fees and commissions	3,723,032,980	3,179,296,702
Cash paid to and for employees	5,438,384,782	6,675,084,449
Cash paid for various taxes	3,657,504,800	3,305,661,776
Cash paid for other operating activities	11,566,676,341	2,107,855,930
Subtotal of cash outflows from operating activities	76,493,915,621	52,832,529,296
Net cash flows from operating activities	26,437,363,565	42,735,604,946
2. Cash flows from investing activities:		
Cash received from disposal of investment	43,621,445,108	28,977,082,664
Cash received from return on investments	2,681,363,311	1,450,547,124
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,863,157	13,498,884
Net cash received on disposal of subsidiaries and other business units	85,512,178	–
Sub-total of cash inflows from investing activities	46,393,183,754	30,441,128,672
Cash paid for investments	65,833,032,479	44,191,227,130
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,120,681,926	391,491,571
Net cash paid for acquisition of subsidiaries and other business units	235,650,443	–
Net cash paid on disposal of subsidiaries and other business units	–	66,740,418
Sub-total of cash outflows from investing activities	67,189,364,848	44,649,459,119
Net cash flows from investing activities	-20,796,181,094	-14,208,330,447

Items	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
3. Cash flows from financing activities:		
Cash received from investments	7,711,818,752	1,629,634,209
Including: Cash received from issuing perpetual bonds	5,000,000,000	–
Cash received from placing and issuing H Shares	2,711,818,752	–
Cash received by subsidiaries from placing and issuing shares	–	1,629,634,209
Cash received from borrowings	18,499,234,819	42,327,542,769
Cash received from issuing bonds	49,909,562,680	46,451,360,595
Sub-total of cash inflows from financing activities	76,120,616,251	90,408,537,573
Cash paid for repayment of debt	52,058,002,319	111,515,997,464
Cash paid for distribution of dividends, profit or payment of interests	6,116,400,577	8,097,235,613
Including: Dividend and profit paid by subsidiaries to minority shareholders	47,819,763	135,206,031
Cash paid for other financing activities	514,396,478	50,096,206
Sub-total of cash outflows from financing activities	58,688,799,374	119,663,329,283
Net cash flows from financing activities	17,431,816,877	-29,254,791,710
4. Effect on cash and cash equivalents from change of exchange rate	601,622,399	791,071,733
5. Net increase in cash and cash equivalents	23,674,621,747	63,554,522
Add: Balance of cash and cash equivalents at the beginning of the period	106,020,634,485	98,503,169,570
6. Balance of cash and cash equivalents at the end of the period	129,695,256,232	98,566,724,092

Person in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

Cash Flow Statement of the Parent Company

January – September 2019

Prepared by: Guotai Junan Securities Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

	Items	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
1.	**Cash flows from operating activities:**		
	Net increase in financial liabilities held for trading	3,818,555,507	811,630,974
	Cash received from interest, fees and commissions	14,651,876,976	15,701,043,220
	Net increase in repurchase businesses	40,302,544,315	35,593,753,205
	Net decrease in margin accounts receivable	–	12,010,068,596
	Net cash received on behalf of brokerage customers	17,578,690,062	–
	Cash received from other operating activities	3,035,241,868	4,171,429,069
	Subtotal of cash inflows from operating activities	79,386,908,728	68,287,925,064
	Net increase in financial assets held for trading	23,466,094,298	15,121,586,154
	Net decrease in placements from other financial institutions	3,552,271,000	4,200,000,000
	Net increase in margin accounts receivable	11,330,885,885	–
	Net cash paid for accounts payable to brokerage customers	–	1,229,977,494
	Cash payment of interest, fees and commissions	3,004,094,069	2,658,044,082
	Cash paid to and for employees	3,974,107,923	4,936,449,785
	Cash paid for various taxes	2,509,669,546	2,677,899,965
	Cash paid for other operating activities	5,825,018,311	2,770,474,552
	Subtotal of cash outflows from operating activities	53,662,141,032	33,594,432,032
	Net cash flows from operating activities	25,724,767,696	34,693,493,032
2.	**Cash flows from investing activities:**		
	Cash received from disposal of investment	23,922,015,547	15,744,207,884
	Cash received from return on investments	4,138,901,203	985,386,399
	Net cash received from disposal of subsidiaries and other operating units	57,510,000	–
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,146,531	11,249,070
	Sub-total of cash inflows from investing activities	28,120,573,281	16,740,843,353
	Cash paid for investment	45,023,440,825	31,641,210,372
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	491,949,208	273,976,809
	Sub-total of cash outflows from investing activities	45,515,390,033	31,915,187,181
	Net cash flows from investing activities	-17,394,816,752	-15,174,343,828

Items	First Three Quarters of 2019 (January to September)	First Three Quarters of 2018 (January to September)
3. Cash flows from financing activities:		
Cash received from investments	7,711,818,752	–
Including: Cash received from issuing perpetual bonds	5,000,000,000	–
Cash received from placing and issuing H Shares	2,711,818,752	–
Cash received from issuing bonds	41,450,777,000	42,610,070,000
Sub-total of cash inflows from financing activities	49,162,595,752	42,610,070,000
Cash paid for repayment of debt	29,659,983,401	59,617,820,215
Cash paid for distribution of dividends, profit or payment of interests	4,874,328,195	6,240,679,021
Cash paid for other financing activities	427,199,977	50,096,206
Sub-total of cash outflows from financing activities	34,961,511,573	65,908,595,442
Net cash flows from financing activities	14,201,084,179	-23,298,525,442
4. Effect of change in exchange rate on cash and cash equivalents	122,286,642	203,412,021
5. Net increase in cash and cash equivalents	22,653,321,765	-3,575,964,217
Add: Balance of cash and cash equivalents at the beginning of the period	74,568,682,698	72,903,030,631
6. Balance of cash and cash equivalents at the end of the period	97,222,004,463	69,327,066,414

Person in charge of the Company: WANG Song

Person in charge of accounting affairs: XIE Lebin

Person in charge of accounting department: XIE Lebin

4.2 Adjustments made to relevant items for the financial statements at the beginning of the current year under the newly applied standards for financial Instruments, standards for income and standards for leases

☐ Applicable √ Not applicable

4.3 Explanations for retrospective adjustments on comparative data in the previous period under the newly applied standards for financial Instruments and standards for leases

√ Applicable ☐ Not applicable

The Group adopted CAS 21 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated.Impact on the consolidated financial statement as at 1 January 2019 are as follows:total assets increased by RMB2.407 billion, total liabilities increased by RMB2.487 billion and owner’s equity decreased by RMB80 million.

4.4 Audit Report

☐ Applicable √ Not applicable