Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中信证券股份有限公司
CITIC Securities Company Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6030)

2019 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of CITIC Securities Company Limited is pleased to announce the audited results of the Company and its subsidiaries for the year ended 31 December 2019. This announcement, containing the full text of the 2019 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results. The 2019 annual report of the Company and its printed version will be published and delivered to the H Shareholders of the Company and available for view on the HKExnews website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and the website of the Company at http://www.citics.com on or before 30 April 2020.

IMPORTANT NOTICE

The Board and the Supervisory Committee and the Directors, Supervisors and Senior Management warrant the truthfulness, accuracy and completeness of contents of this results announcement and that there is no false representation, misleading statement contained herein or material omission from this results announcement, for which they will assume joint and several liabilities.

This results announcement was considered and approved at the Fourth Meeting of the Seventh Session of the Board. All Directors attended this meeting of the Board. No Director raised any objection to this announcement.

The Company's domestic and international financial statements for the year were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, respectively. Auditor's reports with unqualified audit opinions were issued accordingly.

Mr. ZHANG Youjun, head of the Company, Mr. LI Jiong, the Chief Financial Officer, and Mr. SHI Benliang, head of the Company's accounting department, warrant that the financial statements set out in this results announcement are true, accurate and complete.

The Company's 2019 profit distribution plan as considered and approved by the Board is to distribute a cash dividend of RMB5.00 (tax inclusive) for every 10 shares. This proposal is subject to the approval by the general meeting of the Company.

Forward looking statements, including future plans and development strategies, contained in this results announcement do not constitute a substantive commitment to the investors by the Company. Investors should be aware of investment risks.

There was no appropriation of funds of the Company by controlling Shareholder(s) or its/their related parties for non-operating purposes.

The Company had made no guarantee to external parties against the stipulated decision-making process.

The Company prepared this results announcement in both English and Chinese versions. In the event of any discrepancies between the English version and the Chinese version, the Chinese version shall prevail.

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DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

"A Share(s)"	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600030)
"A Shareholder(s)"	holder(s) of A Shares
"Board"	the board of directors of the Company
"China AMC"	China Asset Management Company Limited (華夏基金管理有限公司)
"China CITIC Bank"	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
"CITIC Corporation Limited"	CITIC Corporation Limited (中國中信有限公司)
"CITIC Futures"	CITIC Futures Company Limited (中信期貨有限公司)
"CITIC Global Trade"	CITIC Global Trade (Shanghai) Co., Ltd. (中信寰球商貿(上海)有限公司)
"CITIC GoldStone Fund"	CITIC GoldStone Fund Management Company Limited
"CITIC Group"	CITIC Group Corporation (中國中信集團有限公司)
"CITIC Holdings"	CITIC Holdings Limited (中信控股有限責任公司)
"CITIC Limited"	CITIC Limited (中國中信股份有限公司)
"CITIC Pacific"	CITIC Pacific Limited (中信泰富有限公司)
"CITIC PE Fund"	CITIC Private Equity Funds Management Company Limited (中信產業投資基金管理有限公司)
"CITIC Securities Brokerage (HK)"	CITIC Securities Brokerage (HK) Limited
"CITIC Securities Finance MTN"	CITIC Securities Finance MTN Co., Ltd.
"CITIC Securities Investment"	CITIC Securities Investment Limited (中信証券投資有限公司)
"CITIC Securities (Shandong)"	CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)
"CITIC Securities South China" or "Guangzhou Securities"	CITIC Securities South China Company Limited (formerly known as "Guangzhou Securities Company Limited (廣州証券股份有限公司)")
"CITIC Trust"	CITIC Trust Co., Ltd. (中信信託有限責任公司)
"CLSA B.V."	Crédit Agricole Securities Asia B.V., a private limited company incorporated under the laws of the Netherlands and becoming a wholly-owned subsidiary of CSI on 31 July 2013
"CLSA Limited"	CLSA Limited
"CLSA"	the brand name of the offshore business of the Company
"Company" or "CITIC Securities"	CITIC Securities Company Limited (中信証券股份有限公司)
"Company Law"	the Company Law of the People's Republic of China
"connected transaction(s)"	has the same meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time

"CSC"	CSC Financial Co., Ltd. (中信建投證券股份有限公司)
"CSDCC"	China Securities Depository and Clearing Corporation Limited
"CSI"	CITIC Securities International Co., Ltd. (中信証券國際有限公司)
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Financial Holdings Limited"	Guangzhou Yuexiu Financial Holdings Group Limited (廣州越秀金融控股集團有限公司)
"GoldStone Investment"	GoldStone Investment Co., Ltd. (金石投資有限公司)
"GoldStone Zexin"	GoldStone Zexin Investment Management Co., Ltd. (金石澤信投資管理有限公司)
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 6030)
"H Shareholder(s)"	holder(s) of H Shares
"HKEx"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Jiantou Zhongxin"	Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)
"Jindingxin Microfinance"	Qingdao Jindingxin Microfinance Company Limited (青島金鼎信小額貸款股份有限公司)
"Kington Securities"	Kington Securities Limited Liability Company (金通證券有限責任公司)
"Ministry of Finance"	the Ministry of Finance of the People's Republic of China
"NSSF"	National Social Security Fund of the PRC
"PRC" or "China"	the People's Republic of China
"PwC"	PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers
"PwC Hong Kong"	PricewaterhouseCoopers
"PwC Zhong Tian"	PricewaterhouseCoopers Zhong Tian LLP
"related party transaction(s)"	has the same meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time
"Reporting Period"	the twelve months ended 31 December 2019
"Securities Law"	the Securities Law of the People's Republic of China

"Senior Management"	the senior management of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Clearing House"	Interbank Market Clearing House Co., Ltd.
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the domestic Share(s) or the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each which are listed on the SSE and the Hong Kong Stock Exchange, respective
"Shenzhen Securities Regulatory Bureau"	the Shenzhen Securities Regulatory Bureau of the CSRC
"SSE"	Shanghai Stock Exchange
"SSE Listing Rules"	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"STAR Market"	Science and technology innovation board market
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"SZSE"	Shenzhen Stock Exchange
"Wind Info"	Wind Information Co., Ltd.
"Yuexiu Financial Holdings"	Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司)

MATERIAL RISK FACTORS

The Group's business is highly dependent on the macroeconomic and market conditions of China and other areas in which the Company operates its business. Therefore, fluctuation in the Chinese and international capital markets will have material impact on the operating results of the Group.

The major risks exposed to by the Group mainly include: legal and compliance risk caused by possible failure of the business management and standards to align in a timely manner with changes in national laws and the regulations and rules promulgated by the regulatory authorities; strategic risk where the Group may not be able to determine the strategic plan in response to the profound changes in the domestic and overseas capital markets; internal operations and management risks arising from the transformation of the Company's business model and the emergence of new businesses and new technologies; market risk that may arise from the fluctuating market price of the securities held by the Group; credit risk that may arise from the default of its borrower or trading counterparty; liquidity risk where the Group may encounter a shortage of fund in fulfillment of payment obligations; operational risk that may arise from the negligence or omission of the internal process management, information system failure or personnel misconduct; risks such as currency exchange risk that may arise from the operation of international businesses and financial innovative businesses. In particular, credit risk and liquidity risk are the major risks currently being faced by the Group.

To cope with the above risks, the Group takes preventive measures through its organizational structure, management system, information technology, and other aspects, while at the same time, optimizes its business process and focuses on strengthening the management of credit risk and liquidity risk.

1. COMPANY INFORMATION

1.1 Profile

Name in Chinese	中信証券股份有限公司
Abbreviation in Chinese	中信証券
Name in English	CITIC Securities Company Limited
Abbreviation in English	CITIC Securities Co., Ltd.
Legal Representative	ZHANG Youjun
President	YANG Minghui
Authorized Representatives	YANG Minghui, LIU Xiaomeng

Registered Capital and Net Capital

In RMB Yuan

	As at the end of the Reporting Period	As at the end of last year
Registered Capital	**12,116,908,400.00**	12,116,908,400.00
Net Capital	**94,904,219,964.48**	91,996,332,088.63

Business Qualifications for Individual Business of the Company

The business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; provision of intermediate referral services to futures companies; distribution of financial products; and stock options market making business.

In addition, the Company possesses the following business qualifications:

1. Business qualifications approved or certified by the CSRC: online securities entrustment business; entrusted wealth management; operation of overseas securities investment management business by qualified domestic institutional investors (QDII); direct investment; interbank market interest rate swap business; stock index futures trading in proprietary business and asset management business; pilot business of stock return swap; first class OTC option dealer; treasury bond futures trading in proprietary business and securities asset management business; pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts; custodian business for securities investment funds; and credit risk mitigation instruments selling business; market making business of treasury bond futures; commodities derivatives transaction and the trading of financial products on overseas exchanges; carrying out pilot cross-border business.

2. Business qualifications approved by the stock exchange: market maker of stock exchange fixed income platform; warrants trading; stock repo business; stock pledge-style repo business; margin refinancing and securities relending; Southbound Trading Connect business; financing business with respect to exercising rights under share incentive schemes of listed companies; stock options brokerage; proprietary trading for stock options; and principal market maker in SSE 50 ETF options; principal market maker in CSI 300 Index ETF options of the SSE and SZSE; principal market maker of funds listed on the SSE; market maker of listed funds on the SZSE.

3. Business qualifications approved by SAC: quoted transfer business; OTC market business; OTC trading business; internet-based securities business pilot; cross-border income swap transaction business.

4. Business qualifications approved by the People's Bank of China: qualification for lending transactions and bond transactions in the National Interbank Funding Centre; short-term commercial paper underwriting; market maker in interbank bond market; and primary dealer of open market.

5. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDCC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); investment manager for enterprise annuity fund and occupational pension fund; member of underwriting syndicate of policy bank; manager of converted shares of the NSSF; NSSF domestic investment manager; entrusted management of insurance funds; securities investment management for national basic pension insurance fund; pilot refinancing business; sideline insurance agency business; business with special institutional clients of insurance institutions; recommending business and brokerage business through National Equities Exchange and Quotation; market-making business through National Equities Exchange and Quotation; consultancy services relating to the secrecy-involved business of the military industry; general clearing member of interest rate swaps central clearing business of Shanghai Clearing House; settlement and sale of foreign exchange business; general clearing member of commodity and shipping financial derivatives central clearing business of Shanghai Clearing House; general clearing member of standard bond forward central clearing business of Shanghai Clearing House; general clearing member of net bond central clearing business of Shanghai Clearing House; member of the interbank foreign exchange market and member of the interbank foreign currency market.

1.2 Contact Person and Methods

	Secretary to the Board, Company Secretary
Name	Secretary to the Board: ZHANG Youjun (temporarily performing such duty) Joint Company Secretaries: LIU Xiaomeng, YU Hiu Kwan, Hilda
Contact Address	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Note: This is a postal address and is in the same building as that of the registered address of the Company. The registered address of the Company corresponds to the name of the building registered with the Shenzhen Real Estate Ownership Registration Centre) CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Telephone	0086-755-2383 5383, 0086-10-6083 6030
Facsimile	0086-755-2383 5525, 0086-10-6083 6031
Email	ir@citics.com

1.3 Basic Information

Registered Address of the Company	North Tower, Excellence Times Plaza (II), No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address of the Company	518048
Office Address of the Company	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address of the Company	518048, 100026
Business Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	http://www.citics.com
Email	ir@citics.com
Telephone	0086-755-2383 5888, 0086-10-6083 8888
Facsimile	0086-755-2383 5861, 0086-10-6083 6029
Customer Service Hotline for Brokerage and Asset Management Business	95548, 4008895548
Investor Relations Hotline	0086-755-2383 5383, 0086-10-6083 6030

1.4 Information Disclosure and Availability Places

Media designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The websites designated for publication of the Annual Reports	Website designated by CSRC: http://www.sse.com.cn (website of SSE) Website designated by the Hong Kong Stock Exchange: http://www.hkexnews.hk (HKExnews website of HKEx)
Places where Annual Reports of the Company are available	16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province 10/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

1.5 Brief Information of the Shares of the Company

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code	Stock Name Before Change
A Shares	SSE	CITIC Securities	600030	N/A
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030	N/A

1.6 Other Information of the Company

1.6.1 History of the Company

The Company was incorporated in Beijing on 25 October 1995, under the name of CITIC Securities Limited, with registered capital of RMB300,000,000. The principal shareholder of the Company was CITIC Group which directly held 95% of share capital of the Company.

On 29 December 1999, CITIC Securities Limited completed the increase in share capital and was converted into a joint stock limited company known as CITIC Securities Company Limited. The registered capital was increased to RMB2,081,500,000 and the direct shareholding of CITIC Group was 37.85%.

On 6 April 2000, with the approval of CSRC and the State Administration for Industry & Commerce of the People's Republic of China, the registered address of the Company was changed to Shenzhen.

In December 2002, the Company conducted the initial public offering of 400,000,000 A Shares at the price of RMB4.50 per share, and such Shares were listed on the SSE on 6 January 2003. Upon completion of the offering, the total number of Shares of the Company was increased to 2,481,500,000 shares and the direct shareholding of CITIC Group was 31.75%.

On 15 August 2005, the Company carried out the non-tradable shares reform. As a result, holders of non-tradable shares paid consideration to holders of tradable shares in exchange for listing and trading rights of non-trading shares at a ratio of 10:3.5, pursuant to which holders of tradable shares received 3.5 shares for every 10 tradable shares. In addition, a total of 30,000,000 shares were provided by all the holders of non-tradable shares as the shares for the Company's first share incentive scheme. Upon completion of the non-tradable shares reform, the total number of issued Shares of the Company remained at 2,481,500,000 and all such Shares were tradable shares, of which, 1,941,500,000 shares were subject to trading moratorium, accounting for 78.24% of the total issued Shares of the Company, and the direct shareholding of CITIC Group was 29.89%. On 15 August 2008, all Shares held by the promoters which were previously subject to trading moratorium became tradable on the market.

On 27 June 2006, the 500,000,000 A Shares issued by the Company to China Life Insurance (Group) Company and China Life Insurance Company Ltd. by private placement at the price of RMB9.29 per share were listed and traded on SSE. The total number of issued Shares of the Company increased from 2,481,500,000 to 2,981,500,000 and the direct shareholding of CITIC Group was 24.88%.

On 4 September 2007, the 333,733,800 A Shares issued by Company by public offering at the price of RMB74.91 per share were listed and traded on SSE. The total number of issued Shares of the Company increased from 2,981,500,000 to 3,315,233,800 and the direct shareholding of CITIC Group was 23.43%.

In April 2008, the Company completed the 2007 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 Shares, and completed a capitalization issue of 10 bonus Shares for every 10 Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 3,315,233,800 to 6,630,467,600.

In June 2010, the Company completed the 2009 profit distribution and capitalization issue plan, whereby the Company distributed a cash dividend of RMB5 (tax inclusive) for every 10 Shares, and completed a capitalization issue of 5 bonus Shares for every 10 Shares. Following the capitalization issue, the total number of issued Shares of the Company increased from 6,630,467,600 to 9,945,701,400.

In September and October 2011, the Company conducted the initial public offering of 1,071,207,000 H Shares (inclusive of the H Shares issued upon partial exercise of the over-allotment option) at the offering price of HK$13.30 per share. All such Shares were ordinary shares, with a par value of RMB1 per share. According to the Administrative Measures for Reducing the State-owned Shares to Raise Social Security Funds and with the approval from Ministry of Finance, the 13 State-owned Shareholders of the Company transferred their 107,120,700 State-owned shares (inclusive of the shares reduced as a result of partial exercise of over-allotment option) to the NSSF and converted them into H Shares. The 1,094,830,000 H Shares issued and converted pursuant to the global offering (including the H Shares converted from corresponding State-owned shares), the 75,907,000 H Shares issued upon the partial exercise of the over-allotment option and the 7,590,700 H Shares converted from the corresponding State-owned shares, respectively, were listed and traded on the Main Board of the Hong Kong Stock Exchange on 6 October 2011, 1 November 2011 and 7 November 2011. Upon completion of the offering, the total number of issued Shares of the Company increased from 9,945,701,400 to 11,016,908,400, of which 9,838,580,700 Shares were A Shares and 1,178,327,700 Shares were H Shares, and the direct shareholding of CITIC Group decreased to 20.30%.

On 27 December 2011, the first majority Shareholder of the Company, CITIC Group, was restructured into a wholly Stated-owned company and changed its name to "CITIC Group Corporation", which took over all of the business and assets of former CITIC Group. According to the restructuring plan, CITIC Group together with Beijing CITIC Enterprise Management Co., Ltd. established CITIC Limited (renamed as CITIC Corporation Limited in 2014) on 27 December 2011 by contributing substantially all of its operating net assets (inclusive of its 20.30% Shares in the Company). With the approval of CSRC, CITIC Group and CITIC Corporation Limited completed the procedures for the transfer of shareholding on 25 February 2013. The first majority Shareholder of the Company was changed to CITIC Corporation Limited and its direct shareholding in the Company is 20.30%. On 16 April 2014, CITIC Group and Beijing CITIC Enterprise Management Co., Ltd., as the shareholders of CITIC Corporation Limited, entered into a share transfer agreement with CITIC Pacific, pursuant to which they agreed to transfer their 100% equity interest held in CITIC Corporation Limited to CITIC Pacific. The relevant equity transfer was completed on 25 August 2014, and CITIC Pacific became the sole and direct shareholder of CITIC Corporation Limited, the first majority Shareholder of the Company. On 27 August 2014, CITIC Pacific changed its name to CITIC Limited.

On 23 June 2015, upon the listing and trading on the Hong Kong Stock Exchange of the 1,100,000,000 H Shares issued by the Company to 10 investors, including Kuwait Investment Authority, by private placement at the price of HK$24.60 per Share, the total number of issued Shares of the Company increased from 11,016,908,400 to 12,116,908,400, of which 9,838,580,700 Shares were A Shares and 2,278,327,700 Shares were H Shares. Following completion of the issuance, the direct shareholding of CITIC Corporation Limited decreased to 15.59%.

On 26 February 2016 and 29 February 2016, CITIC Corporation Limited, through its own stock account, increased its shareholding in the Company by an aggregate of 110,936,871 A Shares. Upon the completion of the increase in shareholding, the total number of Shares of the Company directly held by CITIC Corporation Limited increased from 1,888,758,875 shares to 1,999,695,746 shares, and the direct shareholding increased from 15.59% to 16.50%.

On 27 May 2019, the 2019 first extraordinary general meeting of the Company considered and approved the acquisition of 100% equity interest in Guangzhou Securities by issuance of the shares (hereinafter referred to as the "**Transaction**"). The procedures for the transfer of the target assets in relation to the Transaction and relevant industrial and commercial registration of changes have been completed in January 2020. The Company currently holds 100% equity interest in Guangzhou Securities, and the name of Guangzhou Securities has been changed to CITIC Securities South China Company Limited. On 11 March 2020, the Company issued 265,352,996 shares and 544,514,633 shares to Yuexiu Financial Holdings and Financial Holdings Limited, respectively, for acquisition of 100% equity interest in Guangzhou Securities, and the registered capital of the Company will be changed from RMB12,116,908,400 to RMB12,926,776,029. The Company still needs to go through procedures regarding the amendments to the Articles of Association as well as relevant filing procedures for such change of registered capital to take effect.

After its listing on SSE, the Company has since been included in the SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, FTSE/Xinhua A50 China Index, Dow Jones China 88 Index, and SSE Social Responsibility index, etc. After its listing on the Hong Kong Stock Exchange, the Company has since been included in constituent stocks of indices such as the Hang Seng China H-Financials Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Index — Financials and Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, Hang Seng CSI Shanghai-Hong Kong AH Smart Index, SSE SH Equities Index, FTSE China 25 Index and MSCI China Index, which greatly enhanced the prestige of the Company. Since the launch of Shanghai-Hong Kong Stock Connect on 17 November 2014, the Shares of the Company have been included in its northbound trading list and southbound trading list respectively. Upon the launch of Shenzhen-Hong Kong Stock Connect on 5 December 2016, H Share of the Company has become an eligible stock of Shenzhen-Hong Kong Stock Connect.

Changes in registration status during the Reporting Period:

On 10 September 2019, the Company completed the filing of changes to the directors and supervisors and Articles of Association of the Company with the Shenzhen Market Supervision and Regulation Bureau.

Information of first registration:

Date of First Registration: 25 October 1995

First Registered Address: Capital Mansion, No. 6 Xinyuan South Road, Chaoyang District, Beijing

Registration Number of Corporate Legal Person Business License: 10001830

Certificate of Organization Code: 10178144-0

Please refer to "1. Company Information" of the 2002 Annual Report of the Company for the information on the first registration of the Company.

1.6.2 Changes in the businesses

The Company was established against the background of increasing development and maturity of the securities market in China. Since its establishment, the Company has actively operated its businesses following the principle of "standardized operation and stable and healthy development". At the end of 1996, the Company became one of the first ten securities houses whose stock underwriting qualification was re-approved by CSRC; in October 1999, the Company became one of the first batch of comprehensive securities companies approved by CSRC and one of the first batch of securities houses whose qualification as a lead underwriter for equity product was re-approved by CSRC. The Company is one of the supervisor members of the Securities Association of China, one of the first batch of securities companies to enter into the national interbank lending market, and one of the first batch of securities companies authorized to engage in stock-secured loans. In 2002, the Company obtained the qualifications to engage in entrusted investment management business and fund sales agency services. In 2005, the Company obtained the qualification as enterprise annuity manager. In 2006, the Company became the first (the only) securities company to obtain the qualification as a lead underwriter of short-term commercial papers. In 2007, the Company obtained the qualifications for the trial business of direct investment and overseas securities investment management business as a qualified domestic institutional investor (QDII). In 2008, the Company became a Class-A clearing participant of CSDCC and obtained the qualification for the provision of brokerage services to futures companies. In 2009, the Company obtained the qualification to manage the transfer of converted shares of the NSSF. In 2010, the Company obtained the qualifications for margin financing and securities lending business, stock index futures trading in proprietary business and assets management business and was approved to be a domestic investment manager for the NSSF. In 2011, the Company became one of the first batch of companies to obtain the stock repo trading qualification. In 2012, the Company obtained the qualifications for underwriting of private placement of SME bonds, entrusted management of insurance funds, distribution of financial products, pilot businesses of stock return swap, pilot refinancing business and consultancy services relating to secrecy-involved business of the military industry. In 2013, the Company obtained the qualifications for sideline insurance agency business, and treasury bond futures trading in proprietary business and the securities assets management business. It was among the first batch of companies to obtain the qualifications for membership of Shanghai Clearing House on RMB interest rate swaps to conduct the clearing agency business and one of the first batch of companies to become a general clearing member in 2014. In 2014, the Company obtained the qualifications for agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts, OTC option business, Internet-based securities business, New OTC market making business, securities investment fund custody business, Southbound Trading Connect business, credit risk mitigation instruments selling business and financing business with respect to exercising rights under share incentive schemes of listed companies, and was qualified as a primary dealer of open market. In 2015, the Company obtained the qualification of the stock options market making business, and was approved to commence SSE 50 ETF options market making business; the Company was admitted as a stock options trading participant on the SSE and obtained the trading permission to commence the stock options brokerage and proprietary trading business. In 2016, the Company obtained the qualification to manage occupational annuity for government employees, and was accepted as a non-bank member on the Shanghai Bill Exchange Co., Ltd., and obtained the trading permission to commence the rediscount, pledged repurchase, outright repurchase and other transactions of bills. In 2018, the Company obtained the qualifications for investment in overseas financial products or instruments that other QDIIs are allowed to invest in using its proprietary capital. In 2019, the Company obtained the business qualification as principal market maker of listed funds; was approved to conduct the market making business of treasure bond futures and the stock index option market making business; obtained the operation qualification of settlement and sale of foreign exchange business, and can conduct pilot settlement and sale of foreign exchange business; became a member of the interbank foreign exchange market and the interbank foreign currency market, and can engage in spot, forward, swap, currency swap, foreign currency interest rate swap and options trading.

1.6.3 Changes of principal Shareholders

Since the establishment of the Company, CITIC Group or its subsidiaries has/have been the largest Shareholder of the Company. Please refer to "1.6.1 History of the Company" under this section for details.

1.6.4 Results of the regulator's classification of the Company

In the 2019 Classification and Evaluation of Securities Companies, the Company, together with CITIC Securities (Shandong) and Kington Securities, securities subsidiaries in which the Company has a controlling interest, were rated AA in the category A of the Chinese securities industry.

1.6.5 The organization status of the Company

As at the end of the Reporting Period, the Company has five principal wholly-owned subsidiaries, namely CITIC Securities (Shandong), CSI, GoldStone Investment, CITIC Securities Investment and CITIC Futures and one principal non-wholly-owned subsidiaries, namely China AMC. Please refer to "4.3.5 Analysis of principal subsidiaries and non-controlling companies" of this results announcement for details.

1.6.6 Number and network of branches of the Company

As at the end of the Reporting Period, the Company, CITIC Securities (Shandong), CITIC Futures and Kington Securities have 78 branch offices, 277 outlets in Mainland China (including 273 outlets for securities operations and 4 outlets for futures operations).

The number and network of domestic securities branch offices of the Group are as follows:

Province, city or area	Number of branch offices	Province, city or area	Number of branch offices	Province, city or area	Number of Branch offices
Zhejiang	7	Hubei	1	Shaanxi	1
Shandong	5	Jiangxi	1	Shanxi	1
Guangdong	2	Liaoning	1	Anhui	1
Shanghai	2	Henan	1	Chongqing	1
Jiangsu	1	Sichuan	1	Jilin	1
Beijing	1	Hebei	1	Hunan	1
Fujian	1	Tianjin	1	Inner Mongolia	1
Heilongjiang	1	Yunnan	1	Guangxi	1
Hainan	1	Gansu	1	Ningxia	1

The number and network of domestic securities outlets of the Group are as follows:

Province, city or area	Number of securities outlets	Province, city or area	Number of securities outlets	Province, city or area	Number of securities outlets
Zhejiang	64	Hubei	8	Shaanxi	3
Shandong	57	Jiangxi	7	Shanxi	2
Guangdong	26	Liaoning	6	Anhui	2
Shanghai	23	Henan	7	Chongqing	1
Jiangsu	21	Sichuan	5	Jilin	1
Beijing	21	Hebei	5	Hunan	1
Fujian	8	Tianjin	4	Inner Mongolia	1

As at the end of the Reporting Period, CITIC Futures held 43 branches, including 39 branch offices and 4 futures outlets (all of them are located in Zhejiang), the number and network of which are as follows:

Province, city or area	Number of branches	Province, city or area	Number of branches	Province, city or area	Number of branches
Zhejiang	7	Hubei	1	Shaanxi	1
Shandong	3	Jiangxi	1	Shanxi	1
Guangdong	2	Liaoning	2	Anhui	1
Shanghai	4	Henan	1	Chongqing	1
Jiangsu	2	Sichuan	1	Guizhou	1
Beijing	2	Hebei	1	Hunan	1
Fujian	1	Tianjin	1	Inner Mongolia	1
Heilongjiang	1	Yunnan	1	Guangxi	1
Xinjiang	1	Gansu	1	Ningxia	1
Hainan	1				

In addition, CSI held four branches in Hong Kong through its subsidiary.

1.7 Other Relevant Information

Auditors engaged by the Company	Domestic	Name	PwC Zhong Tian
		Office Address	11/F, Pricewaterhouse-Coopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai
		Name of the signing accountant	HAN Dan, ZHANG Wei
	Overseas	Name	PwC Hong Kong *Certified Public Accountants* *Registered Public Interest Entity Auditor*
		Office Address	22/F, Prince's Building, Central, Hong Kong
		Name of the signing accountant	Ho Shuk Ching Margarita
Legal Advisers as to PRC Laws		Name	Beijing Jiayuan Law Firm
Legal Advisers as to Hong Kong Laws		Name	Linklaters
A Share Registrar		Name	CSDCC, Shanghai Branch
		Office Address	36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai
H Share Registrar		Name	Computershare Hong Kong Investor Services Limited
		Office Address	17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

1.8 Awards in 2019

1.8.1 The Company

Issued by: FinanceAsia
Best Investment Bank in Asia, Best Equity Capital Market Service Broker, Best Bond Capital Market Service Broker, Best IPO Service Broker, Best M&A Service Broker, Best Green Financial Broker in Asia, Best Underwriter, Best Bond Dealer, Best Panda Bond (BMW Automotive Finance), Best IPO (Baofeng Energy)

Issued by: Asiamoney
Best Broker in China, Best Domestic Equity Financing Broker, Best ABS Underwriter of the Year, Best Underwriter for Account Receivables Securitization, Best ABS/MBS Deal of the Year

Issued by: SSE
Excellent Dealer, Excellent Underwriter of Local Government Bonds

Issued by: SZSE
Excellent Innovation Institution for Fixed Income Business, Outstanding Underwriter Award in Interest Rate Bonds

Issued by: National Interbank Funding Centre
Core Dealer, Excellent Dealer in the Money Market, Excellent Dealer in the Bond Market, Excellent Dealer in the Derivatives Market, Outstanding Contribution in Opening Up, Market Innovation Award, Trading Mechanism Innovation Award, Best Technology Award

Issued by: China Development Bank
Excellent Underwriter in the Exchange Market, Excellent Underwriter in the Interbank Market, Overseas Market Promotion Award, Excellent Innovative Underwriter, Excellent Market Maker

Issued by: Agricultural Development Bank of China
Best Underwriter Award, Best Broker Institution Award, Outstanding Market Maker of Agricultural Development Bonds, Outstanding Underwriter of Exchange Financial Bonds

Issued by: China Central Depository & Clearing Co., Ltd.
Outstanding Proprietary Trader, Best Contribution Underwriter Award of Local Municipal Bonds (non-bank institutions)

Issued by: China Foreign Exchange Trade System
The Project of "Open-end Client of New Platform for Currency Trading — Flagship Store" won the Runner-up Prize of the Fintech Innovation Competition in the 2019 Interbank Market

Issued by: Caixin Capital Market Achievement Awards for 2018 of Caixin Media
Best Broker in Chinese Domestic Bond Market
Best Investment Bank in Chinese Market
Best Investment Bank in Financial Institution Industry of Chinese Market
Best Corporate Bond Underwriter in China
Best Asset Securitization Underwriter in China

Issued by: New Fortune
Best Local Investment Bank No. 1, Best Investment Bank in Equity Underwriting No. 1, Best Investment Bank in Debt Underwriting No. 1, Best Investment Bank in Energy Sector No. 1, Best IPO Investment Bank No. 4, Best Refinancing Investment Bank No. 2, Best IPO Project No. 1 (PICC), Best Refinancing Project No. 1 (China Construction Bank), Best Refinancing Project No. 9 (Spring Airlines)

Issued by: Securities Times
Jun Ding Award: 2019 Full-Service Investment Bank in China, 2019 Bond Team in China, 2019 Asset Securitization Investment Bank in China, 2019 Financial Advisor in China
Most respected investment bank of listed companies: Top 10 Investment Banks, Top 10 Capital Market Department

Issued by: Securities Daily
Golden Horse Award in Chinese Securities Market (Excellent Service Broker Award in STAR Market)

Issued by: China Securities Journal; www.jnlc.com
Three-Year Golden Bull Broker's Collective Asset Manager
Three-Year Golden Bull Broker's Collective Asset Management Plan

Issued by: China Asset Securitization Research Institute
Huijing Award — Leading Investment Institution in the Market

Issued by: Financial Times
2019 Golden Dragon Award (Best Securities Company of the Year)

Issued by: China Securities Journal
2019 Golden Bull Award in Chinese Securities Industry (Golden Bull Award of Top Ten Securities Companies, Golden Bull Award of Social Responsibility of Securities Companies, Golden Bull Wealth Management Team Award, Golden Bull Investment Bank Team Award, Golden Bull Asset Management Team Award)

Issued by: Shanghai Securities News
2019 Gold Quality Award (Corporate Governance Award)

Issued by: International Financial News
2019 International Pioneer Investment Bank

Issued by: hexun.com
2019 Broker Brand Award, 2019 Broker Outstanding APP Award, 2019 Broker Bonus Award

Issued by: Sina Finance
Responsible Investment Best Securities Company Award

Issued by: jiemian.com
2019 China Financial Excellence Award (Securities Company of the Year)

Issued by: eastmoney.com
2019 Best Broker, 2019 Best Broker Asset Management Equity/Asset Allocation Team

Issued by: 36kr
TOP 5 Most Influential Securities Companies in China's Listed Company Merger and Acquisition Services

Issued by: Investor China
Trustworthy Excellent Securities Company of the Year

Issued by: Economic Media Association of China
2019 China Innovation Leader Award

1.8.2 CLSA Limited

Asiamoney Brokers Poll 2019
Issued by: Asiamoney
1990–2018 No. 1 Asia-Pacific Best Overall Combined Research and Sales Broker Selection
No. 2 Overall Combined Regional Research & Sales (Asia, ex Australia, China A & B Shares, Japan)
No. 2 Overall Combined Research & Sales in Australia
No. 2 Overall Combined Research & Sales in Japan
No. 2 Overall Combined Research & Sales in China (A & B Shares)
No. 2 Overall Combined Regional Sales (Asia, ex Australia & Japan)
No. 2 Overall Combined Regional Research (Asia, ex Australia & Japan)

Awards in Asia (Excluding Japan)
Research: No. 1 Best Strategist/No. 2 Best Economist/No. 1 Best Technical Analyst (Quantitative)/No. 3 Best Technical Analyst (Quantitative)/No. 3 Best Analyst for Banks/No. 2 Best Analyst for Casinos & Gaming/No. 3 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 3 Best Analyst for Industrials/No. 1 Best Analyst for Diversified Financials/No. 2 Best Analyst for Healthcare/No. 1 Best Analyst for Insurance/No. 2 Best Analyst for Materials/No. 3 Best Analyst for Materials/No. 1 Best Analyst for Semiconductors & Semiconductor Equipment/No. 2 Best Analyst for Software & Internet Services

Sales: No. 1 Best Regional Salesperson

Japan
Research: No. 2 Best for Overall Country Research/No. 1 Best Strategist/No. 1 Best Analyst for Automobiles & Components/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Non-Bank Financial/No. 1 Best Analyst for Industrials/No. 1 Best Analyst for Insurance/No. 1 Best Analyst for Semiconductors & Semiconductor Equipment/No. 1 Best Analyst for Technology Hardware & Equipment/No. 1 Best Analyst for Transportation & Logistics

Sales and Trading: No. 2 Best Overall Sales Services/No. 1 Best Country Salesperson/No. 2 Best Country Salesperson/No. 3 Best Country Salesperson/No. 1 Best Country Sales Trader/No. 2 Best Country Sales Trader

Australia
Research: No. 2 Best For Overall Country Research/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Business and Personal Services/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Energy/No. 1 Best Analyst for Non-bank financial/No. 1 Best Analyst for Healthcare/No. 1 Best Analyst for Media/No. 1 Best Analyst for Real Estate/No. 1 Best Analyst for Software & Internet Services/No. 1 Best Analyst for Technology Hardware & Equipment/No. 1 Best Analyst for Transportation & Logistics

Sales and Trading: No. 1 Best Overall Sales Services/No. 1 Best Country Salesperson/No. 2 Best Country Salesperson/No. 1 Best Country Sales Trader/No. 3 Best Country Sales Trader

Issued by: FinanceAsia
Country Awards for Achievement 2019

Hong Kong
Best broker in Hong Kong amongst Chinese Financial Institutions

The Philippines
Best Deal in the Philippines: Allhome Group US$285 million IPO (CLSA Limited as one of the bookrunners)

Sri Lanka
Best brokers in Sri Lanka

Issued by: The Asset
Triple A Country Awards 2019

China
Best IPO in China: Jinxin Fertility Group Limited US$447 million Hong Kong IPO (CLSA Limited as one of the sponsors, global coordinators, bookrunners and lead managers)
Best equity-linked in China: Lenovo Group US$675 million convertible bonds (CLSA Limited as one of the global coordinators and bookrunners)

Best M&A in Hong Kong: Cathay Pacific Airways acquires Hong Kong Express Airways for HK$4.93 billion (CLSA Limited as financial advisor)

The Philippines
Best Green Bond Project in the Philippines: AC Energy US$300 million senior unsecured note (CLSA Limited as one of the lead managers and bookrunners)

India
Best Eligible Institution Placing in India: Godrej Properties US$302 million Eligible Institution Placing (CLSA Limited as one of the bookrunners and lead managers)
Best new bond in India: Indusind Bank US$400 million senior notes (CLSA Limited as one of the bookrunners)

Issued by: Institutional investors
2019 Asian Research Team Awards
No. 1 Best Philippine Research Team of the Year (by commission)/No. 1 Best Philippine Research Team (by asset management scale) of the year/No. 1 Best Thailand Research Team (by asset management scale) of the year/No. 2 Best Thailand Research Team (by commission) of the year/No. 3 Best Philippine Research Company (by asset management scale) of the year/No. 3 Best Australia and New Zealand Research Company (by commission) of the year: Health & Medical

Issued by: Refinitiv
2019 STARMINE Analyst Awards

Asia
No. 3 Overall Analyst Awards: Utilities (Best Profit Forecast)/No. 1 REITs Stock Selection/No. 1 Utilities Profit Forecast/No. 2 Profit Forecast in Interactive Media and Services Industry/No. 3 Profit Forecast in Semiconductor Industry

Australia and New Zealand
No. 2 Overall Analyst Awards: Financial Services (Best Stock Selection)/No. 1 Stock Selection in Financial Services Industry/No. 1 Stock Selection in Interactive Media and Services Industry/No. 2 Stock Selection in Hotel, Restaurant and Leisure Industry/No. 2 Stock Selection in Telecommunication Services and Information Technology Industry/No. 2 Profit Forecast in Chemical and Forestry Industry/No. 3 Stock Selection in Metals and Mining Industry/No. 3 Profit Forecast in Hotel, Restaurant and Leisure Industry/No. 3 Profit Forecast in Real Estate Industry

China (including Hong Kong)
No. 2 Overall Analyst Awards: Utilities (Best Profit Forecast)/No. 1 Utilities Profit Forecast/No. 2 Profit Forecast in Interactive Media and Services Industry/No. 2 Profit Forecast in IT and Consumer Durables Industry/No. 3 Profit Forecast in Consumer Discretionary Industry/No. 2 Profit Forecast in Chemical and Forestry Industry/No. 3 Stock Selection in Metals and Mining Industry/No. 3 Profit Forecast in Hotel, Restaurant and Leisure Industry/No. 3 Profit Forecast in Real Estate Industry

India
No. 2 Overall Analyst Awards: Information Technology (Best Stock Selection)/No. 1 Stock Selection in Energy Industry/No. 2 Profit Forecast in Transportation Industry/No. 3 Utilities Profit Forecast

Japan
No. 1 Stock Selection in Transportation Industry/No. 2 Stock Selection in Technology Hardware Industry/No. 2 Stock Selection in Telecommunication Services Industry/No. 3 Stock Selection in Entertainment Industry/No. 3 Profit Forecast in Transportation Industry

1.8.3 GoldStone Investment

Issued by: China Securities Journal
Golden Bull Broker's Equity Investment Annual Winner

Issued by: Zero2IPO Group
No. 7 2018 Top 50 Best Private Equity Investment Institutions in China

1.8.4 CITIC Futures

Issued by: Shanghai Futures Exchange
2018: Outstanding Member (Gold), Industry Service Award (bronze, fuel oil, asphalt, zinc, lead, steel, tin, gold, silver, aluminum, natural rubber, nickel), Options Market Service Award, Social Responsibility Contribution Award

Issued by: Hong Kong Stock Exchange
2019 Model Chinese Futures Dealers, Important Partners

Issued by: Shanghai International Energy Exchange
2018 Outstanding Member

Issued by: Futures Daily, Securities Times
Best Futures Company in China, Junding Award for Excellent Futures Companies, Best Service Award for Commodities Futures Industry, Best Service Award for Financial Futures, Best Targeted Poverty Alleviation Outstanding Contribution Award, Best Asset Management Leading Award, Annual Best Investor Education Work Award, Best Futures IT System Construction Award, Best Futures Derivatives Comprehensive Service Innovative Award, Best Integrity and Self-discipline Futures Company, Emerging Future Company Award for Internationalization Process, Best Corporate Branding Development Award, Most Popular Public Account for Futures Institutions, Best Risk Management Subsidiary Service Award (CITIC Securities Capital Management Co., Ltd.), Best Overseas Futures Business Service Award (CITIC Futures International Co., Ltd.), Best Futures Operation Branch in China (CITIC Futures Beijing Branch Office), China Golden Futures Research Institute (Research Consulting Department of CITIC Futures)

1.8.5 China AMC

Issued by: Shanghai Stock Exchange
Best 10 Index ETF Manager

Issued by: The Asset
China Annual Fund Management Company Highly Commended Award, Best ESG Fund Management Company in China

Issued by: Securities Times, Chinafund
Best Index Development Fund Company, Best Social Commonweal Practice Case, Best Comprehensive Marketing Planning Case Award, Best Marketing Planning Innovation Award
ChinaAMC SSE Index ETF won the Annual Best Stock Index ETF Award
ChinaAMC China Securities SOE structural adjustment ETF won the Annual Best Innovative Fund Product Award
ChinaAMC Ankang Credit Optimized Bonds won Five-Year Continuous Returns Positive Bond Star Fund
ChinaAMC Overseas Income Bond won Three-Year Continuous Return QDII Star Fund
ChinaAMC Dingmao Bond won the Annual Star Fund of Ordinary Bond

Issued by: Shanghai Securities News
Golden Fund TOP Fund Company Award, Golden Fund Passive Investment Fund Management Company Award
ChinaAMC CSI 300 Index ETF — The 16th Golden Fund — Index Fund Award (Three-year)

Issued by: China Securities Journal
Golden Bull Award for Passive Investment Fund Managers

2. FINANCIAL SUMMARY

2.1 Key Financial Data

2.1.1 Key accounting data

In RMB million

Items	2019	2018	Variance in comparison with last year (%)	2017
Total revenue and other income	**57,080**	51,061	11.79	56,960
Operating profit	**16,194**	11,734	38.01	15,570
Profit before income tax	**16,995**	12,466	36.33	16,174
Net profit attributable to owners of the parent	**12,229**	9,390	30.23	11,433
Net cash inflow/(outflow) from operating activities	**-4,004**	57,619	N/A	-66,703

Items	31 December 2019	31 December 2018	Variance in comparison with last year (%)	31 December 2017
Total assets	**791,722**	653,133	21.22	625,575
Total liabilities	**626,272**	496,301	26.19	472,432
Equity attributable to owners of the parent	**161,625**	153,141	5.54	149,799
Issued share capital	**12,117**	12,117	—	12,117

2.1.2 Key financial indicators

Items	2019	2018	Variance in comparison with last year (%)	2017
Basic earnings per share (RMB yuan/share)	**1.01**	0.77	31.17	0.94
Diluted earnings per share (RMB yuan/share)	**1.01**	0.77	31.17	0.94
Return on weighted average equity (%)	**7.76**	6.20	Increased by 1.56 percentage points	7.82

Items	31 December 2019	31 December 2018	Variance in comparison with last year (%)	31 December 2017
Net assets per share attributable to owners of the parent (RMB yuan/share)	**13.34**	12.64	5.54	12.36
Gearing ratio (%)[Note]	**75.25**	71.76	Increased by 3.49 percentage points	70.87

Note: Gearing ratio = (total liabilities – customer brokerage deposits)/(total assets – customer brokerage deposits)

2.1.3 Net capital and relevant risk control indices of the parent company

Items	31 December 2019	31 December 2018
Net capital (RMB million)	**94,904**	91,996
Net assets (RMB million)	**133,558**	125,476
Total risk capital reserves (RMB million)	**56,864**	50,019
Risk coverage ratio (%)	**166.90**	183.92
Capital leverage ratio (%)	**13.73**	16.22
Liquidity coverage ratio (%)	**151.15**	247.92
Net stable funding ratio (%)	**123.95**	156.16
Net capital/net assets (%)	**71.06**	73.32
Net capital/liabilities (%)	**23.35**	28.91
Net assets/liabilities (%)	**32.86**	39.44
Value of proprietary equity securities and derivatives held/net capital (%)	**48.40**	28.91
Value of proprietary non-equity securities and derivatives held/net capital (%)	**289.59**	230.75

Note: The risk control indices for every business of the parent company are in compliance with the relevant requirements of *Administrative Measures for the Risk Control Indices of Securities Companies* issued by the CSRC.

2.2 Financial Data for the Last 5 Years

2.2.1 Operating results

In RMB million

Items	2019	2018	2017	2016	2015
Total revenue and other income	**57,080**	51,061	56,960	50,067	72,924
Operating expenses	**40,886**	39,327	41,390	36,154	46,282
Share of profits and losses of associates and joint ventures	**801**	732	604	350	645
Profit before income tax	**16,995**	12,466	16,174	14,263	27,287
Net profit attributable to owners of the parent	**12,229**	9,390	11,433	10,365	19,800

2.2.2 Financial position

In RMB million

Items	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Issued share capital	**12,117**	12,117	12,117	12,117	12,117
Total equity	**165,450**	156,832	153,143	145,789	141,737
Equity attributable to owners of the parent	**161,625**	153,141	149,799	142,696	139,138
Total liabilities	**626,272**	496,301	472,432	451,650	474,371
Customer brokerage deposits [Note 1]	**123,351**	97,774	99,855	134,398	150,457
Total assets	**791,722**	653,133	625,575	597,439	616,108

2.2.3 Key financial indicators

In RMB million

Items	2019	2018	2017	2016	2015
Dividends per share (RMB yuan/share)	**0.50**	0.35	0.40	0.35	0.50
Basic earnings per share (RMB yuan/share)	**1.01**	0.77	0.94	0.86	1.71
Diluted earnings per share (RMB yuan/share)	**1.01**	0.77	0.94	0.86	1.71
Return on weighted average equity (%)	**7.76**	6.20	7.82	7.36	16.63
Gearing ratio (%) Note 2	**75.25**	71.76	70.87	68.51	69.56

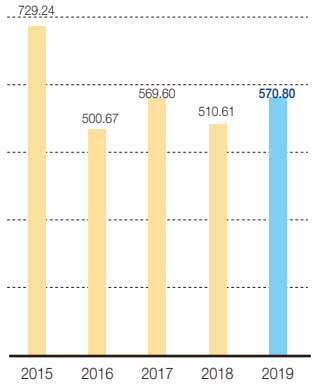
Notes:

1. Customer brokerage deposits above represent the amount received from and repayable to clients arising from the normal courses of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit institutions.

2. Gearing ratio = (total liabilities – customer brokerage deposits)/(total assets – customer brokerage deposits).

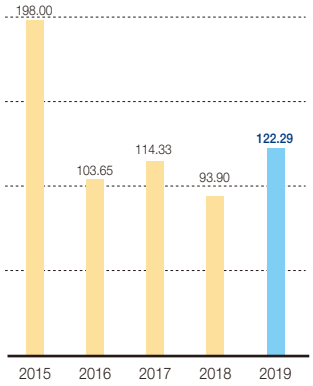
Total revenue and other income

In RMB100 million



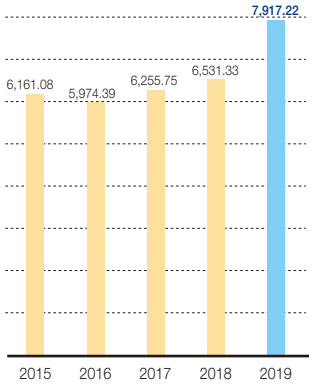
Net profit attributable to owners of the parent

In RMB100 million



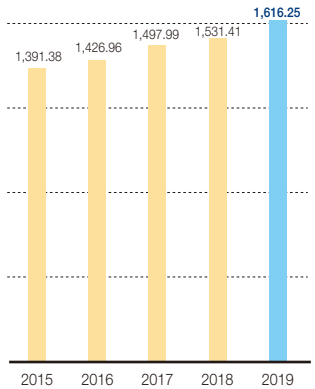
Total assets

In RMB100 million



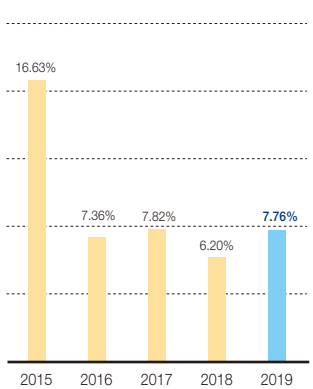
Equity attributable to owners of the parent

In RMB100 million



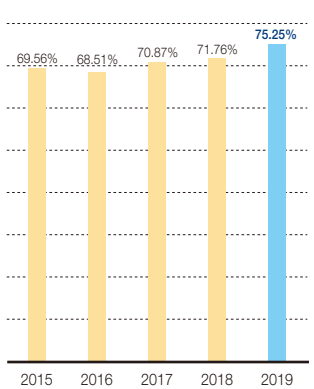
Return on weighted average equity

%



Gearing ratio

%



3. CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2019 marks the 70th anniversary of the founding of the People's Republic of China as well as the 40th anniversary of the establishment of CITIC Group. Guided by XI Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company adheres to the operation objectives of implementing national strategies and serving the real economy. With the joint efforts of all of our colleagues, various operation and management works have achieved steady progresses, coupled with stable growth in various financial indicators and continuing top rankings in various businesses. In 2019, the Company recorded a total revenue of RMB43,140 million and net profit attributable to owners of the parent of RMB12,229 million, representing a significant increase as compared to 2018.

During this year, we insisted on implementing national strategies and supported the implementation of major national strategies. The Company is a Chinese-funded broker with the most branches and sub-branches, research institutes, sales networks, and clearing and settlement infrastructures along the Belt and Road. In 2019, the Company further integrated the business and management of overseas platforms and implemented global integrated vertical management, fully leveraging on the Company's overall domestic and overseas service advantages to serve Chinese customers going abroad and foreign customers coming in. The Company has acquired 100% equity interest in Guangzhou Securities by issuance of Shares and changed its name to CITIC Securities South China Company Limited, aiming to enhance the Company's service capabilities in South China and to better serve the national strategy of building "Guangdong-Hong Kong-Macau Greater Bay Area".

During this year, we continued to serve the real economy and facilitate supply-side structural reform. In 2019, the Company's domestic equity business underwriting size amounted to RMB279.8 billion with a market share of 18.16%, and the bond business underwriting size amounted to RMB1,001.5 billion, with a market share of 5.29%, both ranking the forefront in the industry. The size of A-share material assets restructuring transactions completed by the Company amounted to approximately RMB163.3 billion and ranked first in the industry. The Company focused on underwriting and sponsoring business in the STAR Market and filed 22 orders and completed 9 orders of issuance. The Company and China AMC won all the bids for central governmental entities and the 28 provinces, autonomous regions and municipalities that have completed the selection of occupational annuity investment manager. The Company focused on optimizing the structure of financing customers to satisfy diversified financing needs of customers including hedging and arbitrage. The Company enriched domestic and overseas fixed income products, improved its capability in offering products and satisfied the needs of domestic and overseas customers for risk management.

During the year, we kept the risk bottom line in mind and strengthened the management and control of various risks. The Company further improved its risk and compliance management systems, increased investment in promoting the construction of informatization, diversified monitoring approaches and measures for risk prevention, and strictly prevented risks to control and reduce various risk events. Its domestic and overseas risk management has witnessed a continuous improvement in various businesses, with risk management being performed at early stages such as business plan formulation, transaction structure design and other links to effectively control compliance risks of new products and new businesses. Since the establishment of the Company's risk disposition working group, it has worked out the management measures on risk disposition and continuously increased its efforts in risk assets disposition.

This year, we earnestly fulfilled our corporate social responsibility and continued to step up our efforts in targeted poverty alleviation. We adhered to the principle of poverty alleviation through education. Eight kindergartens in Xainza County, Tibet we aided have all been delivered and put into use, and we kept supporting the students in need in Guyuan No. 1 Middle School, Hebei Province. We gave full play to our strengths, actively participated in the securitization of farmer-aid credit assets under the China Foundation for Poverty Alleviation and accomplished the establishment of public microfinance No. 7-10 asset-backed special programs of CD Finance. We helped poverty-stricken areas to win the battle against poverty by providing systematic and multi-channel financial services to strengthen industrial support. Huichang County, Jiangxi Province supported by the Company has been lifted out of poverty, and poverty alleviation efforts have also been initiated for Jishishan County, Gansu Province.

2020 marks the 25th anniversary of the establishment of the Company. Thanks to the unremitting efforts of our staff, we have been developing greatly and have accumulated valuable resources such as brand, customer, talent, business and network, laying a solid foundation for our high-quality and sustainable development. Looking back, we remained true to our original aspiration; while looking ahead, we will keep our mission firmly in mind. We will continue to follow the guidance of XI Jinping Thought on Socialism with Chinese Characteristics for a New Era, summarize our valuable experience in implementing national strategy and serving the real economy over the past 25 years, expand market exploration with constant efforts, and improve our ability to serve customers to promote our high-quality and sustainable development.

Let's seize the day and live it to the fullest, and make our due contribution to the realization of the "Two Centenary Goals" and the Chinese dream of national rejuvenation.

ZHANG Youjun
Chairman
19 March 2020

4. MANAGEMENT DISCUSSION AND ANALYSIS

4.1 Corporate Strategy and Long-term Operation Model

4.1.1 Landscape and trend of the industry

1. Capital market will undergo profound changes

Capital market reform has had a clear top-level design. With the amended Securities Law, "Twelve Rules for Deepening Reform" and the Plan for Actions to Improve Quality of Listed Companies, capital market will be promoted towards the objectives of becoming more "regulated, transparent, open, vigorous and resilient".

The basic system reform in capital market is accelerating at full speed. Experience relating to system innovation of the STAR Market will be adopted and promoted, while the registration system reform centering on information disclosure is deepening continuously, with the exit mechanism undergoing improvement. The basic system of capital market has achieved constant enhancement, with higher requirements for the ability of securities companies in pricing research, value discovery, marketing and risk management.

Opening up of capital market will reach a new level. With successive implementation of policies as to MSCI expansion and more QFII and RQFII quota since 2019, foreign capital will become an important participant of the Chinese capital market.

2. Securities industry will face more competition

In 2020, restrictions on proportion of foreign equities in futures, fund and securities companies are being successively loosen, attracting foreign-funded investment banks and asset management institutions to expand their layout in the Chinese market. Foreign-funded institutions will leverage their advantages in international financial market to compete head-on with local brokers in aspects such as mixed operation, institutional client service, product pricing ability, business innovation and talents.

Wealth management subsidiaries of banks will intensify the competition in asset management. Starting operations successively in 2019, wealth management subsidiaries of banks will, by virtue of retail and corporate client resources of commercial banks and stronger advantages in fixed income products, impact existing public funds and asset management brokers. The relationship between securities companies and wealth management subsidiaries of banks will transform to frenemies from mainly pure partners.

Financial technology and securities industry will be integrated at a faster pace. Continuously increasing investment in technologies, some brokers have entered into substantive cooperation with technology companies by introducing strategic investors, establishing technological joint ventures and other means. Internet giants continuously strengthen their layout in smart investment consultancy, asset management and other fields, posing new challenges to business expansion of brokers based on their advantages in digitalization and technological capabilities. Technologies are gradually expediting the reform on commercial models of finance.

4.1.2 Development strategy of the Company

The development vision and goal of the Company is to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. It strives to maintain the leading position in China and amongst the top in Asia for its principal businesses, while fully optimizing and enhancing its business layout, management structure, operation mechanism and appraisal system. Through benchmarking with world-class investment banks, the Company will continue to address its shortcomings and aim to outperform them by pursuing business diversification, broader customer base and higher competitiveness in the international market.

4.1.3 Business plan for 2020

In 2020, the Company will serve the national strategies and real economy under the guidance of XI Jinping's Thought on Socialism with Chinese Characteristics to promote the high-quality and sustainable development of the Company. The Company will implement global integrated vertical management to enhance its cross-border service capability; strengthen strategic client services to continuously expand its client market coverage; allocate global assets to improve its ability in investment and transaction; implement its financial technology development strategy to promote its business model transformation; continuously step up talent team building to optimize its talent structure; and strengthen party construction and corporate culture construction and actively fulfil its social responsibilities.

Please refer to "4.2 Business Overview" of this results announcement.

4.1.4 Capital requirement

In 2019, the Company conducted all businesses in an orderly manner. The businesses including bond market-making, margin financing and securities lending business and stock-pledged financing business are all capital intensive and have high capital requirements. During the Reporting Period, the Company completed domestic debt financing of RMB125.7 billion and overseas debt financing of US$1,300 million. The Company's interest cost was on a downward trend on the whole. The Company will strengthen its unified management of domestic and overseas capitals, continue to improve its overall capital allocation efficiency and keep exploring new financing products and models to ensure the capital requirement of business development.

4.1.5 Possible risks exposure

Currently, the global economy growth continues to slow down, with evident increase in sources of unrest and risk in the world. China is now in a critical period for development model transformation, economic structure optimization and growth momentum transformation. Structural, institutional and periodic issues are interweaved with each other and impacts brought by the simultaneous occurrence of the above three aspects continue to intensify, increasing the pressure of the economy downturn. Against the backdrop of changing external environment, the growth in credit derivatives, bulk commodities, foreign exchange and other new businesses will increase market risks correspondingly. Financing business and fixed income product investment are exposed to changes in credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure risks are detectable and controllable amid business expansion.

Please refer to "Material Risk Factors" in this results announcement. Please refer to "4.5 Risk Management" in this results announcement for overall risk management, compliance and risk control and IT input.

4.2 Business Overview

Analysis of Principal Businesses

The investment banking business of the Group consists of equity financing, debt financing and asset-backed securitization as well as financial advisory services. The Group provides fund raising and financial advisory services to a wide range of enterprises and other institutional clients in China and globally.

The wealth management business of the Group is mainly engaged in broking of securities and futures, and distribution of financial products.

The institutional brokerage business of the Group provides domestic and overseas professional institutional investors client bases with various professional value-added services, including marketing research, transaction execution, share financing and trading projects recommendation for their investments and trading, in Chinese stock markets and Asia-Pacific, American and other overseas stock markets.

The trading business of the Group is primarily engaged in trading and market-making of equity products, fixed income products and derivatives, foreign exchange business, margin financing and securities lending business, alternative investment and bulk commodity business.

The Group provides asset management services and products to clients in China and globally. The Group has been engaged in asset management businesses including collective asset management ("**CAM**"), separately managed account ("**SMA**") and specialized asset management ("**SAM**"), fund management and other investment accounts management.

The investment business of the Group mainly comprises private equity investment and other business.

The Group provides services such as custody and research.

4.2.1 Investment banking

(1) Equity financing

Market conditions

In 2019, with the launch of the STAR Market and the pilot registration-based system, the offering size of IPO expanded significantly, evidenced by the listing of 70 enterprises on the STAR Market since the opening of the STAR Market on 22 July to 31 December. The pace of IPOs remained stable with a cumulative approval rate of 84.15% (excluding those on the STAR Market). With the normalization of IPOs, the approval rate for issuance review increased significantly. The changes in the structure of refinancing products led to greater difficulties in private placement and significantly increased issuance scale of convertible bonds.

In 2019, A-share equity underwriting (for cash) amounted to RMB1,007,082 million, representing a year-on-year increase of 28.88%; A-share equity underwriting (including private placements for asset transactions) amounted to RMB1,540,470 million, representing a year-on-year increase of 27.47%. The market share of the top ten securities companies in A-share equity underwriting (for cash) amounted to 72.72%, indicating a high level of concentration.

In 2019, H-share IPO underwriting amounted to US$40.35 billion, representing a year-on-year increase of 10.01%; H-share underwriting in refinancing market amounted to US$16.81 billion, representing a year-on-year decrease of 39.81%. On the basis of the underwriting amount distributed evenly among all underwriters, the market share of top ten investment banks for H-share IPO underwriting totalled 46.63%.

Actions and achievements

In 2019, in respect of domestic equity financing, the Company consolidated and expanded its client base by further enhancing full-product coverage for clients with major layout in the STAR Market. As at 31 December 2019, the Company has advised on 22 STAR Market IPOs as a sponsor/lead underwriter, including 9 completed IPOs. The Company actively explored business opportunities in the convertible bonds, mixed-ownership reform of state-owned enterprises, market-oriented debt-to-equity swaps and other business opportunities and achieved positive results. Meanwhile, the Company continuously improved the internal control system of investment banks to put project risks under strict control, thereby enhancing and increasing its comprehensive competitive strength.

In 2019, the Company completed a total of 81 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB279,803 million (including private placements for asset transactions), accounting for a market share of 18.16% and ranking the first in the market. Among them, 28 were IPO projects, with an aggregate lead underwriting amount of RMB45,133 million; 53 were refinancing issuance projects, with a total lead underwriting amount of RMB234.67 billion.

Projects	**2019** **Lead Underwriting Amount *(RMB million)***	**Number of Issuances**	2018 Lead Underwriting Amount *(RMB million)*	Number of Issuances
IPOs	**45,133**	**28**	12,776	11
Re-financing issuances	**234,670**	**53**	165,524	43
Total	**279,803**	**81**	178,300	54

Source: Wind Info and the Company's internal statistics

Note 1: When compiling the above table, the date of completion of an IPO, a public equity issuance, an issuance of convertible bonds/exchangeable bonds, a private placement, a rights issue and an issuance of preference shares is the listing date.

Note 2: In the event that the amount undertaken by the underwriter is not specified, the underwriting amount of joint-lead underwriting projects is calculated by dividing the total project size by the number of lead underwriters.

Regarding overseas equity financing business, the Company completed 17 IPOs in Hong Kong market, 4 IPOs in US market and 1 IPO in Philippine market. The Company ranked second in respect of the number of sponsored IPOs in Hong Kong market, and participated in IPOs and refinancing in US market in the capacity of joint bookrunner for the first time in the past ten years.

Outlook for 2020

In 2020, the Company will further expand its coverage of domestic and overseas clients, improve the client coverage effectiveness and increase projects in stock; strengthen the research on emerging industries, clients and innovative products; actively optimize its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its market influence. The Company will act closely in line with policy changes and give play to the overall advantages of investment banks to continuously develop the layout for the STAR Market, Shanghai-London Stock Connect, Pilot Registration-based Mechanism for IPOs on the Second Board and other innovative businesses; and provide clients with integrated investment banking services by strengthening the building of capabilities in equity underwriting, leveraging its platform strength and continuing to promote the launch of innovative businesses such as the STAR Market and the listing of innovative enterprises on domestic and overseas platforms.

(2) Debt and asset-backed securitization

Market conditions

In domestic market, in 2019, under the influence of decrease in economic growth, overall easing liquidity and the central bank's move to lower the required reserve ratio and the interest rate, the yield rate on debentures dropped significantly and financing in the primary bond market increased significantly. Bond defaults remained frequent, as evidenced by continuing increase in the number and amount of defaulted bonds, leading to noticeably diverged demands for high-grade and low-grade bonds.

In 2019, China's bond market recorded a total issuance size of RMB27.21 trillion (excluding interbank certificates of deposit), representing a year-on-year increase of 19.64%. The aggregate issuance size of debentures (net of treasury bonds, policy bank financial bonds and local government bonds) amounted to RMB14.83 trillion, representing a year-on-year increase of 29.54%.

In overseas market, the Federal Reserve further released the dovish signal by lowering the interest rate three times in 2019, contributing to stable market fundamentals and adequate liquidity. Meanwhile, with the relaxation of trade tensions between China and the US, investors showed increasing demands for Chinese USD bonds and the market sentiment remained bullish. In 2019, overseas primary bond market hit a record in respect of the number of new issuances, with a total of 594 overseas bonds issued by Chinese enterprises involving a total financing size of US$225.7 billion, representing an increase of 37.3% from 2018. The issue size of financial institutions, real estate enterprises and local state-owned enterprises approximately accounted for 75% of the total issuances.

Actions and achievements

In 2019, the Company's underwriting amount of bonds (including convertible bonds and exchangeable bonds) and asset-backed securitization business totaled RMB1,001,530 million, representing an increase of 31.03% as compared to the same period of last year. The Company contributed 13.18% of the total underwriting amount of securities companies, ranking first among the peer group, and 5.29% of the total underwriting amount of underwriting institutions including commercial banks, ranking fifth in the market; the Company underwrote 1,981 projects, ranking first among securities companies, and maintained its leadership in underwriting business of corporate bonds and asset-backed securitization products.

Projects	**2019** **Lead Underwriting Amount *(RMB million)***	**Number of Issuances**	2018 Lead Underwriting Amount *(RMB million)*	Number of Issuances
Enterprise bonds	**28,936**	**33**	38,034	28
Corporate bonds	**200,805**	**301**	141,076	189
Financial bonds	**271,998**	**141**	218,760	83
Medium-term notes	**44,907**	**54**	30,519	39
Short-term commercial papers	**12,732**	**21**	13,632	23
Private placement notes	**14,287**	**27**	8,410	21
Asset-backed securities	**246,624**	**578**	242,339	431
Convertible bonds/exchangeable bonds	**97,853**	**26**	7,423	5
Local government bonds	**83,480**	**800**	64,223	576
Total	**1,001,530**	**1,981**	764,416	1,395

Source: Wind Info and the Company's internal statistics

For overseas bond financing business, the Company completed a total of 61 bond financing projects, with clients from the Mainland China, Hong Kong, Singapore, Philippines and India; in addition to bond underwriting, the Company provided more diversified structured and leveraged financing and risk solutions.

Outlook for 2020

In 2020, against the backgrounds of the central bank's easing monetary policy and lowering of entity financing cost, the bond market yield rate will remain in a downward lane and the issuance size in the primary market is forecast to maintain a mild increase; institutional investors will face greater pressure in asset allocation, and the market will continue to become more active; given the constant exposure to credit risk, there is an increased risk of defaults by high-leverage enterprises and private enterprises.

In 2020, the Company will actively seize the business opportunity, further step up efforts to develop customers and improve service quality by leveraging the comprehensive advantages of investment banks, and continue to consolidate and enhance competitive strengths of bonds and asset-back securitization business. The Company will focus on developing bond and asset-backed securitization business opportunities from non-financial enterprises; actively explore bond financing opportunities from local enterprises and regional clients; and promote the integration of domestic and overseas investment banking resources to improve the market share of its overseas business.

(3) Financial advisory services

Market conditions

According to Dealogic, in 2019, the total value of global merger and acquisition transactions announced reached US$4.06 trillion and the number of announced transactions amounted to 35,381. On a sector basis, the electronics and computer sector was the most active with the value of merger and acquisition transactions announced in 2019 amounting to US$808.3 billion, which accounted for 19.90% of the total value of merger and acquisition transactions announced; the medical and healthcare sector followed with the value of merger and acquisition transactions announced in 2019 amounting to US$579.4 billion, accounting for 14.27% of the total value of merger and acquisition transactions announced.

In 2019, the number of announced merger and acquisition transactions in the market involving Chinese enterprises was 5,332, involving a transaction size of approximately US$474.3 billion, of which, 825 were cross-border transactions, involving a total transaction size of approximately US$91.7 billion.

Actions and achievements

In 2019, the size of A-share material assets restructuring transactions completed by the Company amounted to approximately RMB163.3 billion and ranked first in the industry. The Company closely kept up on market and policy trends, enhanced the coverage of full products of merger and acquisition and completed a number of large merger and acquisition and restructuring transactions with market influence in fields of market-oriented debt-to-equity swaps, internal restructuring of central enterprises, market-oriented merger and acquisition etc. and cross-border merger and acquisition etc., including the market-oriented debt-to-equity swaps of Chalco, absorption and merger of Sinotrans Air by Sinotrans, back-door listing of Easyhome through Wuhan Zhongshang Commercial, absorption and merger of LittleSwan by Midea Group etc. and acquisition of Joy City Property by COFCO Property, which continuously built up the Company's market status and industry competitiveness in the merger and acquisition field.

In 2019, the Company continued to expand its overseas business layout and actively carried out cross-border merger and acquisition business. The Company helped COFCO Property complete the acquisition of the controlling interest in Joy City Property with a consideration of RMB14.756 billion, thereby giving COFCO Group the access to both A-share and H-share financing platform for its real estate sector; and assisted BY-HEALTH in completing the cross-border acquisition of the whole equity interest in Life-Space Group, an Australian probiotics brand, which further expanded the overseas strategic layout of BY-HEALTH.

Outlook for 2020

In 2020, the Company will strengthen its coverage of high quality enterprises and keep close track of market opportunities and policy trends. It will actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, spin-off and listing, restructuring and listing of high-tech enterprises, return and privatization of China concept stocks, market-oriented debt-to-equity swaps, enterprise bankruptcy and reorganization, etc., actively grasp business opportunities and continuously improve its ability to provide integrated merger and acquisition services.

Furthermore, the Company will continue to leverage its global network resources and strengthen domestic and overseas business collaboration with the further opening of domestic market. In active response to the Belt and Road Initiative of China, it will grasp the demand of enterprises in business integration and market expansion and provide domestic and overseas clients with integrated solutions for cross-border merger and acquisition to accelerate industrial transformation and internationalization of Chinese enterprises.

(4) The business of New OTC Market

Market conditions

As at the end of the Reporting Period, the number of companies listed on the New OTC Market amounted to 8,953, with total issued shares of 561,629 million and a total market capitalization of RMB2,939,960 million. In 2019, the total trading volume of the New OTC Market amounted to RMB82,569 million, and the total funds raised from the issuance of shares amounted to RMB26,463 million. As at the end of the Reporting Period, the NEEQ component index closed at 928.78, representing a decrease of 2.73% as compared to the end of 2018; the NEEQ market-making component index closed at 914.75, representing an increase of 27.24% as compared to the end of 2018.

Actions and achievements

In 2019, the New OTC Market business of the Company continued to operate on the basis of expanding the client coverage with value identification and actualization as the core. On the one hand, it continuously optimized the market-making and position structures and enhanced the coverage of high quality enterprises. On the other hand, it placed great emphasis on quality control and effectively controlled business risks.

As at the end of the Reporting Period, the Company, as the sponsorship broker, conducted continuous supervision over a total of 20 listed enterprises, among which, 6 companies entered the innovative layer. In 2019, the Company provided market-making services for 93 listed companies, among which, 44 companies entered the innovative layer.

Outlook for 2020

In 2020, the Company will, according to the progress of deepened reform of the New OTC Market, continuously improve the business management system and market development system with value realization and actualization as the core, to drive the development of other relevant business and provide quality integrated services in the New OTC Market. It will select high quality enterprises, and deepen the exploration of enterprise value, in order to create good returns.

4.2.2 Wealth management

Market conditions

In 2019, the overall market trading of the domestic securities market increased as compared with 2018, with SSE Composite Index rising by 22.30%, SSE SME Composite rising by 31.89% and ChiNext Composite Index rising by 38.72%. In the main overseas markets, the US market performed well in 2019, with Dow Jones Index rising by 22.34% and S&P 500 rising by 28.88%, while the Hong Kong market showed a less positive picture, with Hang Seng Index rising by 9.07%.

Actions and achievements

In 2019, the Company improved the customer classification service system, deeply sorted out customer service demands and corporate service ability, realized accurate identification and service matching of customers' differentiated demands; enriched the investment product system collaboration and explored a new method for serving ultra-high net worth customers; deeply applied such technologies as artificial intelligence and big data and independently built a wealth management platform integrating "product sale, investment consultancy and asset allocation", and leveraged intelligence engine to upgrade wealth management under the drive of data and financial technology; improved the internal organizational structure, rationalized the wealth management promotion systems from the headquarters to the branches, took branches as regional platform for all businesses of the Company and improved our regional competitiveness. In 2019, the total trading volume of securities and funds handled by the Company and CITIC Securities (Shandong) on behalf of customers amounted to RMB15.5 trillion and the distribution of financial products amounted to RMB778.3 billion. As at the end of the Reporting Period, the total number of individual customers exceeded 8.7 million and the number of general legal person institutional customers reached 37,000. Customer assets under custody in aggregate amounted to RMB5.8 trillion. In 2019, the plan for the Company's acquisition of Guangzhou Securities was approved by the CSRC and the Company has covered all 31 provinces, autonomous regions and municipalities with its business outlets in Mainland China.

In 2019, the Company implemented its development requirements of the global integration in wealth management business, integrated its overseas retail and wealth management, strengthened the cooperation and business synergy between domestic and overseas departments by strengthening business training, straightening out the cooperation mechanism, and optimizing the incentive mechanism, so as to provide customers with all domestic and overseas products and services.

Outlook for 2020

In 2020, the Company will firmly pursue the transformation and upgrade of wealth management, improve the customer-centred wealth management development mode of CITIC Securities, provide more intensive and extensive services, offer comprehensive financial products and services to meet customers' needs for preservation, enhancement and inheritance of their assets; improve the staff quality and professional service ability; deepen the application of science and technology, build a wealth management ecosystem and improve the experience of financial service for customers; gradually establish a comprehensive wealth management platform to provide global asset allocation and trading services for domestic and overseas high-net-worth clients.

4.2.3 Institutional stock brokerage business

Market conditions (please refer to the section "4.2.2 Wealth management" of this results announcement)

Actions and achievements

In 2019, the stock brokerage business for domestic institutions mainly covered domestic professional institutional investors such as public funds, insurance companies, private funds and wealth management subsidiaries of banks and foreign professional institutional investors such as QFII, RQFII and WFOE. In 2019, the Company maintained its overall leadership in domestic institutional brokerage business. In particular, the Company ranked first in the market regarding the compartment commission received from public funds in the first half of 2019; the number of trading clients of QFII/RQFII increased to 203, ranking top in the market; the coverage of key private funds increased to 75%; the Company won all the bids for broker settlement mode business implemented among wealth management subsidiaries of banks.

In 2019, the Company posted steady development of stock brokerage business for overseas institutions. Centred on stock products in the Asia-Pacific market, the Company provided trading and research services for institutional customers in the world via its branches in 14 countries and regions. Besides, based on traditional brokerage business, the Company stepped up development of cross-sale and programmatic electronic transaction business, with a top-ranking market share in the Asia-Pacific region (excluding Japan). In particular, the Company witnessed an increasing market share in areas such as Mainland-Hong Kong Stock Connect, Hong Kong, Malaysia, Indonesia, the Philippines and South Korea.

Outlook for 2020

In 2020, the Company will firmly and continuously promote the integration and expansion of domestic and overseas unified stock brokerage business for global institutions and better combine its local business advantages and customer resources in China with foreign customer relationship network and professional service ability of CLSA, the Company's overseas subsidiary. On the one hand, the Company will endeavour to provide better integrated and professional value-added services and comprehensive services for international institutional investors in investing in China's stock assets, so as to better satisfy international institutional customers' needs in investment transactions and business development in China. On the other hand, the Company will take the initiative to provide more and better cross-border value-added services for Chinese institutional investors investing in overseas markets.

In stock brokerage business for domestic institutions, the Company will continue to explore customer market, expand effective customer coverage and improve customers' satisfaction. Centred on customers, the Company will actively coordinate the connection of its various business products and resources, provide professional and comprehensive services with higher quality, and deepen and expand customer business cooperation.

Regarding stock brokerage business for overseas institutions, the Company will continue to consolidate and improve its international and professional business ability, maintain its leading advantages in the Asia-Pacific region, make full use of its parent company's edges and resources in China, closely cooperate with the business departments of the headquarters and focus on developing products and businesses related to China.

4.2.4 Trading

Market conditions

In 2019, the overall macro policies were more positive than 2018, the domestic economic downward pressure eased and the development trend of the external trading environment ceased to get worse albeit challenges. The stock market reversed unilateral downward trend in 2018, with the CSI Free Float Index rising 30.8% and the average daily trading volume of the market rising nearly 40% compared with the same period in 2018. Leaders of various industries showed excellent performance, with a significant growth in the consumption, medical and technology industries in particular.

In 2019, the major overseas markets showed a rising trend, with further easing policies of major central banks, adequate global liquidity and excellent performance recorded in most assets. The central banks in Europe and Japan maintained loose monetary policies and the Federal Reserve resumed its interest-rate cut and restarted QE in the second half of 2019. The US stocks continued to see a bull market, recording another historic high. The large-cap stocks represented by the S&P 500 rose significantly by 31.5%, the Dow Jones Index rose by 22% and the Nasdaq 100 Index rose by 39.5%. The Hong Kong market showed a relatively weak performance, with the Hang Seng Index rising by 9%. The major markets in the world maintained a relatively low volatility. In 2019, the overseas market of exchange-traded stock derivatives continued to record stable growth and the activity of the exchange-traded and OTC equities of China Concept Stock rose significantly. Overseas listed ETFs tracking A share and H share recorded substantial growth in asset size, trading volume and derivative trading scale.

Meanwhile, two-way opening up of the capital market progressed remarkably in 2019, bringing evident changes to the market and development opportunities for global business. Constant innovation and optimization of the connection modes in domestic and overseas capital markets including QFII, RQFII, QDII, Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Shanghai-London Stock Connect, cross border and China-Japan ETF Connect created an opportunity for domestic and overseas business linkage. Since 2019, foreign investors have shown growing enthusiasm for buying financial assets from China. MSCI, an international indexing company, increased A share inclusion factor for three times to 20% for the year, FTSE Russell Index included A shares and S&P Dow Jones Indices included Chinese A share listed companies in S&P Emerging BMI.

In 2019, the bond market underwent mild volatility, with ChinaBond Composite Wealth Index rising by 4.6%. National bonds witnessed range-bound fluctuations in medium and long-term key-duration interest rates and the short-end interest rate remained low, with relatively loose interbank liquidity. In 2019, the global bond market thrived under the drive of emerging market bonds and high-yield bonds. In particular, it was mainly attributed to the Asian high-yield bonds (with a 10% year-on-year growth in yield) and Asian dollar bonds (with an 8% year-on-year growth in yield) and China contributed 80% to the issuance volume of the Asian dollar bonds. With continued interest-rate cut by global central banks, investors will keep pursuing higher-yielding assets, which trend is expected to continue in 2020.

Actions and achievements

In 2019, for the equity derivatives business, the Company provided its institutional clients with OTC derivatives services such as OTC options quotation transactions, stock return swaps and cross-border business return swaps, solving clients' needs for risk management, global asset allocation and strategic investment and others; provided institutional clients and retail clients with OTC products such as floating return-linked beneficiary certificates and structured products to meet clients' needs for wealth management and large-scale asset allocation; provided liquidity market-making services for exchange-traded fund products and options products. In 2019, OTC derivatives business of the Company continued to develop; OTC products further enriched the linked target and revenue structure. The market-making business developed in the direction of multiple products and diversification and the SSE 50 ETF options market-making continued to rank at the forefront of the market. The Company kept the business model with an extensive client base, a rich supply of products, and relatively stable yields. The trading volume of overseas equity derivatives continued to expand, the number of our clients continued to increase and constant innovations were made in business models. The Company became the first Chinese broker entering the Korean derivatives market, with transactions setting foot in Canada, Japan, Europe and other markets. The Company helped clients participate in GDR-related transactions and provided transactional clients with efficient trading tools. The Company provided structurally rich OTC derivative transactions for overseas hedge funds, private banks, and wealth management institutions, and offered clients cross-time zone global market derivative transactions via transaction platforms in Hong Kong, Singapore, London and other places.

In 2019, in respect of the fixed income business, the Company made good use of its customer resources and enhanced its comprehensive capabilities for product design and customer service through strengthening cooperation among various business segments, with the business covering various fixed income products, markets and customers. In 2019, the Company obtained the qualification to engage in exchange settlement and sale business and ranked the first in the industry in terms of the sales of interest rate products. The Company improved credit research and its ability of risk management, developed cross-border business, and devoted more efforts in bond and derivative market-making, ranking the first in the industry in terms of the trading volume of Bond Connect. Moreover, the Company actively promoted the investment advisory services for financial institutions such as joint-stock banks and urban commercial banks, and its investment advisory business steadily developed. The Company will continue to leverage its advantages of domestic and overseas business integration, and focus on building an international comprehensive business platform for stock derivatives in order to provide domestic and overseas customers with multi-market, 24-hour and one-stop investment transaction services and risk solutions, with a vision of becoming a stock derivatives provider with stronger international competitiveness in the Asia Pacific region.

In 2019, in respect of the bulk commodity business, the Company focused on commodities derivatives and provided such services as commodity allocation, hedging and risk management for onshore and offshore corporate and institutional investors, implemented the concept of finance serving the real economy, continued to conduct trading business, and strengthened the profitability and customer coverage of commodities swap and commodities OTC option businesses. This initially formed a business model where commodities derivatives trading and quotation and market-making businesses developed together, with a hope to further offer customized and professional financial services related to bulk commodities to a wide range of domestic and foreign industry and institutional clients.

In 2019, while maintaining an industry leading position in the scale of margin financing and securities lending business, the Company further improved its professional management of financing business, optimized the development structure of different types of financing businesses, and gave play to the cross-service function of various financing tools; by leveraging innovative regulatory rules on securities lending on the STAR market, public and social security funds participating in lending, increasing the size of targets of margin financing and securities lending, vigorously expanded the securities lending business and continued to provide customers with comprehensive business solutions for securities lending and financing; gradually deployed domestic and overseas financing business and implemented integration schemes to meet the diversified investment and financing and asset allocation needs of domestic and overseas customers.

In 2019, with respect to the stock proprietary business, the Company, leveraging the study on industrial fundamentals, focused on high-quality growth enterprises and continued to adhere to the absolute return-oriented strategy from the perspective of macro asset allocation to achieve steady growth in performance. Meanwhile, it expanded business in the Hong Kong stock market to get access to more outstanding companies and disperse risks from a single market. In addition, the Company formed a flexible fund management system through the combination of futures and spot trading, which saved capital cost, reduced performance fluctuation and effectively put the market risks of portfolio under control.

In 2019, in respect of the alternative investment business, the Company actively responded to market changes, focused on quantitative trading, flexibly used various financial instruments and derivatives for risk management, developed multi-market diversified investment strategies, thus effectively diversified investment risks and enriched sources of income. The use of the latest technology of artificial intelligence/machine learning in strategy development has achieved results. Currently, the businesses or strategies we have commenced include: stock index arbitrage, long/short equity, macroeconomic hedging, statistical arbitrage, fundamental quantification, convertible bonds arbitrage, commodity strategy, options strategies, volatility strategies, etc.

Outlook for 2020

For the equity derivatives business, the Company will adhere to the vision and business position of "becoming the major equity solution supplier in the corporate customer market, becoming the major trader (market maker) for OTC derivatives in the institutional customer market and becoming the major market maker for exchange-based derivatives in the retail customer market", continue to improve capabilities in products supply and risk management and strengthen exchange-based and OTC derivatives businesses, step up efforts in developing new products and structures, and improve the capability in integrated equity management. We will continue to promote cross-selling with clients' departments and business collaboration with other business departments and strengthen the coverage of professional investors, with meeting clients' needs as our core values, so as to enhance capabilities in offering comprehensive financial service. The Company will continue to leverage its advantages of domestic and overseas business integration, and focus on building an international comprehensive business platform for stock derivatives to provide domestic and overseas customers with multi-market, 24-hour and one-stop investment transaction services and risk solutions, with a vision of becoming a stock derivatives provider with stronger international competitiveness in the Asia Pacific region.

Regarding the fixed income business, the Company will further improve the specialized division of labour and business development to maintain its industry leading position in bond sales, etc. The Company will continue to develop cross-border business, enrich domestic and overseas fixed income products, improve its capability in offering products and satisfy the needs of domestic and overseas customers for risk management. The Company will also promote market-making for bond and derivative trading and enhance systematic support and management.

In respect of securities financing business, committed to becoming a comprehensive financing solution provider and service provider and a core securities lender in the capital market, the Company will leverage the innovation of securities lending business to expand the source of upstream securities and refine the downstream demands for securities, and intensify efforts in developing key customer bases so as to make a breakthrough in the scale of securities lending business; optimize the structure of financing customers, maintain the advantages of institutional business, and satisfy diversified financing needs of customers including hedging and arbitrage; improve its financing business model featuring unified credit extension and centralized management, improve credit risk management and pricing management, and continuously serve domestic and overseas customers with diversified and comprehensive financing business tools.

In respect of the commodities business, the Company will continue to expand its customer market coverage and enrich its customer base. At the same time, it will make continuous efforts to provide more in-depth services, enrich product design, cover the mainstream commodity varieties around the globe, provide a variety of derivatives, and provide channels of risk hedging and transfer for domestic and overseas customers.

In respect of the stock proprietary business, the Company will continue to strengthen building of investment research system, deepen study on industry fundamentals, flexibly use derivatives to achieve more effective risk management of investment portfolios, continue to explore the development of an all-weather multi-strategy investment system, and improve capital utilization capabilities.

In respect of alternative investment business, the Company will increase investment in artificial intelligence/machine learning, further improve the strategy research & development platform, make more efforts to build the trading system, increase the level of automated trading, and capture various investment opportunities emerging in the market, in order to steadily increase investment yields rates.

4.2.5 Asset management

Market conditions

Since the promulgation of the New Regulations on Asset Management in 2018, various regulatory rules and ancillary rules have been gradually implemented. The newly amended Securities Law clearly defines asset management products as securities. Under the new framework of operation, there will be a fairer and more standardized market environment for asset management business in the future. Asset management institutions need to persist in returning to the origin of active management, foster the capabilities of asset allocation, risk-based pricing and product and service innovation, gradually complete net worth transformation and upgrade, give prominence to their strengths and expertise, reasonably optimize the allocation of resources, and build differentiated core competitiveness.

1. Asset management business of the Company

Actions and achievements

In respect of the asset management business, in 2019, under the strategic guidance of "increasing the assets under active management, developing equity products and serving the real economy", the Company continuously improved its professional level in investment research, kept perfecting the buyer's investment research system, vigorously developed corporate annuity, occupational annuity and other pension businesses, advanced the transformation of massive collective assets to publicly offered assets in an orderly manner, and actively promoted transformation of active management business in banks. In 2019, the Company and China AMC won all the bids for central units and the 28 provinces, autonomous regions and municipalities that have completed the selection of occupational annuity investment manager.

As at the end of the Reporting Period, the AUM of the Company was RMB1,394,758 million, and the assets under active management amounted to RMB698,284 million, of which the size of CAM, SMA and SAM was RMB129,174 million, RMB1,265,213 million and RMB371 million, respectively. As at the end of the Reporting Period, the market share of the privately-offered asset management business as defined under the New Regulations on Asset Management (excluding social security fund, basic pension, corporate annuity and occupational annuity business, publicly-offered collective investment scheme, collective pension products and asset-backed securitization products) of the Company was 13.3%, ranking the first in the industry.

Type	AUM *(RMB million)*		Management fees *(RMB million)*	
	2019	2018	**2019**	2018
CAM	**129,174**	133,880	**497.34**	511.51
SMA	**1,265,213**	1,207,930	**1,093.72**	1,205.58
SAM	**371**	1,310	**27.58**	18.54
Total	**1,394,758**	1,343,120	**1,618.64**	1,735.63

Source: The Company's internal statistics

Notes: ① The CAM included publicly-offered collective investment scheme and excluded collective pension products; the SMA included social security fund, basic pension, corporate annuity and occupational annuity business; and the SAM excluded asset-backed securitization products.

② The minor difference between the figure listed under "Total AUM" and the aggregation of respective figures listed under "CAM", "SMA" and "SAM" above was due to rounding.

Outlook for 2020

In 2020, for asset management business, the Company will continue to adhere to the overall development idea of "serving institutional clients and increasing retail clients", endeavor to improve its professional level in investment research, actively promote transformation of investment research achievements, constantly increase the size of assets under active management as well as equity products and promote the steady growth in long-term fund management size; the Company will optimize the customer development system, keep the pension business in a good development momentum, do a good job in transformation of banking business, keep enriching product varieties and improving product structures, promote systematization and regionalization of customer development, constantly expand customer channels and expand retail business.

2. *China AMC*

Actions and achievements

In 2019, China AMC deepened construction of the investment research system, put the Company's strategic resources in use, formed an all-round ETF product line, effectively promoted the sales of public funds, achieved the steady development of institutional pension business, continuously expanded international business and kept improving its risk prevention ability. As a result, all work was under sound operation and the overall AUM of China AMC was further increased.

As at 31 December 2019, the total AUM of China AMC, excluding those of its subsidiaries, was RMB1,032,116 million, of which, the AUM of public funds reached RMB538,655 million, the AUM of equity funds amounted to RMB256,883 million (including QDII partial equity funds), ranking the second in the industry; the AUM of institutional and international business reached RMB493,457 million, with the AUM of institutional business maintaining a leading position in the industry.

Outlook for 2020

Focusing on investment performance as the core, China AMC will further improve the framework of asset allocation, accurately grasp market demand, innovate product design, and fully leverage its leading position in index products; in addition, it will continue to optimize the layout of pension products, meet the needs of cross-border asset allocation, promote the brand awareness of the Company's pension business and overseas business, and continuously advance the level of financial technology empowerment to further enhance its comprehensive competitiveness.

4.2.6 Custody

Market conditions

In 2019, the asset management industry is still in the process of adopting itself to the new regulatory policies, thus showing a slowdown in overall growth momentum. Public funds witnessed a drastic slowdown in terms of the issuance of monetary funds and bond funds, and fund companies made efforts to issue index funds. Regarding wealth management of banks, the size of net worth products saw rapid growth while wealth management of brokers and separately managed account recorded a decline, with the filed number and size of private funds maintaining steady with growth.

Actions and achievements

In 2019, the Company earnestly performed its duties as a fund custodian and enhanced supervision and control over fundraising, investment and information disclosure of fund managers to protect the legitimate rights and interests of fund investors. In terms of the fund outsourcing service, the Company enhanced investment in building information technology system, built an intelligent customer service system, continuously researched and developed innovative fund operation systems, put the overseas fund operation system, public fund outsourcing operation system and bank wealth management operation system into routine operation and launched service projects for fund investors. As at the end of the Reporting Period, the Company had provided 4,974 asset custody service products and 5,079 fund service products.

Outlook for 2020

Albeit the slowdown of growth, the asset management industry witnessed more sound development on the whole. The Company will actively adhere to the concept of "risk control and service foremost", take it as its mission to faithfully fulfil the fiduciary duties and intensify efforts to provide refined, customized and professional services in line with the international fund service standards, so as to maintain positive development of businesses.

4.2.7 Private equity investment

Market conditions

In 2019, given sluggish macroeconomic environment and tightened financial regulation, the primary equity fundraising market extended the trend in 2018 and the fundraising situation was still grim. In the first three quarters of 2019, a total of 1,931 new funds completed fundraising, representing a year-on-year decrease of 8.64%, with an amount of RMB831.040 billion raised, representing a year-on-year decrease of 20.4%. Valuation in the primary and secondary markets experienced increasing negative spreads and equity investment became more cautious. PE institutions remained cautious, so the investment cases and amount were still falling. The total investment for the first three quarters of 2019 was less than half of that for the same period in 2018.

Actions and achievements

1. CITIC Securities Investment

In 2019, CITIC Securities identified key investment areas, explored investment opportunities in areas such as technology and advanced manufacturing, modern service and medical and healthcare, actively explored the possibility of moving the investment phase forward appropriately, steadily promoted overseas investment, and continued to give full play to the comprehensive advantages of CITIC Securities to increase investment. In 2019, CITIC Securities invested in a number of enterprises with core competitiveness in the fields of new energy, new materials, chips, medical equipment, cutting-edge biotechnology and consumption. As an alternative investment subsidiary of CITIC Securities, CITIC Securities Investment actively promoted and implemented the work related to follow-up investment in the STAR Market.

2. GoldStone Investment

GoldStone Investment raises and manages private equity investment funds, and has been devoted to the private equity investment business since its establishment in 2007. In 2019, GoldStone Investment completed an external investment of more than RMB4 billion, involving such fields as advanced manufacturing, medical and healthcare, big data and clean energy. As at the end of the Reporting Period, there were 15 private equity investment funds under GoldStone Investment's management.

CITIC GoldStone, a wholly owned subsidiary of GoldStone Investment, collected and managed customers' funds for real estate equity investment and provided financial consultancy, investment management and relevant consultancy services for equity investment. Since its establishment in 2013, CITIC GoldStone Fund has been committed to fund management, policy consultancy and research of Real Estate Investment Trusts (REITs) in China. From the establishment of the first Quasi-REITs in China in 2014 to the end of the Reporting Period, CITIC GoldStone Fund set up funds similar to REITs with an amount of RMB26.15 billion in total, with a leading ranking among private equity fund managers that have managed the most Quasi-REITs in China. As at 31 December 2019, the existing funds under the management of CITIC GoldStone Fund and its subsidiaries amounted to approximately RMB11.5 billion.

Outlook for 2020

In 2020, guided by national policies, CITIC Securities Investment will serve the real economy, implement national strategies, actively explore new investment fields, improve investment research capacity, increase investment, strengthen post-investment management and risk control, and continue to consolidate its leading position in the field of equity investment by alternative investment subsidiaries of brokers.

In 2020, the private equity investment market is expected to extend the trend in 2019 on the whole. Difficulty in fundraising and seeking quality projects will become a "New Normal" in the equity investment market. Leading institutions with platform resource advantages and industry integration ability will advance further and embrace better development prospects. At the same time, it should be noted that the tightening financial regulatory environment in China, including the continuous compliance rectification of the whole brokerage sector, has had some impact on the establishment of new joint venture fund management companies and the expansion of fund scale.

GoldStone Investment's development strategy is to attach equal importance to management scale and investment returns, with its strategic goal of developing into a leading private investment fund management institution in China: on the one hand, relying on the background of shareholders, customer network, industry understanding and research strength, it will strengthen the internal and external cooperation and improve the efficiency of scale growth through investment supporting fundraising or the combination of investment and fundraising; on the other hand, it will continue to improve the fund product line, and achieve growth in management scale through industry strategic funds, special funds, product strategic funds and other types of products.

GoldStone Investment aims to create excellent returns for fund investors and realize management fee revenues and performance rewards for the Company. Through top-down research with industrial upgrade and integration as the core, GoldStone Investment will discover valuable companies and invest in them, and enhance the company's value in post-investment management. In addition, GoldStone Investment will also expand its overseas investment and seize economic development opportunities in new regions as a beneficial supplement to domestic investment.

4.2.8 Research

In 2019, the Company vigorously promoted the comprehensive transformation strategy for seller-side research business, carried out in-depth industrial and thematic studies, effectively implemented objective and effective evaluation and incentive mechanism, continuously expanded the coverage of A-share and overseas listed companies, and covered the Company's key institutional customers and wealth customers through all-round services, thus creating a good market reputation and significant business values for the Company and significantly increased the Company's market influence.

For all customers and businesses of the Company, the Company provided full-view research services, continuously deepened the industrial research system, greatly improved the research coverage and customer coverage, and continuously improved research services support for all business lines of the Company. The Company comprehensively strengthened the research of industrial chain and the coverage of leading companies from a global perspective, and realized the full coverage of research services for key institutional customers around the world. The Company continued to focus on increasing its influence in the industry and among institutional clients at home and abroad. It maintained its leading position among Chinese brokers in overseas research and selection and won the second place of the best research team in Asia in the selection of Asian Currency in 2019. In the meantime, the Company started integration with CLSA, and sped up integration between business and staff, so as to gradually achieve integration between domestic and overseas research and service.

In 2020, the research business will continue to push forward the strategic transformation for all customers and all businesses of the Company, continuously deepen the industrial and thematic research system, greatly improve the research coverage and customer coverage, jointly serve customers and proactively find business opportunities through collaboration with various business lines of the Company to create greater value for the Company. The research business will further promote full-aspect research and all-round services, connect the primary and secondary market, conduct in-depth industrial and thematic research, and continue to strengthen all-round services for institutional customers, wealth customers, government departments, regulatory agencies, and CITIC Group to further enhance market influence. The research business will strengthen the coverage of companies to be listed and listed companies in an all-round way, and realize full coverage of A-share companies worth RMB10 billion, high-liquidity companies, the STAR market and China Concepts Stock. The Company will continue to strengthen integration with CLSA in research business, to achieve integration of domestic and overseas research businesses, customer services and team building.

4.3 Financial Statements Analysis

4.3.1 Financial statement summary

Profitability analysis

In 2019, the overall activity of the domestic securities market increased compared with that of 2018. The Group continued to rank top among domestic securities companies, retaining a leading position in the market on all fronts. In 2019, the Group recognized total revenue and other income of RMB57,080 million, representing a year-on-year increase of 11.79%. Net profit attributable to owners of the parent amounted to RMB12,229 million, representing a year-on-year increase of 30.23%. Basic earnings per share amounted to RMB1.01, representing a year-on-year increase of 31.17%. Return on weighted average equity was 7.76%, representing a year-on-year increase of 1.56 percentage points.

Assets structure and assets quality

In 2019, total assets and total liabilities of the Group increased by different margins. In 2019, the Group made the corresponding impairment provision for the assets with signs of impairment, to maintain the Company's high asset quality.

As of 31 December 2019, the Group's total assets amounted to RMB791,722 million, representing a year-on-year increase of RMB138,589 million or 21.22%. Excluding customer brokerage deposits, the Group's total assets amounted to RMB668,371 million, representing a year-on-year increase of RMB113,012 million or 20.35%. As of 31 December 2019, the Group's total liabilities amounted to RMB626,272 million, representing a year-on-year increase of RMB129,971 million or 26.19%. Excluding customer brokerage deposits, the Group's total liabilities amounted to RMB502,921 million, representing a year-on-year increase of RMB104,394 million or 26.19%. As of 31 December 2019, the Group's equity attributable to owners of the parent amounted to RMB161,625 million, representing a year-on-year increase of RMB8,484 million or 5.54%.

A stable asset and liability structure was maintained. As of 31 December 2019, excluding customer brokerage deposits, the Group's total assets amounted to RMB668,371 million, among which, investments, which mainly included investments in associates/joint ventures and investments in financial assets, accounted for 61.60% of the total assets; margin accounts and reverse repurchase agreements accounted for 19.38% of the total assets; cash and bank balances accounted for 9.64% of the total assets; and fixed assets, constructions in progress, land-use-rights and intangible assets, investment properties and right-of-use assets in aggregate accounted for 2.05% of the total assets.

As of 31 December 2019, excluding customer brokerage deposits, the Group's total liabilities amounted to RMB502,921 million with a major proportion of short-term liabilities, among which repurchase agreements were RMB174,448 million, accounting for 34.69% of the total liabilities; debt instruments issued and long-term loans were RMB89,804 million, accounting for 17.86% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instruments payable and non-current liabilities due within one year were RMB97,269 million, accounting for 19.34% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities were RMB71,709 million, accounting for 14.26% of the total liabilities; and other liabilities were RMB69,691 million in total, accounting for 13.85% of the total liabilities.

The gearing ratio slightly increased. As of 31 December 2019, excluding customer brokerage deposits, the gearing ratio of the Group was 75.25%, representing a year-on-year increase of 3.49 percentage points.

Cash flow status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB12,085 million in 2019, compared with net increase of RMB15,073 million in 2018, which was mainly due to the decrease in net cash inflow from operating activities.

From a structural perspective, the net cash outflow from operating activities in 2019 was RMB4,004 million, compared with an inflow of RMB57,619 million in 2018, which was mainly due to the increase in the net cash outflow from the financial asset at fair value through profit or loss.

Net cash inflow from investing activities in 2019 was RMB16,248 million, compared with an outflow of RMB20,795 million in 2018, which was mainly due to a year-on-year increase in the cash inflow from the debt investments at fair value through other comprehensive income.

Net cash outflow from financing activities in 2019 was RMB159 million, compared with an outflow of RMB21,751 million in 2018, which was mainly due to a year-on-year decrease in the amount of payment of debts during the Reporting Period.

Access to and ability of financing

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by way of bond repurchases, interbank lending, pledged loans, issuance of short-term commercial papers, issuance of beneficiary certificates, issuance of short-term corporate bonds etc., through SSE, SZSE and interbank market in accordance with the relevant policies and regulations of the competent authorities.

In addition, the Company may, subject to market conditions and its own demands, finance by way of re-financing issuance, rights issue, issuance of bonds, convertible bonds, subordinated bonds, and private placement bonds and other financing methods as approved by the competent authorities. The Company may issue USD-denominated MTNs and Euro commercial papers through overseas subsidiaries to obtain foreign funds to support the Company's overseas business development.

To maintain the liquidity and profitability of its assets, the Company's proprietary capital is centrally managed by its Treasury Department. There is also a comprehensive management system and corresponding work flows in place. 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 above factors.

Please refer to Note 43 "Short-term loans", Note 44 "Short-term financing instruments payable", Note 47 "Debt instruments issued" and Note 48 "Long-term loans" to the consolidated financial statements in this result announcement for the information on the debt financing instruments and liquidity of the Company in 2019.

4.3.2 Analysis on income statement

Financial highlights

In 2019, the Group accomplished a profit before income tax of RMB16,995 million, representing a year-on-year increase of 36.33%. Major financial highlights of the Group are as follows:

In RMB million

Items	**2019**	2018
Fee and commission income	**21,515**	20,295
Interest income	**13,257**	13,654
Investment income	**15,891**	8,046
Other income	**6,417**	9,066
Operating expenses	**40,886**	39,327
Share of profits and losses of associates/joint ventures	**801**	732
Profit before income tax	**16,995**	12,466
Income tax expenses	**4,346**	2,589
Profit attributable to owners of the parent	**12,229**	9,390

Structure of the revenue

In 2019, the total revenue and other income of the Group amounted to RMB57,080 million, representing a year-on-year increase of 11.79%. Structure of the revenue was relatively stable. The following table sets out the revenue structure of the Group in the past 5 years:

Items	**2019**	2018	2017	2016	2015
Fee and commission income	**37.69%**	39.75%	39.79%	51.48%	46.97%
Interest income	**23.23%**	26.74%	22.48%	22.44%	21.42%
Investment income	**27.84%**	15.76%	22.32%	16.51%	26.75%
Other income	**11.24%**	17.75%	15.41%	9.57%	4.86%
Total	**100.00%**	100.00%	100.00%	100.00%	100.00%

Fee and commission income

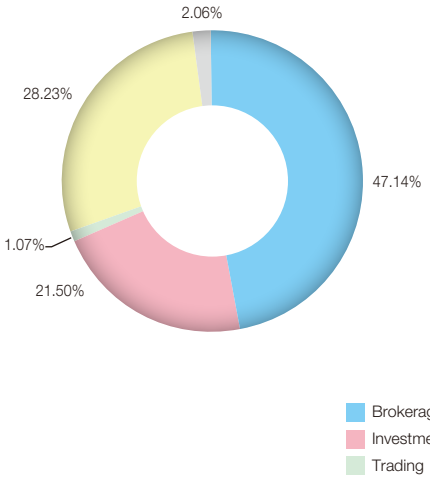
In 2019, the net fee and commission income of the Group amounted to RMB18,022 million, representing a year-on-year increase of 3.41%, which was mainly attributable to the increase in revenue from investment banking business. The breakdown of fee and commission income of the Group during 2018 and 2019 is as follows:

In RMB million

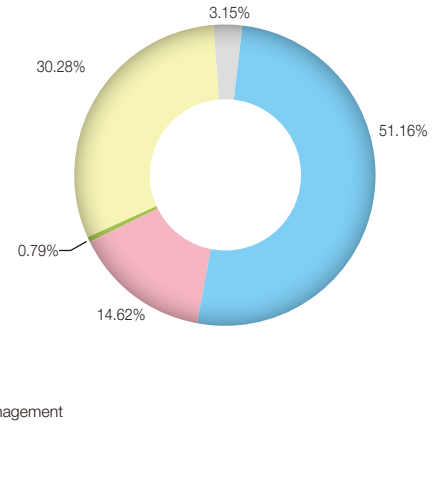
Items	2019	2018	Variance in amount	Variance in percentage
Fee and commission income				
Brokerage	**10,143**	10,382	-239	-2.30%
Investment banking	**4,625**	2,968	1,657	55.83%
Trading	**230**	160	70	43.75%
Asset management	**6,073**	6,146	-73	-1.19%
Others	**444**	639	-195	-30.52%
Fee and commission expenses	**3,493**	2,868	625	21.79%
Net fee and commission income	**18,022**	17,427	595	3.41%

The breakdown of fee and commission income during 2018 and 2019 is as follows:

Breakdown of fee and commission income for 2019



Breakdown of fee and commission income for 2018



The fee and commission income from brokerage decreased by RMB239 million, representing a year-on-year decrease of 2.30%, mainly due to the decrease in the income from foreign exchange brokerage business.

The fee and commission income from investment banking increased by RMB1,657 million, representing a year-on-year increase of 55.83%. In 2019, with the launch of the STAR Market with the pilot registration-based system, the offering size of IPO expanded significantly. The pace of IPOs remained stable, excluding those on the STAR Market.

The fee and commission income from trading increased by RMB70 million year-on-year, which was relatively stable.

The fee and commission income from asset management decreased by RMB73 million, representing a year-on-year decrease of 1.19%. As of 31 December 2019, the Company's size of AUM was RMB1,394,758 million, of which the assets under active management amounted to RMB698,284 million, retaining a leading position in the market.

Interest income

In 2019, the net interest income of the Group amounted to RMB2,045 million, representing a year-on-year decrease of 15.57%. The table below sets out the major composition of the net interest income of the Group for the period indicated:

In RMB million

Items	2019	2018	Variance in amount	Variance in percentage
Interest income				
— Bank interest income	**4,373**	3,867	506	13.09%
— Interest income on margin and other financing	**7,718**	8,771	-1,053	-12.01%
— Interest income on debt investments at fair value through other comprehensive income	**1,021**	855	166	19.42%
— Others	**145**	161	-16	-9.94%
Interest expenses				
— Customer brokerage deposits	**505**	340	165	48.53%
— Due to banks and other financial institutions	**3,977**	3,897	80	2.05%
— Debt instruments issued and short term financing instruments payable	**5,943**	6,028	-85	-1.41%
— Others	**787**	967	-180	-18.61%
Net interest income	**2,045**	2,422	-377	-15.57%

Bank interest income increased by RMB506 million, representing a year-on-year increase of 13.09%, mainly due to the increase in client deposits and reserves with the brokerage segment resulting from securities market conditions. Consequently, the average daily balance of the funds during the year increased as compared to last year.

Interest income from margin and other financing decreased by RMB1,053 million, representing a year-on-year decrease of 12.01%, mainly due to the scale of financing flow-based business decreased as compared to last year.

Interest income on debt investments at fair value through other comprehensive income increased by RMB166 million, representing a year-on-year increase of 19.42%, mainly due to increased average daily scale of debt investment at fair value through other comprehensive income during the year.

Interest expenses decreased by RMB20 million, representing a year-on-year decrease of 0.18%, which was relatively stable.

Investment income

In 2019, the investment income of the Group amounted to RMB15,891 million, representing a year-on-year increase of 97.50%. The table below sets out the major composition of the investment income of the Group during the period indicated:

In RMB million

Items	2019	2018	Variance in amount	Variance in percentage
Net gains from financial assets at fair value through other comprehensive income	**1,289**	1,394	-105	-7.53%
Net profits or losses from financial instruments at fair value through profit or loss	**18,977**	-2,187	N/A	N/A
Others	**-4,375**	8,839	N/A	N/A
Total	**15,891**	8,046	7,845	97.50%

The net profits from financial assets at fair value through other comprehensive income decreased by RMB105 million, representing a year-on-year decrease of 7.53%. In particular, the investment income from the disposal of financial assets increased by RMB205 million, representing an increase of 372.73%, and the investment income from assets held decreased by RMB310 million, representing a decrease of 23.15%.

The net profits or losses from financial instruments at fair value through profit or loss is RMB18,977 million. In particular, investment income arising from the holding and disposal of such assets by the Group was RMB11,315 million and the gains arising from changes in the fair value was RMB7,662 million.

Other investment losses were RMB4,375 million, which was mainly attributable to changes in fair value of derivative financial instruments.

Operating expenses

In 2019, operating expenses of the Group (excluding fee and commission expenses and interest expenses) amounted to RMB26,181 million, representing a year-on-year increase of RMB954 million or 3.78%. The table below sets out the major composition of the operating expenses of the Group during the period:

In RMB million

Items	**2019**	2018	Variance in amount	Variance in percentage
Staff costs	**12,441**	10,525	1,916	18.20%
Depreciation of property, plant and equipment	**379**	420	-41	-9.76%
Tax and surcharges	**293**	255	38	14.90%
Other operating expenses and costs	**10,478**	11,816	-1,338	-11.32%
Expected credit losses	**1,891**	2,187	-296	-13.53%
Impairment losses on other assets	**699**	24	675	2,812.50%
Total	**26,181**	25,227	954	3.78%

During the year, staff costs of the Group increased by RMB1,916 million, representing a year-on-year increase of 18.20%, mainly due to an increase in staff remuneration.

During the year, depreciation of property, plant and equipment decreased by RMB41 million, representing a year-on-year decrease of 9.76%, mainly due to a decrease in depreciation of properties and buildings.

During the year, tax and surcharges increased by RMB38 million, representing a year-on-year increase of 14.90%, which was basically stable compared to the same period last year.

In 2019, expected credit losses amounted to RMB1,891 million, decreased by RMB296 million or 13.53% as compared to 2018, which mainly due to the decrease of impairment losses of reverse repurchase agreements. Impairment losses on other assets amounted to RMB699 million, increased by RMB675 million as compared to 2018, which mainly due to the provision of impairment of goodwill by subsidiaries.

The following table sets out the major composition of the impairment losses of the Group during the period:

In RMB million

Items	**2019**	2018	Variance in amount	Variance in percentage
Expected credit losses	**1,891**	2,187	-296	-13.53%
Among which: Reverse repurchase agreements	**791**	1,623	-832	-51.26%
Margin account	**360**	58	302	520.69%
Financial assets at fair value through other comprehensive income (Debt instruments)	**225**	116	109	93.97%
Other current assets	**515**	390	125	32.05%
Impairment losses on other assets	**699**	24	675	2,812.50%

4.3.3 Analysis on financial position

As of 31 December 2019, the total assets of the Group were RMB791,722 million, representing a year-on-year increase of 21.22%. Excluding the effect of the customer brokerage deposits, the total assets of the Group amounted to RMB668,371 million as of 31 December 2019, representing a year-on-year increase of 20.35%.

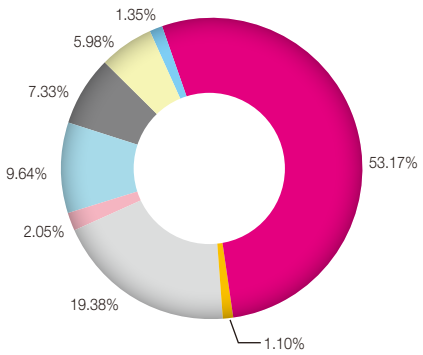
Major changes in the total assets of the Group were as follows:

In RMB million

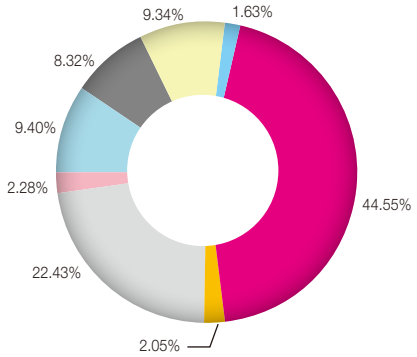
Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Financial assets at fair value through other comprehensive income	**39,963**	51,860	-11,897	-22.94%
Investments in associates/joint ventures	**9,001**	9,038	-37	-0.41%
Financial assets at fair value through profit or loss	**355,348**	247,437	107,911	43.61%
Derivative financial assets	**7,351**	11,388	-4,037	-35.45%
Margin accounts and reverse repurchase agreements	**129,504**	124,568	4,936	3.96%
Properties, intangible assets and land-use right, right-of-use assets	**13,690**	12,648	1,042	8.24%
Cash and bank balances	**64,442**	52,227	12,215	23.39%
Others	**49,072**	46,193	2,879	6.23%
Total	**668,371**	555,359	113,012	20.35%

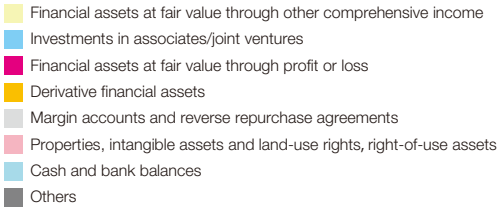
The following chart sets forth the composition of the total assets of the Group as of the dates indicated:

Analysis of the components of the Group's assets for 2019



Analysis of the components of the Group's assets for 2018





Investment

The investment of the Group primarily comprises financial assets at fair value through other comprehensive income, investments in associates/joint ventures, financial assets at fair value through profit or loss, derivative financial assets, etc.

As of 31 December 2019, the total investments of the Group were RMB411,663 million, representing a year on-year increase of RMB91,940 million or 28.76% as compared to the end of 2018. Its total investments accounted for 61.60% of the total assets, representing a year-on-year increase of 4.03 percentage points.

The following table sets out, as of the dates indicated, the investments of the Group and its percentage to the total assets by category:

In RMB million

Items	**31 December 2019**		31 December 2018	
	Amount	**Percentage to total assets**	Amount	Percentage to total assets
Financial assets at fair value through other comprehensive income	**39,963**	**5.98%**	51,860	9.34%
Investments in associates/joint ventures	**9,001**	**1.35%**	9,038	1.63%
Financial assets at fair value through profit or loss	**355,348**	**53.17%**	247,437	44.55%
Derivative financial assets	**7,351**	**1.10%**	11,388	2.05%
Total	**411,663**	**61.60%**	319,723	57.57%

Financial assets at fair value through other comprehensive income

As of 31 December 2019, the Group's financial assets at fair value through other comprehensive income were RMB39,963 million, representing a decrease of RMB11,897 million or 22.94% as compared to the end of 2018.

The following table sets forth the components of the Group's financial assets at fair value through other comprehensive income:

In RMB million

Items	**31 December 2019**		31 December 2018	
	Amount	**Percentage to total financial assets at fair value through other comprehensive income**	Amount	Percentage to total financial assets at fair value through other comprehensive income
Debt instruments investments	**23,684**	**59.26%**	36,328	70.05%
Investment in equity instruments	**16,279**	**40.74%**	15,532	29.95%
Total	**39,963**	**100.00%**	51,860	100.00%

Investments in associates/joint ventures

As of 31 December 2019, investments in associates and joint ventures of the Group decreased by RMB37 million or 0.41% year-on-year, mainly due to a decrease in investments in joint ventures.

In RMB million

Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Investment in associates	**8,926**	8,638	288	3.33%
Investments in joint ventures	**75**	400	-325	-81.25%
Total	**9,001**	9,038	-37	-0.41%

Financial assets at fair value through profit or loss

As of 31 December 2019, the Group's financial assets at fair value through profit or loss increased by RMB107,911 million or 43.61% year-on-year, accounting for 53.17% of the total assets of the Group, mainly due to the significant increase in debt instruments investments for trading.

The following table sets forth the components of the Group's financial assets at fair value through profit or loss:

In RMB million

Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Debt instruments	**215,030**	149,172	65,858	44.15%
Investment in equity instruments	**94,160**	62,637	31,523	50.33%
Financial assets designated as at fair value through profit or loss	**6,561**	1,191	5,370	450.88%
Others	**39,597**	34,437	5,160	14.98%
Total	**355,348**	247,437	107,911	43.61%

Properties, intangible assets and land-use rights and right-of-use assets

As of 31 December 2019, properties, land-use rights and intangible assets and right-of-use assets of the Group were RMB13,690 million, representing a year-on-year increase of 8.24%. The following table sets forth the properties, intangible assets and land-use rights and right-of-use assets of the Group as of the dates indicated:

In RMB million

Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Property, plant and equipment	**7,762**	8,046	-284	-3.53%
Investment properties	**1,255**	1,333	-78	-5.85%
Land-use rights and other intangible assets	**3,072**	3,269	-197	-6.03%
Right-of-use assets	**1,601**	N/A	N/A	N/A
Total	**13,690**	12,648	1,042	8.24%

Liabilities

As of 31 December 2019, the total liabilities of the Group amounted to RMB626,272 million, representing a year-on-year increase of RMB129,971 million or 26.19%. Excluding the effect of customer brokerage deposits, total liabilities of the Group amounted to RMB502,921 million as at 31 December 2019, representing a year-on-year increase of 26.19%.

The following table sets forth the breakdown of the total liabilities of the Group as of the dates indicated:

In RMB million

Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Customer brokerage deposits	**123,351**	97,774	25,577	26.16%
Short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year	**97,269**	72,102	25,167	34.90%
Financial liabilities at fair value through profit or loss and derivative financial liabilities	**71,709**	56,958	14,751	25.90%
Repurchase agreements	**174,448**	121,669	52,779	43.38%
Debt instruments issued and long-term loans	**89,804**	89,011	793	0.89%
Others	**69,691**	58,787	10,904	18.55%
Total	**626,272**	496,301	129,971	26.19%

As of 31 December 2019, the customer brokerage deposits of the Group amounted to RMB123,351 million, representing a year-on-year increase of 26.16%. It accounted for 19.70% of the total liabilities of the Group.

The following table sets forth the Group's customer brokerage deposits as categorized by geographical locations and types of customers as of the dates indicated:

In RMB million

Items	**31 December 2019**	31 December 2018	Variance in amount	Variance in percentage
Mainland China	**103,323**	81,563	21,760	26.68%
— Individual	**56,550**	39,676	16,874	42.53%
— Corporate	**46,773**	41,887	4,886	11.66%
Outside Mainland China	**20,028**	16,211	3,817	23.55%
Total	**123,351**	97,774	25,577	26.16%

As of 31 December 2019, short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB97,269 million, representing an increase of 34.90% year-on-year, mainly attributable to an increase in the scale of due to banks and other financing institutions.

As of 31 December 2019, financial liabilities at fair value through profit or loss and derivative financial liabilities amounted to RMB71,709 million, representing an increase of 25.90% year-on-year, mainly attributable to the increase in scale and the changes in fair value.

As of 31 December 2019, amounts from repurchase agreements increased by RMB52,779 million or 43.38% year-on-year, which was mainly attributable to the increase in pledge-style repo business.

As of 31 December 2019, amounts from debt instruments issued and long-term loans increased by RMB793 million or 0.89% year-on-year. The financing size remained relatively stable.

Equity

As of 31 December 2019, the total equity of the Group amounted to RMB165,450 million, representing a year-on-year increase of 5.50%, mainly attributable to the increase in net profit and dividend distribution in 2018.

The following table sets out forth the components of the Group's total equity as of the dates indicated:

In RMB million

Items	**31 December 2019**	31 December 2018
Share capital	**12,117**	12,117
Capital reserve	**54,156**	54,426
Surplus reserve	**8,683**	8,410
General reserve	**25,615**	22,811
Investment revaluation reserve	**185**	-455
Foreign currency translation reserve	**765**	634
Retained profits	**60,104**	55,198
Non-controlling interests	**3,825**	3,691
Total	**165,450**	156,832

4.3.4 Fair value measurement

During the Reporting Period, the valuation principle of fair value is: the fair value of the relevant assets or liabilities of the Group is measured based on prices in principal markets. In the absence of a principal market, the fair value of the relevant assets or liabilities will be measured based on the prices in the most advantageous market. The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets or financial liabilities in active markets of the Group are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to the risk that enterprises fail to perform their obligation, including but not limited to their own credit risk.

4.3.5 Analysis of principal subsidiaries and companies in which the Company has a non-controlling interest

As at the end of the Reporting Period, the Company has six principal subsidiaries and has non-controlling interest mainly in two companies, a summary of which is set out below:

Name	Shareholding of the Company (%)	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100	1988.6.2	RMB2,500 million	5/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai West Road, Shinan District, Qingdao 15/F, International Wealth Center, No. 156 Jingqi Road, Shizhong District, Jinan	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	JIANG Xiaolin	0532-85022309
CSI	100	1998.4.9	Paid-up capital of HKD6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	ZHANG Youjun	00852-26008188
GoldStone Investment	100	2007.10.11	RMB3,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	JIN Jianhua	010-60837800
CITIC Securities Investment	100	2012.4.1	RMB14,000 million	CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao	ZHANG Youjun	010-60833811
CITIC Futures	100	1993.3.30	RMB3,600 million	Units 1301–1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	Units 1301–1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	ZHANG Hao	0755-83217780
China AMC	62.20	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	Zone A, Tianzhu Airport Industrial Zone, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC PE Fund	35	2008.6.6	RMB1,800 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang, District, Beijing	District C, Incubator Building, Technology Education and Startup Park, Technology City, Mianyang, Sichuan	JIN Jianhua	010-60837869
Jiantou Zhongxin	30	2005.9.30	RMB1,900 million	Room 501, 5/F, Financial Street Centre, No. A9 Financial Street, Xicheng District, Beijing, Room 2601, 26/F, Block B, the Third Property Building, No. A1 Shuguang Xili, Sanyuan Bridge, Chaoyang District, Beijing	9/F, Easyhome Tower, No. A3 Dongzhimen South Street, Dongcheng District, Beijing	LI Mei	010-66562611

Note: For other first-level subsidiaries and companies in which the Company has a non-controlling interest, please refer to Note 24 to the Consolidated Financial Statements in this results announcement.

Particulars of the principal subsidiaries and companies in which the Company has a non-controlling interest are as follows:

(1) CITIC Securities (Shandong) is a wholly-owned subsidiary of the Company with a registered capital of RMB2,500 million. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB19,773.80 million and RMB6,433.24 million, respectively, and the operating revenue, gross profit and net profit realized in 2019 amounted to RMB1,319.46 million, RMB523.85 million and RMB392.43 million, respectively. CITIC Securities (Shandong) had 70 securities branches and 2,575 staff (brokers and dispatched staff inclusive).

The principal businesses of CITIC Securities (Shandong) include: life insurance and property insurance (other than aviation accident insurance and alternative products) approved by the China Insurance Regulatory Commission; foreign-currency negotiable securities brokerage; securities brokerage (in Shandong and Henan provinces only); securities investment advisory (for securities investment advisory business in Shandong and Henan provinces only); margin financing and securities lending; distribution of securities investment fund; provision of intermediate referral services to futures companies; and agency sale of financial products (in Shandong and Henan provinces only).

(2) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HKD6,516.05 million. As at the end of the Reporting Period, the total assets and net assets of CSI amounted to approximately RMB117,915.98 million and approximately RMB8,291.96 million, respectively; the operating revenue, gross profit and net profit realized in 2019 amounted to approximately RMB4,148.20 million, approximately RMB-4.24 million and approximately RMB-95.56 million, respectively. CSI had 4 branches in Hong Kong and 1,933 staff (brokers inclusive).

The principal businesses of CSI include: holding and investment, and its subsidiaries engage in businesses such as corporate finance and capital market, securities brokerage, futures brokerage, asset management, proprietary business and direct investment.

(3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB3.0 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB22,158.71 million and RMB8,885.32 million, respectively; the operating revenue, gross profit and net profit realized in 2019 amounted to RMB1,700.12 million, RMB1,465.56 million and RMB1,088.33 million, respectively. GoldStone Investment had 93 staff (dispatched staff inclusive).

The principal businesses of GoldStone Investment include: industrial investment, investment advisory and management.

(4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB16,793.61 million and RMB15,825.08 million, respectively; the operating revenue, gross profit and net profit realized in 2019 amounted to RMB1,894.78 million, RMB1,744.54 million and RMB1,301.74 million, respectively. CITIC Securities Investment had 22 staff.

The principal businesses of CITIC Securities Investment include: financial product investment, securities investment and equity investment.

(5) CITIC Futures is a wholly-owned subsidiary of the Company with a registered capital of RMB3.6 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures amounted to RMB57,851.44 million and RMB6,530.67 million, respectively; the operating revenue, gross profit and net profit realized in 2019 amounted to RMB6,848.39 million, RMB504.53 million and RMB413.59 million, respectively. CITIC Futures had 43 branches and 1,144 staff.

The principal businesses of CITIC Futures include: commodity futures brokerage, financial futures brokerage, futures investment advisory, asset management and fund sales.

(6) China AMC is held as to 62.20% by the Company with a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB11,645.08 million and RMB8,944.48 million, respectively; the operating revenue, gross profit and net profit realized in 2019 amounted to RMB3,977.47 million, RMB1,539.18 million and RMB1,200.96 million, respectively. China AMC had 1,028 staff (dispatched staff inclusive).

The principal businesses of China AMC include: fund raising; fund sales; asset management; engaging in asset management business for specific clients; and other businesses permitted by the CSRC.

(7) CITIC PE Fund is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB4,730.00 million and RMB4,373.55 million, respectively; the net profit realized in 2019 amounted to RMB609.72 million (unaudited).

The principal businesses of CITIC PE Fund include: promotion and establishment of industrial (equity) investment funds; industrial (equity) investment fund management; financial advisory, investment and investment management advisory; equity investment and external investment; and enterprise management.

(8) Jiantou Zhongxin is held as to 30% by the Company with a registered capital of RMB1.9 billion. As at the end of the Reporting Period, the total assets and net assets of Jiantou Zhongxin amounted to RMB2,455.16 million and RMB2,072.72 million, respectively; the net profit realized in 2019 amounted to RMB89.08 million (unaudited).

The principal businesses of Jiantou Zhongxin include: investment and asset management; investment advisory; enterprise management advisory; and financial advisory.

4.3.6 Securities branch offices of the Company

As at the end of the Reporting Period, the Company has established a total of 33 securities branch offices in Beijing, Shanghai, Guangdong, Hubei, Jiangsu, Shanghai Pilot Free Trade Zone, Shenzhen, Northeast China, Zhejiang, Fujian, Jiangxi, Wenzhou, Ningbo, Sichuan, Shaanxi, Tianjin, Inner Mongolia, Anhui, Shanxi, Yunnan, Hebei, Hunan, Chongqing, Hainan, Gansu, Ningxia, Guangxi, Jilin, Heilongjiang, Jiaxing, Jinhua, Shaoxing and Taizhou, particulars of which are as follows:

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
1	Beijing Branch Office	ZHANG Qing	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65128320
2	Shanghai Branch Office	WANG Lihua	Units 06 and 07, 8/F (Actual Floor: 7/F), and Units 01–03A and 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Shanghai	021-61768697
3	Guangdong Branch Office	HU Xingyi	Rooms 01–08 (self-numbered), 57/F, No. 15 Zhujiang West Road, Tianhe District, Guangzhou	020-66609919
4	Hubei Branch Office	CHEN Keke	51/F, Guangdong Development Bank Building, No. 737 Jianshe Avenue, Jianghan District, Wuhan	027-85355366
5	Jiangsu Branch Office	FENG Enxin	1/F, Area B and 10/F, Phase II of Sunny World, No. 168 Lushan Road, Jianye District, Nanjing	025-83282416
6	Shanghai Pilot Free Trade Zone Branch Office	ZHENG Yonghan	19/F and 20/F, No. 1568 Century Avenue, Pilot Free Trade Zone, Shanghai	021-20262006
7	Shenzhen Branch Office	LIANG Qi	12/F and 20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian Street, Futian District, Shenzhen	0755-23911668
8	Northeast Branch Office	LI Zhe	30/F, Tower A, China Resources Building, No. 286 Qingnian Avenue, Heping District, Shenyang, Liaoning	024-23972693
9	Zhejiang Branch Office	CHEN Gang	Units 1902, 2201, 2202, 2203, 2204, 2301, 2303 and 2304 of Dikai Yinzuo, Jianggan District, Hangzhou, Zhejiang	0571-85783714
10	Jiangxi Branch Office	ZHANG Xinqing	Units 2801, 2802, 2806, 2807, 2808, 2809 and 2810 (28/F) of Lianfa Plaza Office Building, No. 129 Lvyin Road, Honggutan New District, Nanchang, Jiangxi	0791-83970561
11	Fujian Branch Office	SUI Yanping	Units 1901, 1902, 1905A and 1907 of Sino Plaza, No. 137 Wusi Road, Gulou District, Fuzhou, Fujian	0591-87905705
12	Ningbo Branch Office	YAO Feng	Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo, Zhejiang	0574-87033718
13	Wenzhou Branch Office	PAN Ye	Rooms 701, 702 and 703, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang	0577-88107230
14	Sichuan Branch Office	HONG Wei	1/F, West Wing, La Defense Building, No. 1480 North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, Sichuan	028-65728888
15	Shaanxi Branch Office	SHI Lei	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jingguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	029-88601239
16	Tianjin Branch Office	ZHANG Xinyu	7/F, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-58816668

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
17	Inner Mongolia Branch Office	FAN Yaqiong	Jintailiwan No. 10 Complex, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0471-5982233
18	Anhui Branch Office	WU Jianfeng	Rooms 1-Shang-101 and 1-701-708, Block A, Jinding International Square, No. 287 Suixi Road, Luyang District, Hefei, Anhui Province	0551-65662889
19	Shanxi Branch Office	ZHENG Wenhui	Shop 1, Northeast Corner of Hongsheng Times Financial Plaza, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	0351-6191968
20	Yunnan Branch Office	ZHANG Rui	11/F, Block 2, Huahai Xinjingjie Commercial Building, Milesi New Village, Huancheng West Road, Xishan District, Kunming, Yunnan Province	0871-68353618
21	Hunan Branch Office	LUO Hua	2/F, New Century Building, No. 198 Second Section of Furong Middle Road, Tianxin District, Changsha, Hunan	0731-85175379
22	Hebei Branch Office	QIU Zhenying	3501–3504, 35/F, Tower B, Letai Center, No. 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
23	Chongqing Branch Office	HAN Han	5-1 (underground) and 12-1-2 of Citic Bank Building, No. 5 West Avenue, Jiangbei Town, Jiangbei District, Chongqing	023-67518668
24	Hainan Branch Office	YAN Changsheng	1–2/F, Block B, East Area of Sheng Da Jing Du, No. 65 Guoxing Avenue, Meilan District, Haikou, Hainan	0898-65361268
25	Guangxi Branch Office	LIU Yuyang	Room 1805, 18F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning	0771-2539031
26	Gansu Branch Office	XU Ying	2/F, Jiangong Times Building, No. 575 East Xijin Road, Qilihe District, Lanzhou, Gansu	0931-2146560
27	Ningxia Branch Office	REN Gaopeng	Room 301, Complex Commercial Building, No. 16 (formerly No. B4) Yuehai Xintiandi, East Side of Yinjiaqu and South Side of Zhenshui Road, Jinfeng District, Yinchuan, Ningxia	0951-5102568
28	Jilin Branch Office	LIU Mingxu	C101 on 1–2/F, C301 and C302 on 3/F, Tower C, Pearl Plaza, No. 8988 Renmin Avenue, Nanguan District, Changchun, Jilin Province	0431-81970899
29	Heilongjiang Branch Office	ZHAO Yong	21/F, No. 236 Hongqi Avenue, Nangang District, Harbin	0451-51990358
30	Jiaxing Branch Office	WU Jinglan	1/F (north side), 6/F and 7/F of Commercial and Office Complex at the Intersection of Zhongshan Road and Jishui Road, Nanhu District, Jiaxing, Zhejiang Province	0573-82069341
31	Jinhua Branch Office	XU Honglai	No. 331 Zhongshan Road, Jinhua, Zhejiang Province	0579-82337102
32	Shaoxing Branch Office	TONG Weijia	No. 117 Pianmenzhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0575-88096598
33	Taizhou Branch Office	LIN Binxian	Rooms 2001 and 103 of Development and Investment Mansion, No. 188 Fuzhong Road, Taizhou, Zhejiang Province	0576-88896598

4.3.7 Structured vehicles controlled by the Company

Please refer to notes 24 to the financial report for details of structured vehicles controlled by the Company.

4.3.8 Explanation of change in scope of statement consolidation

During the Reporting Period, the Company liquidated one off-shore fund, CITICS Pan-Asian Multi-Strategy Fund, the number of structured entities which were included in the consolidation scope of the Company's financial statements were 4. The number of first-level units included in the consolidation scope of the Company's financial statements were 19.

4.3.9 No change in the income tax policy of the Company during the Reporting Period

From 1 January 2008, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and the Regulations on the Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) became effective for the Company. The enterprise income tax computation and payment are governed by the requirements of the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by the Enterprises with Trans-regional Operations (《國家税務總局關於印發<跨地區經營匯總納税企業所得税徵收管理辦法>的公告》) (Public Notice of the State Administration of Taxation [2012] No. 57).The enterprise income tax rate applicable to the Company is 25%.

4.4 Core Competitiveness Analysis

In the course of more than 20 years of development, backed by powerful shareholder background, the Company has developed and achieved a sound corporate governance structure, prospective strategic layout and complete business system, solid capital strength and industry-leading operating results, profound customer resources, excellent corporate culture and core value, all of which contribute to the core competitiveness of the Company.

1. Powerful shareholder background and sound corporate governance structure

The largest Shareholder of CITIC Securities is CITIC Corporation Limited. Founded on integrating the securities business under CITIC Group, the Company has grown from a small and medium-sized securities company into a large integrated securities group with the full support from CITIC Group. Listed on SSE in 2003 and on the Hong Kong Stock Exchange in 2011, the Company is China's first securities company has its A shares, H shares and A+H shares IPO listed. The Company has formed a sound corporate governance structure centering on the Board, the Supervisory Committee and the general meeting, which ensures the Company's sustained healthy development under the long-term market-based operation mechanism.

2. Prospective strategic layout and complete business system

The Company has been exploring and putting into practice new business models over the years. It took the lead in the industry in proposing and practicing the new buy-side business and engages in business such as direct investment, bond market-making and block trading; by acquisition and continuous cultivation, it has established its leading strength in futures, fund, commodity and other business; it has expanded investment in business such as fixed income, margin financing and securities lending, equity derivatives and alternative investment and established the financial market business system. The Company has obtained qualifications for multiple businesses permitted by domestic regulatory authorities, forming a full-product, full-market and full-business coverage landscape, with basic financial functions in investment, financing, trading, payment and custody gradually improved.

3. Solid capital strength and industry-leading operating results

Since its establishment, the Company has boasted prominent strength of scale advantage in net capital, net assets and total assets as well as remarkable profitability. With sustained leading position in the market in respect of investment banking, wealth management, fixed income and asset management, it has achieved wide reputation and brand strength in domestic market. Over the years, the Company has won many awards granted by Asiamoney, Financial Times, Forbes, SSE, SZSE and other domestic and overseas institutions.

4. Profound customer resources and extensive network layout

In 1996, the Company underwrote the listing of Yaohua Glass as the lead underwriter, which represents the first IPO project of the Company. Over the past two decades, the Company has accumulated a group of trustworthy strategic clients including Three Gorges Corporation, China Yangtze Power and Industrial and Commercial Bank of China. At present, the Company has more than 8.70 million retail clients and 37,000 domestic corporate and institutional clients engaging in key fields of national economy, achieving in-depth coverage of major central SOEs, important local SOEs and influential listed companies. The Company has kept developing as driven by the philosophy of being client-centric and growing together with clients.

5. PRC investment bank covering the most areas along the Belt and Road Initiative

CLSA, an overseas business platform under the Company, has set up branches in 15 countries and regions including the UK, the US, Australia and Southeast Asia, with its research services covering more than 1,000 listed companies in areas along the Belt and Road Initiative. It is the Chinese-funded securities company leading peers in the number of local branches, research coverage, sales network and liquidation and settlement infrastructure in areas along the Belt and Road Initiative and also an investment bank best fitting the Belt and Road Initiative in the world. With its unique industrial position and accumulated strength, CLSA provides enterprises participating in the Belt and Road Initiative projects with the best-quality and most effective services and advice regarding business fields such as cross-border acquisition in Asia, establishment of joint ventures and in-depth understanding of local markets.

6. Excellent corporate culture and core value

The Company has inherited excellent cultural genes of CITIC Group. Following CITIC's style of "abiding by laws and discipline and acting honestly, seeking truth from facts and innovation, being prudent and modest and advocating teamwork spirit, being industrious and self-motivated and effective and resolute", highlighting CITIC's core value of "honesty, innovation, cohesion, integration, devotion and excellence", and keeping to CITIC's development mission of "offering the best services to clients, providing a platform for staff to accomplish their talent, creating maximum value for shareholders and making the biggest contribution to the country", the Company has gradually formed its operating philosophy of law abidance, standardized management and strict risk control; forged the enterprising spirit of seeking excellence, striving to make innovations and allowing trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the interpersonal style of staying humble, working hard, and being modest and prudent; and formed the admirable tradition of being diligent, advocating conciseness, and abandoning redundant formalities.

4.5 Risk Management

4.5.1 Overview

The Company always believes that effective risk management and internal control are critical to its successful operation. The Company has implemented comprehensive risk management and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implemented vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management. The Company has established a complete and effective governance structure system in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has incorporated internal control and risk management as the necessary elements in the Company's decision-making processes.

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all its staff, and is committed to building risk management as its core competitiveness. In 2019, while ensuring stable operation of the overall risk management system and putting various risks under effective control, the Company continued to deeply implement consolidated management for the Group's risks, with a main focus on promoting integrated risk control at home and abroad, making the risk management of offshore subsidiaries more direct and effective through the creation of integrated risk management team at home and abroad.

The Company is well aware that excellent overall risk management system and advanced information technology platform are essential to achieve the development vision of "becoming global customers' most trustworthy PRC investment bank with leading position in the PRC and high ranking in the world". Therefore, in recent years, the Company continued to increase its resource contributions into compliance and risk control and information technology, intensified efforts in recruitment of relevant professionals, and strengthened the development of financial technology platforms and the application of new technologies such as big data and artificial intelligence. The Company will continue to increase contributions into its independent research and development, promote the building and optimization of the compliance and risk control module in the professional compliance and risk control system and business system, reinforce standardization and automation of the risk management process and achieve the systematic calculation and monitoring of risk indicators of the Group.

4.5.2 Structure of risk management

The major organizational framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Operation Management, the relevant internal control departments and business departments/business lines. The relatively comprehensive three-level risk management system enables a network of collective decision making by the respective committees, together with the close cooperation between internal control departments and business departments/business lines, and manages risks through review, decision, execution and supervision. As for the level of division and business line, the Company has established three layers of defense in risk management, that is, business departments/business lines to assume the primary responsibility for risk management, internal control departments, including the Risk Management Department and the Compliance Department, to conduct professional management of all types of risks, and the Audit Department to take charge of post-supervision and evaluation.

Level 1: The Board

The Risk Management Committee of the Board supervises the overall risk management of the Company with the aim of controlling risks within an acceptable scope, to ensure smooth implementation of effective risk management schemes over risks relating to the operating activities; prepares overall risk management policies for the Board's review; formulates strategic structure and resources to be allocated for the Company's risk management purposes and keeps them in line with the Company's internal risk management policies; sets boundaries for major risk indicators; performs supervision and review on the risk management policies and makes recommendation to the Board.

Level 2: Operation Management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and the Operation Management of the Company, the committee reviews and makes decisions on major issues and relevant systems regarding the use of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes assets allocation and improves the efficiency of the capital consumption via a scientific, standardized management method and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and reviews on capital commitment of the underwriting business within the authority delegated by the Board and the Operation Management of the Company. All corporate finance business involving application of capital of the Company is subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance activities and security of capital of the Company.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and the Operation Management of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management sub-working group is the main body responsible for the daily monitoring and management of the financial risks over the Company's buy-side business and facilitating the execution of the decisions made by the Risk Management Committee of the Company. With regular working meeting, the risk management sub-working group has set up specific working groups led by specific risk management control experts with the involvement of related business departments/business lines separately in accordance with the management of market risks, credit risks, liquidity risks and operational risks to respond to pending matters from daily monitoring or decisions made by the higher authorities in a timely manner through the establishment of coordination on the implementation level. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

The Company has appointed the Chief Risk Officer to be responsible for coordinating the overall risk management work.

The Company has established the Product Committee. Under the designated authority from the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews and approves the launch or sales of products and the provision of relevant services, and is the decision-making body of the launch and the appropriateness management of financial products of the Company. The Risk Evaluation Group and the Appropriateness Management Group were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific measures of product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk rating on products or services, as well as supervising the management of product maturities. The Appropriateness Management Group is responsible for formulating the criteria for investor classification and the principles and procedures for appropriate matching of investors, supervising departments to implement investor appropriateness management work, organizing appropriateness training and appropriateness self-examination and rectification at the company level, and supervising the establishment and improvement of investor appropriateness evaluation database and other work related to appropriateness management.

Level 3: Division/Business Lines

At the division and business line level, the Company has segregated the roles and responsibilities among the front office, middle office and back office to ensure the establishment of a system of "checks and balances", forming three layers of defense in risk management jointly built by business departments/business lines, internal control departments including the Risk Management Department and the Compliance Department, as well as the Audit Department.

Being the Company's first layer of defense in risk management, front-office business departments/business lines of the Company bears the first-layer responsibility for risk management. These departments are responsible to establish the business management systems and risk management systems for various businesses, to perform supervision, assessment and reporting on business risks, and to limit such risks within the approved ranges.

Internal control departments, including the Risk Management Department and Compliance Department of the Company, are the second layer of defense in risk management of the Company, of which:

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business lines, and recommends on the optimization of resources allocation in relation to risk; assists the Risk Management Committee of the Company in the preparation of risk management indicators such as risk limits, as well as the supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among the front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk profile of the Company to the Operation Management and makes recommendations on risk management of the Company; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment, and to meet the regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance system of the Company, provides compliance advice and enquiries to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the departments/business lines and branches of the Company to assess, develop, modify and improve internal management systems and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on internal management systems, important decisions, new products, new businesses and key business activities launched by the Company; fulfills the regular and non-regular obligations of reporting to regulatory authorities; organizes and performs money laundering risk control in accordance with the anti-money laundering system of the Company, etc.

The Legal Department of the Company is responsible for oversight of the legal risks of the Company and its relevant businesses.

The Office of the Board of the Company promotes the management over the reputation risk of the Company in conjunction with the General Manager's Office, Risk Management Department, Compliance Department, Human Resources Department, Legal Department, Information Technology Centre, Audit Department and other relevant departments.

The Information Technology Centre of the Company is responsible for managing the IT risks of the Company.

The Audit Department of the Company is the third line of defense in risk management and has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

Other internal control departments exercise their respective risk management functions within the scope of their responsibilities.

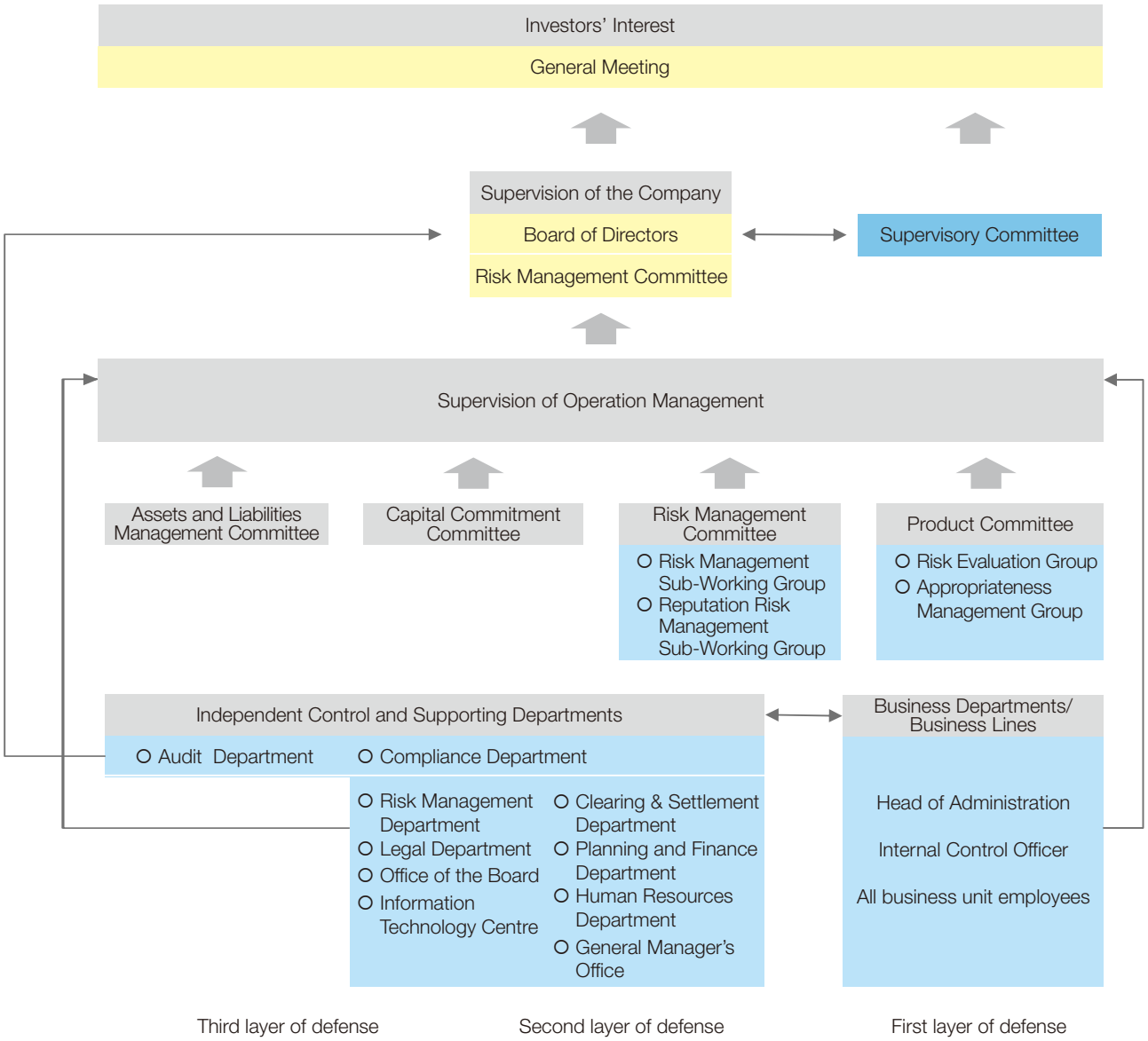


Chart: Structure of the Risk Management

4.5.3 Market risk

Market risks represent potential losses due to movements in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and foreign exchange rate risk. Among which, equity price risk arises from fluctuation in the price and volatility of equity products such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk represents exposures arising from fluctuation of non-local currency rates.

The Company has established a top-down risk quotas management system, which allocates the overall risk of the Company to different business departments/business lines, and through the monitoring and implementing by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks in a comprehensive manner through the Risk Management Department, which is independent of the business departments/business lines, and its assessments and monitoring results are reported to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for market risks and as the front-layer risk management team, dynamically manage the market risks arising from its positions held, and actively take measures including reducing risk exposures or conducting risk hedging when the exposures are relatively high. The relevant monitoring personnel from the Risk Management Department will continuously communicate with the respective business departments/business lines directly with regard to information on risk exposures, and discuss the status of risk portfolios and the extreme losses situations.

The Risk Management Department estimates possible losses arising from market risks through a series of measurements, including possible losses under normal market volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term mainly via VaR and sensitivity analysis. Meanwhile, in extreme situations, the Risk Management Department measures the possible losses of the Company via stress test. The risk report sets out the market risk portfolios and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers of each of the business departments/business lines and the Operation Management of the Company.

VaR represents the amount of potential losses of investment portfolios held due to movements in market prices over a specified time period and with a given degree of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through back-testing and improves its calculation in line with the expansion of the Company's businesses. The Company also evaluates the possible losses in its positions held arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company with full positions upon the concurrence of different events under a single or multiple scenario. These scenarios include the occurrence of major setbacks in macro-economic, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an important part of the market risk management of the Company. Through the stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected ranges.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to comply with the risk limits, or may apply for a temporary or permanent upgrade in the limits, and implement the upgraded limits after obtaining the approval by the corresponding authorized personnel or organization.

The Company continues to modify the risk limits system, defines a unified limit management measure and a hierarchical authorization mechanism, and on the basis of such authorization mechanism, adjusts the measures for the management of the system with different levels of risk limit indicators for the Company as a whole, its respective business departments/business lines and investment accounts.

In respect of foreign assets and subsidiary assets, the Company implemented integrated management at home and abroad. The Company keeps track of the risk by closely monitoring the value of the assets in the accounts on a daily basis, and it manages from different angles, such as assets limit, VaR, sensibility analysis and stress test. In respect of foreign currency assets, the Company takes overall monitoring and management on exchange rate risk, and manages exchange risk exposure through a number of methods such as adjusting foreign currency positions, using forward exchange contract/option hedging, currency swap contracts, and etc.

In 2019, the Company updated its market risk management policy, further refined the current limits system, continued to promote the research and optimization of risk measurement methods, and newly added more types of risk indicators, in order to better evaluate and manage its possible material loss specifically.

The Group closely kept track of market and business changes, promptly identified the latest market risk profile and maintained good communication with relevant regulatory authorities and the Shareholders, with a view to timely control the exposure to market risks.

Please refer to Note 58 to the financial report for details of the market risk of the Group.

4.5.4 Credit risk

Credit risk is the risk in respect of loss arising from the failure to perform obligations by a borrower, counterparty or issuer of financial positions held, or the result of whose credit qualifications deteriorate.

The credit risk of the Group mainly arises from four aspects: firstly, brokerage business in respect of securities dealing and futures trading on behalf of clients, if the Group does not require the clients to pay sufficient margin deposits in advance according to the laws, the Group may have to undertake the settlement responsibility on behalf of clients if the clients do not have sufficient funds to pay for the transaction, or face financing gaps due to other factors on the settlement date, and accordingly resulting in losses; secondly, credit risk arising from the securities financing businesses including margin financing and securities lending, stock repo, stock-pledged repo, which refers to the Group's exposure to losses caused by clients' failure to perform the contracts; thirdly, default risk from credit product investment, which refers to the risk of the Group's asset losses and change in yield by reason of default or refusal to pay principal and interest on due dates by the financing parties or the issuers of the credit products the Group invested; and fourthly, counterparty default risk in OTC derivative transactions, such as interest rate swap, equity swap, OTC option and forwards, i.e., the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating system, measures its credit risk by means of stress test and sensitivity analysis, and manages such credit risk based on these results through credit approval mechanism. Meanwhile, the Company uses its information management system to monitor its credit risk on a real time basis, keeps track of the credit risk of its business products and transaction counterparties, provides analysis and pre-warning reports, and adjust its credit limits in a timely manner.

Securities brokerage business transaction in Mainland China are all required to be settled in full by security deposit, as a result of which the settlement risk associated with brokerage business has been largely controlled.

Credit risk arising from the securities financing business primarily includes clients' provision of false information, failure to make full repayment in a timely manner, contractual breach of portfolio limits and compositions, violation of regulatory requirements for trading activities, and provision of collateral encumbered with legal disputes, and etc. Credit risk arising from this type of businesses is mainly managed through client education, credit reference checks, credit approval, daily mark to market, risk reminders to clients, forced liquidation of clients' positions, judicial recourse and other means.

For credit products investment, in respect of private equity investment, the Company has established the entrance thresholds and investment caps for its products and will manage its credit risk through risk assessment, risk reminders and judicial recourse, and in respect of public offering investments, through the counterparty credit approval policy, the Company has developed certain investment restrictions based on the credit ratings.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions and the main risks are their failure to make payments on time, their failure to cover the security deposits in a timely manner in case of losses in investments, and discrepancy between the amounts calculated by the parties. The Company sets certain proportions for the security deposits of counterparties and restrictions on the transaction size, controls the credit risk exposure of counterparties through daily mark to market, margin calls and automatic liquidation of clients' positions, as well as claim the losses through judicial procedures if losses occurs after the automatic liquidation of clients' positions.

Due to the lack of comparability between credit rating results issued by domestic credit rating agencies and by foreign credit rating agencies, the credit risk exposure is stated separately as follows:

Credit risk exposure of investments in bonds (by domestic rating agencies)

In RMB ten thousand

Investment Rating	31 December 2019	31 December 2018
China's Sovereign Credit Rating	**1,020,088**	2,817,028
AAA	**9,269,027**	6,249,261
AA	**1,245,410**	1,052,249
A	**139**	39,612
A-1	**481,523**	477,858
Others	**2,647,961**	1,876,051
Total exposure	**14,664,148**	**12,512,059**

Note: AAA~A represents rating for debts with maturity over one year, of which AAA represents the highest rating; A-1 represents the highest rating for debts with maturity within one year; AA includes products with AA+, AA and AA- actual ratings; A includes products with A+, A and A- actual ratings; others refer to products with ratings below A- (excluding A-) and those without external debt ratings.

Credit risk exposure of investments in bonds (by foreign rating agencies)

In RMB ten thousand

Investment Rating	31 December 2019	31 December 2018
A	**3,823**	11,591
B	**716,418**	458,622
C	**786,972**	913,890
D	**567**	5,388
NR	**-679,863**	-973,088
Total exposure	**827,917**	416,403

Note: The foreign bond rating is chosen as the lowest of the ratings granted by Moody's, Standard & Poor's and Fitch Ratings (if any); NR is recorded when no rating has been granted by any of the three agencies. Of which, A represents products with ratings of Aaa~Aa3 by Moody's, AAA~AA- by Standard & Poor's and AAA~AA- by Fitch Ratings; B represents products with ratings of A1~Baa3 by Moody's, A+~BBB- by Standard & Poor's and A+~BBB- by Fitch Ratings; C represents products with ratings of Ba1~B3 by Moody's and BB+~B- by Standard & Poor's, and BB+~B- by Fitch Ratings; D represents products with ratings of Caa1~D by Moody's, CCC+~D by Standard & Poor's, and CCC+~D by Fitch Ratings.

The Group continued to maintain strict risk management standards for its securities financing business from a multiple perspective in terms of pledge ratio, collaterals, security deposits ratio, concentration, liquidity, durations and etc., and managed its credit risk exposure through timely mark to market.

As at the end of the Reporting Period, the Group maintained an average margin ratio of 307% for the Group's margin financing and securities lending clients with outstanding liabilities and an average margin ratio of 673% for the Group's stock repo clients with outstanding liabilities; the size of the Group's on-balance sheet stock-pledged repo business was RMB40,483,793,164.68 with an average margin ratio of 281%; and the size of the Group's stock-pledged repo business operated through off-balance sheet asset management activities was RMB24,544,425,935.88.

4.5.5 Liquidity risk

Liquidity risk refers to the risk that the Company fails to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and satisfy capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long-term working capital through public or private offering of corporate bonds, subordinated bonds, income vouchers and the like to enable the Company to maintain its overall liquidity at a relatively secured level.

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a future time span on a daily basis. It measures the solvency of the Company via analysis of matching between assets and liabilities on a specified point of time and within a time period, and the measurement of indicators including funding gap ratio. The Risk Management Department releases a liquidity risk report on a daily basis and reports on the status of the Company's assets and liabilities, liquidity risk quota management and other situations. The Company also sets warning threshold values for liquidity risk indicators, and once exceeded, the Risk Management Department will warn the risk to the Risk Management Committee, the management and relevant departments of the Company under relevant systems, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposure into a permitted range. The Company has also established a liquidity reserve pool system with sufficient high-liquidity assets in order to meet its emergent liquidity needs.

In 2019, in view of a market condition characterized by reasonably adequate liquidity, the Group strengthened its close monitoring and daily management on liquidity risks, to ensure the constant compliance of liquidity supervision indicators with the regulatory standards. On the other hand, the Group evaluated liquidity pressure under extreme circumstances through liquidity risk stress tests and formulated emergency plans to ensure the secured liquidity of the Company.

4.5.6 Operational risk

Operational risk is the risk of losses to the Company arising from flawed internal processes, breakdown of information system, fault or misconduct of staff, external factors and other reasons.

During the Reporting Period, all the established management tools were on continuous effective operation. The Company carried out assessment and review on new businesses, streamlined business processes, and approval of measures and policies to improve its internal control procedures and to control risk exposures on an ongoing basis; made early warning and analysis of the operational risk in time through key risk indicator (KRI) monitoring, the amount of KRI has steadily increased and the pertinence has strengthened continuously; investigated and reported on risk events and followed corrective measures so as to mitigate risks in a timely manner. Cultivated employees with operational risk concepts, improved the awareness of operational risk through organizing various forms of training. Through continuous improvement of the operational risk management system functions and the supporting OA procedures, and assisted by automated devices to support the daily management of operational risk, the efficiency and effectiveness of operational risk management can be continuously improved.

5. REPORT OF THE BOARD

5.1 Review of Business

5.1.1 Business review

The Group is principally engaged in providing securities brokerage, investment banking, assets management, trading and other related financial services.

Details of the development stages, cyclical characteristics of the industry in which the Group operates and the industry positions of the Group are as below:

The deepening of capital market reforms provides historic opportunities for the development of the securities industry. It can be observed from the ratio of domestic credit provided by the banking system to the GDP, indirect financing development in China has nearly reached the level of mature markets, but the direct financing development represented by the stock market is still insufficient. Imbalance in financing structure not only affects social financial efficiency, but also causes the securities industry to develop slowly compared to the banking industry. In the future, the deepening of capital market reforms has created opportunities for the development of the securities industry. The Central Economic Working Conference pointed out that the capital market has played a vital role in financial operation. It is important to build a standardized, transparent, open, dynamic, and resilient capital market. In September 2019, the CSRC proposed "Twelve Articles of Deepening Capital Market Reform" policy, which aims to establish a high-quality and efficient market system. The development of the capital market requires professional institutions with risk pricing capabilities, comprehensive financial products, sound market liquidity and diversified financing methods. It also requires brokers to play the role of "financial arrangers", "wealth managers", "trading services and liquidity providers", "important market investors" and "risk managers" which provides historic opportunities for the comprehensive development of the securities industry.

Higher requirements have been raised for the capabilities of securities companies in the new era, and the securities industry has entered into the phase of supply-side reform. Capital market reforms contribute to business growth, while raise higher requirements for the capabilities of securities companies. The business model that relies on license bonus has entered into a bottleneck period. In the future, the profitability of securities companies will rely more on capital strength, risk pricing capabilities, business synergy capabilities and fintech capabilities. With the two-way opening up of the capital market and the securities industry, top brokers will face competition from foreign institutions. With their global vision, standardized trading and clearing systems, and global product chains, foreign institutions have competitive strength in term of providing high-quality services to institutional investors and high-net-worth individual customers, and will inevitably impose pressure of competition on local brokers when developing their business in China. Meanwhile, local top brokers are also accelerating the pace of internationalization, helping capital in China and Chinese investors going abroad, and participate in international competition. This requires domestic brokers to abandon profit model of distribution channel, establish expertise barriers, and enhance adaptability to the new competitive business environment. Supply-side reforms will be adopted to achieve the survival of the fittest in the securities industry. Wealth management transformation, registration system reform, de-channeling of asset management, and the Matthew effect of derivatives business will accelerate the concentration of the securities industry. In the future, it is expected that first-class investment banks with superb business capabilities, comprehensive service functions, standardized operation and management, and international influence will outstand in China securities industry.

In 2019, the operation and management of CITIC Securities progressed steadily. Financial indicators of the Company including operating income and net profit for the year continued to rank top among domestic securities companies. In the future, CITIC Securities will capture the development opportunities in the capital market reform, further strengthen international talent team building, improve domestic and overseas customer service capabilities through various measures such as fintech empowerment, so as to achieve the high-quality and sustainable development of the Company, and make its own contribution to promoting high-quality development of the securities industry and the reform of the capital market.

5.1.2 Principal risks and uncertainties

Principal risks to which the Company is exposed include market risk, credit risk, liquidity risk and operational risk. For the objectives and policies of risk management of the Company, please refer to "4.5 Risk Management" in this results announcement. For major risks and uncertainties to which the Company is exposed in 2019, please refer to "4.1.5 Possible risks exposure" in this results announcement.

5.1.3 Relevant laws and regulations with significant impact

Adhering to the philosophy of operating in compliance with laws and regulations for a long time, the Company complies with the national laws, administrative regulations and various rules and normative documents promulgated by regulatory authorities. In 2019, in accordance with regulatory provisions and business management requirements of the Company, the Company formulated and revised a series of internal management systems to enhance its internal control and management level and improve compliance management systems; formulated and improved business management systems and processes to timely implement all the requirements of regulatory authorities and self-regulatory organizations in all of its business lines; continuously strengthened the publicity and training of laws and compliance culture to enhance the awareness of active prevention from compliance risks in the course of business operations among business lines. The Company has achieved overall compliance in its operation and management activities. The compliance and risk management mechanism of the Company runs well and no material systematic compliance risks have been detected.

5.1.4 Environmental policies and performance

Through its important achievements in promoting the green development of the real economy through financial services, the Company has achieved significant economic, social and environmental effects, benefitting the national interest and people's livelihood. In 2019, through its domestically leading investment banking team, the Company assisted and served China Three Gorges Corporation to issue the first green exchangeable corporate bond. The Company promoted the city energy-saving and carbon emission reduction process, assisted Guangzhou Metro to issue 4 green corporate bonds and assisted Beijing Infrastructure Investment Co., Ltd. to issue a green sustainable corporate bond of no more than RMB10 billion. The Company responded to the national Village Service Strategy actively, and made full use of the product design and transaction pricing advantages to provide price falling protections for agricultural products.

For other information relating to environmental policies and performance, please refer to the 2019 Social Responsibility Report disclosed by the Company separately on the same date of this results announcement.

5.1.5 Future development/forward-looking

Please refer to "4.1.2 Development strategy of the Company" and "4.1.3 Business plan for 2020" of this results announcement on prospects of the Company's future development.

5.2 Profit Distribution and Proposed Dividend

5.2.1 Profit distribution policy

The Articles of Association of the Company specify that the profit distribution plans, particularly the decision-making procedures and mechanisms for the cash dividend plans, clarify the priority of cash dividend in the profit distribution.

The profit shall be distributed in the form of cash, stock shares, or a combination of both. Priority will be given to cash dividend payment when the conditions for cash dividend are fulfilled. The percentages of distribution shall be drafted by the Board of Directors according to the situation of the Company and the stipulations of the CSRC, and shall be approved by the General Meeting of Shareholders; the Company shall, in principle, make one profit distribution each year when the conditions for dividend payment are fulfilled, but the Company may distribute dividends in an interim period according to its profitability and capital requirements; where the Board of Directors fails to prepare a plan for the annual cash profit distribution when the Company has earned a profit, the Company shall, if so requested by the relevant regulatory authority, disclose the reasons for the failure in its regular report; and where any shareholder misappropriates any fund of the Company in violation of laws or regulations, the Company shall, before distributing the profit, deduct the amount so misappropriated by such shareholder from the cash amount to be distributed to such shareholder.

The Company shall, in formulating its profit distribution plan, consider both internal and external factors, and do its best to ensure that the annual profit distribution scale is not less than 20% of the net profit attributable to shareholders of the parent company for that year.

When the profit and accumulated undistributed profit for the year is positive, the cash flows are sufficient to fund the Company's normal operation and long-term development and the implementation of the cash dividend plan will not affect the Company's on-going operation, the Company may make profit distribution in the form of cash. The Company shall, taking into consideration factors such as industry characteristics, the Company's development stage, business operation model, profitability level and whether there are significant capital expenditure arrangements, develop differentiated cash dividend policies to be applicable in the following different situations: (1) where the Company is at a sophisticated stage of development and has no significant capital expenditure arrangements, the cash dividend payout ratio in the profit distribution shall reach a minimum of 80%; (2) where the Company is at a sophisticated stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 40%; (3) where the Company is at a growth stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution shall reach a minimum of 20%; and (4) where the Company's development stage is difficult to be defined but the Company has any significant capital expenditure arrangement, the preceding provisions may still be followed.

5.2.2 Profit distribution plans/proposals for the past three years

In RMB Yuan

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (tax inclusive)	Capitalization shares for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to holders of ordinary shares of the listed Company as shown in the consolidated financial statements for the year of distribution	Percentage of net profit attributable to holders of ordinary shares of the listed Company as shown in the consolidated financial statements (%)
2019	0	5.0000	0	6,463,388,014.50	12,228,609,723.82	52.85
2018	0	3.5000	0	4,240,917,940.00	9,389,895,989.94	45.16
2017	0	4.0000	0	4,846,763,360.00	11,433,264,545.60	42.39

Proposed profit distribution plan for 2019:

The Company's profit available for distribution for the year of 2019 amounts to RMB39,305,417,013.37, which was calculated based on the retained profit of the Company at the beginning of 2019, which amounted to RMB31,845,135,198.14, the net profit of RMB11,701,199,755.23 realized by the Company in 2019 and after deduction of the 2018 cash dividends of RMB4,240,917,940.00.

Pursuant to the Company Law, Securities Law, Financial Rules for Financial Enterprises, Interim Measures on Supervision and Administration of the Provisions of Risk of Public Offering of Securities Investment Funds, Guiding Opinions on Regulating Asset Management Business of Financial Institutions and the Articles of Association of the Company, the net profit of the Company for 2019 is proposed to be appropriated in the following sequences;

1. no relevant provision to be made this year as the Company's accumulated amount of the statutory reserve has reached 50% of its registered capital;

2. to appropriate RMB1,170,119,975.52 to the general provisions of risk for 2019;

3. to appropriate RMB1,170,119,975.52 to the provisions of risk for transactions for 2019;

4. to appropriate RMB3,494,342.36 to the provisions of risk for custody business in 2019; and

5. to appropriate RMB117,296,830.10 to the provisions of risk for collective asset management business in 2019.

The above withdrawals amount to RMB2,461,031,123.50 in total.

Net of the above withdrawals, the profit of the parent company available for distribution to the investors for the year of 2019 amounts to RMB36,844,385,889.87.

In consideration of composite factors such as the future development of the Company and the interests of the Shareholders, the Company proposes the profit distribution plan of 2019 as follows:

1. The Company proposes to adopt cash dividend payment method for its 2019 profit distribution (i.e. 100% cash dividend) and distribute a dividend of RMB5.00 for every 10 shares (tax inclusive) to the A Shareholders and H Shareholders whose names appear on the register of members of the Company on the Record Date. Based on the number of total issued shares of the Company as at the date of the Board meeting for approving the proposed profit distribution plan of 2019, i.e. 12,926,776,029 Shares, the cash dividend proposed to be distributed totals RMB6,463,388,014.50, representing 52.85% of the net profit attributable to the owners of the parent as shown in the 2019 consolidated financial statements. In the event of change in total share capital of the Company after the date of the above-mentioned Board meeting but before the Record Date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. The outstanding balance of the retained profit distributable for 2019 will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. The actual amounts to be paid in HKD will be calculated based on the average benchmark exchange rate for Renminbi to HKD as announced by the People's Bank of China for the five business days before the date of the 2019 Annual General Meeting of the Company.

After the 2019 profit distribution plan is approved by the 2019 Annual General Meeting of the Company, payment of the 2019 cash dividend will be made before 28 August 2020. The Company will publish separate announcement on the record date and book closure period for the payment of the dividends to H Shareholders, as well as the record date and the date for the payment of the dividends to A Shareholders.

5.3 Tax Deduction and Exemption

A Shareholders

Pursuant to Notice on Issues Concerning the Implementation of Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) and Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends obtained from listed companies by individual investors, if the holding period between the date of the individual investor obtaining the Company's Share and the record date is more than one year, individual income tax shall be exempted; if the holding period between the date of the individual investor obtaining the Company's Shares and the record date is less than one year (inclusive), listed companies temporarily are not required, in respect of their individual income tax, to pay withholding tax, subject to corresponding adjustment to be made in accordance with the aforementioned Notices at the time when the individual investors transferred their respective Shares.

For Shareholders who are resident enterprises, the income tax on their cash dividends shall be payable by themselves.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII of the State Administration of Taxation (Guo Shui Han [2009] No. 47). Shareholders who are QFII and who wish to enjoy the treatment of tax treaties (arrangements) shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends.

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation, and the CSRC on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81), for dividends derived by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on SSE, and prior to Hong Kong Securities Clearing Company Ltd. is able to furnish the identity, holding period and other detailed data of investors in the Hong Kong market to CSDCC, the differentiated tax policy based on the holding period of shares will temporarily not be implemented. Listed companies shall withhold income tax at a tax rate of 10% and make withholding and payment filings with their competent tax authorities. For those investors in Hong Kong who are tax residents of other countries and the income tax rate applicable to dividends is lower than 10% under the tax treaties between China and their residence countries, enterprises or individuals may by themselves or ask the withholding and payment agent to act on their behalf to apply to the competent tax authorities of the listed companies for the application of preferential treatment under the tax treaties. With the approval of the competent tax authorities, the difference between the tax paid and the payable tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

H Shareholders

Pursuant to the requirements of the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividends received by overseas resident individual shareholders from the shares issued by domestic non foreign-invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld and paid by the withholding and payment agents according to the relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The relevant dividend tax rate under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax collection and administration, domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold and pay individual income tax at the rate of 10%, and are not obligated to file an application. In circumstances where the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements subject to tax rates lower than 10%, the withholding and payment agents may file applications on their behalf to seek entitlement to the relevant agreed preferential treatments, and upon approval by the competent tax authorities, excessive withheld and paid tax amounts will be refunded; (2) for citizens from countries under agreements subject to tax rates higher than 10% but lower than 20%, the withholding and payment agents shall withhold and pay individual income tax at the agreed effective tax rate at the time of distribution of dividends (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or under other circumstances, the withholding and payment agents shall withhold and pay individual income tax at a tax rate of 20% at the time of distribution of dividends.

Pursuant to the requirements of the Notice on the Issues Concerning Withholding and Paying the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) of the State Administration of Taxation, a PRC resident enterprise, when distributing dividends for the year 2008 and the years thereafter to H Shareholders who are overseas non-resident enterprises, shall be subject to enterprise income tax withheld and paid at a uniform rate of 10%.

Pursuant to the requirements of the Notice of Ministry of Finance, the State Administration of Taxation, and the CSRC on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) and Notice on Taxation Policy concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No.127), for dividends derived by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For dividends derived by Mainland securities investment funds from investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. For dividends derived by Mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the company of such H shares will not withhold the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves. For dividends derived by Mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon will be exempt according to the laws and regulations.

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 of the Company are taxed and/or enjoy tax relief in accordance with the aforementioned regulations.

5.4 Use of Proceeds

During the Reporting Period, the Company publicly issued one tranche of corporate bond with an issuance amount of RMB3.0 billion, all of which were used to replenish working capital of the Company. As at the end of the Reporting Period, the balance of corporate bonds publicly issued by the Company was RMB44.6 billion.

In accordance with the relevant requirements of the Administrative Measures for the Issuance and Transactions of Corporate Bonds, the Company established special accounts for the proceeds from issuance of each tranche of corporate bonds and subordinated bonds for the collection, storage and transfer of proceeds, and the collection and management of the payment of interest and redemption of principal.

As at the end of the Reporting Period, proceeds of each tranche of bonds were used up, all of which were used to replenish the working capital of the Company, and was in line with the purpose, usage plan and other agreements in the prospectuses.

5.5 Purchase, Sale or Redemption of the Company's Securities

During the Reporting Period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

5.6 Biographical Details of the Directors, Supervisors and Senior Management

Biographical details of the Directors, Supervisors and Senior Management are set out in "8.1.4 Major working experience of the current Directors, Supervisors and Senior Management" of this results announcement.

5.7 Directors' and Supervisors' Service Contracts

The Directors' Service Contracts and the Supervisors' Service Contracts were entered into by the Company with each of the Directors of the Seventh Session of the Board and each of the Supervisors of the Seventh Session of the Supervisory Committee. The term of office of the Directors and the Supervisors commenced from the date of election by the Shareholders at a general meeting of the Company and the obtaining of the relevant qualifications for the appointment (whichever is later) until the expiry date of the term of office of the Seventh Session of the Board and the Supervisory Committee. (The Directors' Service Contract and the Supervisor's Service Contract set out the Directors' and the Supervisors' appointment, terms of office, duties, remuneration and expenses, non-competition, confidentiality obligations, termination of appointment, breach of contract and arbitration, etc.).

In addition, none of the Directors or Supervisors entered into a service agreement with the Company or its subsidiaries which could not be terminated within one year without paying compensation (other than statutory compensation).

5.8 Permitted Indemnity Provisions

In 2019, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors or any directors of the associated companies of the Company (if made by the Company).

The Company has purchased insurance for the Directors against legal liabilities arising from performance of their duties. The governing law of relevant insurance policies was PRC law. The Company reviews the coverage of such insurance each year. During the year, there were no claims for compensation against the Directors or Senior Management.

5.9 Management Contracts

During the Reporting Period, no management and administrative contracts were entered into or subsisting in respect of the whole or a substantial part of any business of the Company.

5.10 Remuneration Policies

The details of remuneration policies and share incentive scheme in respect of the Directors, Supervisors and Senior Management are set out in "8.4.3 Remuneration of Directors, Supervisors and Senior Management for the year" and "8.4.4 Share incentives regarding Directors, Supervisors and Senior Management" of this results announcement.

Details of the Company's employee remuneration policies and employee compensations are set out in "8.5.2 Remuneration policy" and Note 11 to the Consolidated Financial Statements of this results announcement.

5.11 Directors' and Supervisors' Interests in Material Contracts

The Company or its subsidiaries did not enter into any contract of significance in which the Directors or Supervisors had a material interest, whether directly or indirectly, during the Reporting Period.

5.12 Directors' Interests in Businesses Competing with the Company

None of the Directors has interests in any business which competes with businesses of the Company.

5.13 Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 December 2019, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of the its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows.

Name	Position	Nature of Interest	Class of Shares	Number of Shares Held (shares)	Percentage of Total Number of Shares of the Company (%)
ZHANG Youjun	Executive Director and Chairman	Personal Interest	A Shares	374	0.000003
LEI Yong[1]	Former Supervisor	Personal Interest	A Shares	483,285	0.004
YANG Zhenyu[2]	Former Supervisor	Personal Interest	A Shares	81,000	0.001

Note 1: Mr. LEI Yong ceased to be a Supervisor of the Company upon conclusion of the 2019 Second Extraordinary General Meeting of the Company held on 31 December 2019.

Note 2: Mr. YANG Zhenyu ceased to be a Supervisor of the Company upon conclusion of the 2019 Second Extraordinary General Meeting of the Company held on 31 December 2019.

Pursuant to the Securities and Futures Ordinance, the chief executive who was required to disclose his interests to the Hong Kong Stock Exchange was the General Manager and did not include other Senior Management personnel. For details of the shareholdings of other Senior Management, please refer to "8.1.1 Changes in the Shares held and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of this results announcement" of this results announcement. In addition, as of 31 December 2019, no other Directors, Supervisors or Senior Management or their respective spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

5.14 Pre-emptive Rights

The Company was incorporated in accordance with the PRC laws with no arrangement regarding pre-emptive rights.

5.15 Reserves and Reserves for Distributable Profits

Please refer to "the Consolidated Statement of Changes in Equity of Shareholders" and Note 51 to the Consolidated Financial Statements in this results announcement for details of changes in the reserves and the reserves for distributable profits of the Company.

5.16 Fixed Assets

Please refer to Note 20 to the Consolidated Financial Statements in this results announcement for details of the Group's fixed assets as at 31 December 2019.

5.17 Major Clients and Suppliers

The Company serves institutional and individual clients in various sectors. The Company's clients range from multinational corporations and SMEs to high-net-worth clients and retail customers. The clients are primarily located in China. The Company expects to serve more overseas clients as the Company taps into overseas market in the future. In 2019, the revenue from rendering services attributable to the Group's five largest clients accounted for less than 30% of the total revenue of the Group.

Save as disclosed above, none of the Directors, Supervisors and their respective associates as well as Shareholders holding more than 5% of the issued share capital of the Company has any interest in any of the five largest clients of the Company. The Company has no major supplier due to the nature of its business.

5.18 Relationship with Employees, Clients, Suppliers and Persons Who are Materially Related

Employees' remuneration of the Company consists of base annual salary, performance-based annual salary, special rewards and insurance benefits. The Company continues to promote and implement staff training programs with comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to "8.5.2 Remuneration policy" and "8.5.3 Training program" of this results announcement. As at 31 December 2019, the Company and CITIC Securities (Shandong) had 9 securities brokers, of which 5 were brokers of the Company. For information on relationship between the Company and its securities brokers, please refer to "8.5.4 Information on brokers" of this results announcement. For information on relationship between the Company and its major clients and suppliers, please refer to "5.17 Major Clients and Suppliers" of this results announcement.

5.19 Sufficient Public Float

At the time of listing of the H Shares, the Hong Kong Stock Exchange granted a waiver to the Company, accepting the minimum public float of the Company for the H Shares to be the higher of: (i) 10% of the total issued share capital; or (ii) the percentage of H Shares held by the public immediately after the completion of the global offering (including the H Shares issued pursuant to the exercise of the over-allotment option and the transfer and conversion of the relevant State-owned shares into H Shares pursuant to the PRC regulations on reduction of State-owned shares). Upon the completion of the global offering and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float of the Company for the H Shares is not lower than 10.70%.

As at the date of this results announcement, based on the information available to the public and the knowledge of the Directors, the Directors believe 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 at the time of listing.

5.20 Donations

During the Reporting Period, the Group's charitable and other donations amounted to approximately RMB6.8570 million in total.

Other sections, chapters or notes of this results announcement as mentioned in this section (Report of the Board) shall constitute part of the Report of the Board.

By Order of the Board
ZHANG Youjun
Chairman

Shenzhen, 19 March 2020

VI SIGNIFICANT EVENTS

6.1 Performance of Undertakings

Undertakings of the de facto controller, Shareholders, related parties, acquirer of the Company and the Company made or subsisting during the Reporting Period

6.1.1 Undertakings of Shareholders and related/connected parties and their performance

(1) Undertaking in respect of the share reform

During the Company's implementation of the share reform in 2005, CITIC Group, the largest Shareholder of the Company, has undertaken "not to transfer its shares within 12 months from the date of listing of the shares of the Company or upon expiry of the non-transfer undertaking, whenever it transfers through the stock exchange any Shares of the Company amounting to 1% of total issued Shares of the Company, it shall announce within two working days of such transfer; in addition, any such transfers shall not exceed 5% of the total issued Shares of the Company within the 12-month period and not exceed 10% within the 24-month period."

Since CITIC Group has transferred all the Shares held by it to CITIC Corporation Limited, the above undertaking is taken up by CITIC Corporation Limited. The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

(2) Undertaking in respect of non-competition

During the initial public offering of A Shares of the Company in December 2002, CITIC Group, the largest Shareholder of the Company, undertook that "there did not exist and it will not establish any new companies engaging in securities business. In respect of those businesses which are same or similar as the securities company engaged by banking and trust investment businesses, CITIC Group has undertaken that our Company can make adequate disclosure of such business and that it will not misuse its Shareholder position to act in the detriment of our interests and other Shareholders."

The above long-term undertaking is still valid and is succeeded by CITIC Corporation Limited. It has been performed satisfactorily at present and will continue to be duly performed.

(3) Undertaking in relation to asset restructuring

In relation to the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares of the Company, during the period from the date of resumption of trading in shares of the Company to the completion of the acquisition of assets by issuance of Shares, if CITIC Corporation Limited intends to reduce its shareholding in CITIC Securities, it will strictly comply with the laws and regulations and relevant requirements of the SSE and will fulfill the obligation of information disclosure in a timely manner.

This undertaking period is from the resumption of trading in shares of the Company (10 January 2019) to the completion of the acquisition of assets by issuance of Shares.

There are no unperformed open undertakings by other Shareholders or related/connected parties.

6.2 Appointment or Termination of Service of Accounting Firms

In RMB ten thousand

	Current Appointment
Name of the domestic accounting firm	PwC Zhong Tian
Remuneration for the domestic accounting firm	183.62
Duration of service of the domestic accounting firm	5 Years
Name of the overseas accounting firm	PwC Hong Kong
Remuneration for the overseas accounting firm	33.39
Duration of service of the overseas accounting firm	5 Years

Note: The above is the audit fee in respect of the financial statements of the Company for the year, which does not include the audit fees in respect of the subsidiaries of the Company.

	Name	Remuneration
Accounting firm for internal control audit	PwC Zhong Tian	40.05

Explanation on Appointment or Termination of Service of Accounting Firms

As approved by the 2018 Annual General Meeting of the Company, PwC Zhong Tian and PwC Hong Kong were reappointed as the external auditors of the Company for 2019 to be responsible for the provision of the relevant annual audit and interim review services in accordance with the Accounting Standards for Enterprises of China and the International Financial Reporting Standards, respectively; and PwC Zhong Tian was reappointed as the auditor for the internal control audit of the Company for 2019.

6.3 Material Litigation and Arbitration

During the Reporting Period, the Group had not been involved in any material litigation or arbitration with an involved amount of over RMB10 million and accounting for over 10% of the absolute value of the net assets as shown in the latest audited accounts of the Company, which is required to be disclosed pursuant to the SSE Listing Rules.

The litigation or arbitration of the Group which was newly raised but has not been disclosed (with an involved amount of over RMB100 million) or has been disclosed but had progress from the beginning of the Reporting Period until the date of publication of this results announcement, is as follows:

Dispute between the Company and Shuaijia Investment on Stock-pledged Repo Transaction

Due to the breach of contract on stock-pledged repo transaction by Hunan Shuaijia Investment Company Limited (湖南帥佳投資股份有限公司) (hereinafter referred to as "**Shuaijia Investment**"), the Company applied to the Higher People's Court of Hunan Province (hereinafter referred to as the "**Hunan Higher Court**") for compulsory enforcement in early January 2018, requesting Shuaijia Investment to pay the outstanding principal of RMB647.68 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Hunan Higher Court accepted the case on 8 January 2018. On 30 and 31 January 2018, the Hunan Higher Court froze relevant bank accounts under the name of Shuaijia Investment as well as the shares of Hunan Er-Kang Pharmaceutical Company Limited held by Shuaijia Investment. On 10 June 2019, the Company and Shuaijia Investment reached the Debt Settlement Agreement and the Intention Agreement on Share Transfer (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 24 July 2019, the Company received the first settlement proceeds. On 6 January 2020, the Company and Shuaijia Investment reached the Debt Settlement Agreement II. The Company has made corresponding provision for impairment of this transaction.

Disputes between the Company and Shanghai Sunho and National Business on Bond-pledged Repo Transaction

On 30 April 2018, the Company submitted an application for arbitration to the Beijing Arbitration Commission (hereinafter referred to as the "**BAC**") in relation to disputes on the bond-pledged repo, requesting Shanghai Sunho Capital Management Co., Ltd. (上海昇和資產管理有限公司) (hereinafter referred to as "**Shanghai Sunho**"), the manager of Jacaranda Private Securities Investment Fund (藍花楹私募證券投資基金) (hereinafter referred to as "**Jacaranda Fund**"), and National Business Holdings Group Co., Ltd. (國能商業集團有限公司) (hereinafter referred to as "**National Business**"), the trustor of Jacaranda Fund, to jointly assume the repayment obligations. The BAC accepted the case on 10 May 2018 and heard the case on 27 February 2019. The second hearing of the case was held on 28 April 2019, and the Company received the arbitral award from the BAC on 15 August 2019, which decided that Jacaranda Fund breached the contract and shall repay the advancement to the Company and assume the liabilities for breach of contract, but the arbitration request against Shanghai Sunho and National Business was dismissed (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). The case was closed. The Company has made corresponding provision for impairment of this transaction.

Dispute between the Company and Huaqiao on Real Property

On 27 June 2018, the Company filed a lawsuit with the People's Court of Gulou District of Nanjing (hereinafter referred to as the "**Gulou Court**") against Jiangsu Huaqiao Real Estate Development Co., Ltd. (江蘇華僑房地產開發有限公司) (hereinafter referred to as the "**Huaqiao**") in relation to dispute on real property, requesting the court to confirm that the property located on the 23rd floor of Huaqiao Tower does not belong to the bankruptcy property of Huaqiao in accordance with the laws, and to order Huaqiao to assist the Company in the procedure of transferring the title of the above property to the Company. On 28 June 2018, the Gulou Court accepted the case (the value of the property concerned is approximately RMB17.50 million as confirmed by the court). The case was heard on 28 August 2018 and 9 November 2018. The Gulou Court issued its first instance verdict in favor of the Company on 6 December 2018, which already took effect (For the relevant information of this case, please refer to the 2018 Annual Report of the Company). On 26 August 2019, the title of the property involved in the case was transferred to the Company and the case was closed.

Dispute between the Company and LIU Wei on Stock-pledge Repo Transaction

Due to the breach of contract by LIU Wei when conducting the stock-pledged repo transaction with the Company, the Company applied for the certificate of enforcement from the notary office and applied to the People's Court of Dongcheng District of Beijing Municipality (hereinafter referred to as the "**Dongcheng Court**") for compulsory enforcement, requesting LIU Wei to pay the outstanding principal of RMB20 million and the corresponding interests, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Dongcheng Court accepted the case on 26 July 2018 (For the relevant information of this case, please refer to the 2018 Interim Report of the Company). As of 1 March 2020, the Company recovered all principals, interest and expenses incurred for realizing the creditor's rights and other fees in the project through auction of pledged shares and settlement with LIU Wei, and the case was closed.

Dispute between the Company and SONG Chunjing on Stock-pledge Repo Transaction

Due to the breach of contract by SONG Chunjing when conducting the stock-pledged repo transaction with the Company, the Company applied for the certificate of enforcement from the notary office and applied to the First Intermediate People's Court of Beijing Municipality (hereinafter referred to as the "**Beijing First Intermediate Court**") for compulsory enforcement, requesting SONG Chunjing to pay the outstanding principal of RMB67 million and the corresponding interests, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Beijing First Intermediate Court accepted the case on 2 August 2018 (For the relevant information of this case, please refer to the 2018 Interim Report of the Company). As of 1 March 2020, the Company recovered all principals, interest and expenses incurred for realizing the creditor's rights and other fees in the project through enforcement and settlement with SONG Chunjing. The case was closed.

Dispute between the Company and Daole Investment on Stock-pledged Repo Transaction

Due to the breach of contract by Shanghai Daole Investment Co., Ltd. (上海道樂投資有限公司) (hereinafter referred to as the "**Daole Investment**"), the Company applied for the certificate of enforcement from the notary office and applied to the Second Intermediate People's Court of Shanghai (hereinafter referred to as the "**Shanghai Second Intermediate Court**") for specific performance, requesting Daole Investment to pay the outstanding principal of RMB92 million and the corresponding interests, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shanghai Second Intermediate Court accepted the case on 10 August 2018. Given that there were three guarantors which provided the joint and several liability guarantee for the above liabilities of Daole Investment, the Company filed a lawsuit with the Third Intermediate People's Court of Beijing Municipality (hereinafter referred to as the "**Beijing Third Intermediate Court**"), requesting the aforementioned guarantors to assume the joint and several liabilities. The Beijing Third Intermediate Court accepted the case on 30 July 2018, heard the case on 16 November 2018 and 10 December 2018, and issued the first instance verdict in favor of the claims of the Company on 29 December 2018, which already took effect (For the relevant information of this case, please refer to the 2018 Annual Report of the Company). The Company applied to the Intermediate People's Court of Nanjing (hereinafter referred to as the "**Nanjing Intermediate Court**") for compulsory enforcement on 8 August 2019. The Company has made corresponding provision for impairment of this transaction.

Dispute Between the Company and Jinxin Industrial on Stock-pledged Repo Transaction

Due to the breach of contract by Shanghai Jinxin Industrial Co., Ltd. (上海金新實業有限公司) (hereinafter referred to as the "**Jinxin Industrial**"), the Company applied for the certificate of enforcement from the notary office and applied to the Higher People's Court of Shanghai (hereinafter referred to as the "**Shanghai Higher Court**") for specific performance, requesting Jinxin Industrial to pay the outstanding principal of RMB394.645 million and the corresponding interests, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shanghai Higher Court accepted the case on 31 July 2018. Given that there were three guarantors which provided the joint and several liability guarantee for the above liabilities of Jinxin Industrial, the Company applied for arbitration to the BAC (against one guarantor) and filed a lawsuit with the Higher People's Court of Beijing Municipality (hereinafter referred to as the "**Beijing Higher Court**") (against two guarantors), respectively, requesting the guarantors to assume the joint and several liabilities. The BAC and the Beijing Higher Court accepted the case on 2 August 2018 and 6 August 2018, respectively. The BAC issued the verdict in favor of the Company on 4 January 2019 and the Company applied to the Nanjing Intermediate Court for compulsory enforcement on 16 July 2019. The Beijing Higher Court heard the case on 16 November 2018 and 30 January 2019 (For the details of relevant information of this case, please refer to the 2018 Annual Report of the Company). The Beijing Higher Court issued the first instance verdict in favor of the claims of the Company on 26 June 2019. Yuan Yafei filed an appeal. The Supreme People's Court heard the case on 4 December 2019, and no ruling has been made so far. The Company has made corresponding provision for impairment of this transaction.

Dispute between the Company and Pingxiang Yingshun on Stock-pledged Repo Transaction

Due to the breach of contract on stock-pledged repo transaction by Pingxiang Yingshun Enterprise Management Co., Ltd. (萍鄉英順企業管理有限公司) (hereinafter referred to as "**Pingxiang Yingshun**"), the Company applied to the notary office for issuance of a certificate of enforcement and applied to the Intermediate People's Court of Foshan of Guangdong Province (hereinafter referred to as the "**Foshan Intermediate Court**") for specific performance, requesting Pingxiang Yingshun to pay the outstanding principal of RMB129.405 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Foshan Intermediate Court accepted the case on 7 August 2018. Because the share auction failed twice, the Foshan Intermediate Court issued the enforcement judgment on 14 November 2019, ruling that 23,511,019 pledged shares (stock name: Europol Intelligent Network, stock code: 002711) shall be used to settle Pingxiang Yingshun's debt. The shares involved in this case were transferred to the Company on 28 November 2019. Given that CHEN Lihao provided the joint and several liability guarantee for the above liabilities of Pingxiang Yingshun, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting CHEN Lihao to assume the joint and several guarantee liability. The Beijing Third Intermediate Court accepted the case on 30 July 2018 (For the details of relevant information, please refer to the 2019 Third Quarterly Report of the Company), and heard the case on 12 August 2019, 5 September 2019 and 23 December 2019, respectively. The Beijing Third Intermediate Court issued the first instance verdict in favor of the claims of the Company on 24 December 2019.

Dispute Between the Company and Tianjin Pipe Plant and Tianjin Pipe Group on Two Financial Loan Agreements in connection with the TAM managed by the Company

Due to the breach of contract by Tianjin Seamless Pipe Plant (天津無縫鋼管廠) (hereinafter referred to as the "**Tianjin Pipe Plant**") as the borrower and Tianjin Pipe (Group) Corporation (天津鋼管集團股份有限公司) (hereinafter referred to as the "**Tianjin Pipe Group**") as the guarantor, the Company filed a lawsuit with the Fourth Intermediate People's Court of Beijing Municipality (hereinafter referred to as the "**Beijing Fourth Intermediate Court**") against the Tianjin Pipe Plant and the Tianjin Pipe Group on 20 July 2018, requesting the Tianjin Pipe Plant to repay the principal, interest, penalty interest and other fees totaling RMB207,926,616.36 and the Tianjin Pipe Group to assume joint and several liabilities. The Company also applied for property preservation to the Beijing Fourth Intermediate Court. The court accepted the case and the application for property preservation on 4 July 2018. The Beijing Fourth Intermediate Court made the first instance verdict in favor of the claims of the Company on 18 December 2018. The defendants in the case had appealed on 3 January 2019. The Beijing Higher Court made the final judgment, dismissing the defendants' appeal on 17 May 2019 (For the relevant information of this case, please refer to the Company's 2019 Interim Report of the Company). The Company submitted the Appeal Letter Regarding the Disposal Proposal of Tianjin Seamless Pipe Plant's Debt Guaranteed by Tianjin Pipe (Group) Corporation to the State-owned Assets Supervision and Administration Commission of Tianjin People's Government in September 2019, and then applied to the Beijing Fourth Intermediate Court for releasing the preservation measures taken against the preserved property under the names of the respondents, Tianjin Pipe Plant and Tianjin Pipe Group. The Company also entered into the restructuring agreement with parties including Tianjin Pipe Group, Shanghai Electric Group Co., Ltd. and Tianjin Pipe Corporation.

Dispute between the Company and CHEN Jiang on Margin Financing and Securities Lending Transaction

Due to the breach of contract on margin financing and securities lending transaction by CHEN Jiang, the Company submitted an application for arbitration to the BAC, requesting CHEN Jiang to repay the financing principal and interests of RMB18,501,775.34, and the corresponding liquidated damages, expenses incurred for realizing the creditor's rights and other fees of the Company, and applied for property preservation. The BAC accepted the case on 31 August 2018. On 17 September 2018, the Company seized and froze the property under CHEN Jiang's name through the People's Court of West Lake District of Hangzhou City. CHEN Jiang filed an appeal on confirmation of the validity of the arbitration agreement on 14 November 2018. The case was accepted by the Beijing Fourth Intermediate Court and was heard on 6 December 2018. The Beijing Fourth Intermediate Court made a ruling and dismissed the appeal of CHEN Jiang on 12 December 2018. The BAC heard the case on 27 March 2019. On 31 May 2019, the BAC made an arbitral award in favor of the Company (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). In July and December 2019, both parties signed the settlement agreement. CHEN Jiang has fully performed the settlement obligations, and this case was closed. The Company has made corresponding provision for impairment of this transaction.

Dispute Between the Company and LU Linfang and ZHANG Qihua on Margin Financing and Securities Lending Transaction

Due to the breach of contract on margin financing and securities lending transaction by LU Linfang, the Company submitted an application for arbitration to the BAC, requesting LU Linfang to repay the financing principal of RMB14,051,165.40 and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees, as well as requesting ZHANG Qihua to assume the joint and several liabilities for such debts. The Company also applied for property preservation. The BAC accepted the case on 8 October 2018. The People's Court of Furong District of Changsha City (hereinafter referred to as the "**Changsha Furong Court**") issued the verdict of property preservation, seized and froze the properties under the name of LU Linfang and ZHANG Qihua on 5 November 2018. The BAC heard this case on 20 February 2019. On 5 April 2019, the BAC issued a verdict in favor of the Company. The Company has applied to the Changsha Furong Court for compulsory enforcement (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). Both parties signed the settlement agreement in September 2019, and LU Linfang has fully performed the settlement obligations. In November 2019, the enforcement court issued the closing record and this case was closed. The Company has made corresponding provision for impairment of this transaction.

Arbitration of Dispute on Stock Return Swap Transaction between the Company and the Gangtai Group

Due to the breach of contract on stock return swap transaction by Gangtai Group Co., Ltd. (剛泰集團有限公司) (hereinafter referred to as the "**Gangtai Group**"), the Company applied for the arbitration to the China International Economic and Trade Arbitration Commission (hereinafter referred to as the "**CIETAC**") on 31 August 2018, requesting Gangtai Group to pay the transaction settlement amount of RMB14,624,409.12, liquidated damages of RMB133,161.06 and relevant fees, and also applied for property preservation simultaneously. The CIETAC accepted the case on 24 October 2018 and heard the case on 11 January 2019. On 12 April 2019, the Company received the arbitral award in favor of the Company from the arbitral tribunal. On 29 May 2019, the Company applied to the Shanghai Financial Court for enforcement. On 5 July 2019, enforcement of this case was transferred to the People's Court of Pudong New District of Shanghai (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). This case is currently under enforcement procedure. The Company has made corresponding provision for impairment of this transaction.

Dispute between the Company and Shanghai Yunfeng Group on Bond Transaction

Due to the breach of contract on bond transaction by Shanghai Yunfeng Group Co., Ltd. (hereinafter referred to as the "**Shanghai Yunfeng Group**"), the Company applied for arbitration to the CIETAC, requesting Shanghai Yunfeng Group to pay the outstanding principal, interest and liquidated damages totaling RMB7,697,354.38 (tentatively calculated as of 15 June 2018). On 2 November 2018, CIETAC accepted this case (For the relevant information of the case, please refer to the 2018 Annual Report of the Company). The CIETAC heard the case on 6 August 2019. On 13 November 2019, the CIETAC made an arbitral award in favor of the Company. The Company has made corresponding provision for impairment of this transaction.

Disputes Between the Company and Kaiyuan Securities, Xiamen Rural Commercial Asset Management and Xiamen Rural Commercial Financial Holdings on Bond-pledged Repo Transaction

Because Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) (hereinafter referred to as the "**Kaiyuan Securities**") failed to repay the principal and interest under the bond-pledge repo transaction as scheduled, totaling RMB30,012,328.77 (tentatively calculated as of 31 October 2018), the Company filed a lawsuit with the People's Court of Chaoyang District of Beijing Municipality (hereinafter referred to as the "**Chaoyang Court**") against Kaiyuan Securities, Xiamen Rural Commercial (Shanghai) Asset Management Co., Ltd. (廈農商(上海)資產管理有限公司) (hereinafter referred to as "**Xiamen Rural Commercial Asset Management**"), and Xiamen Rural Commercial Financial Holdings Group Co., Ltd. (廈門農商金融控股集團有限公司) (hereinafter referred to as "**Xiamen Rural Commercial Financial Holdings**") on 7 November 2019. The Chaoyang Court formally accepted this case on 2 January 2019 (For the relevant information of this case, please refer to the 2018 Annual Report of the Company). The Chaoyang Court heard the case on 11 November 2019 and no ruling has been made so far.

Contract Dispute Between the Company and Julihui

Due to the breach of contract on stock-pledged repo transaction by Xiamen Julihui Investment Partnership (Limited Partnership) (廈門聚利匯投資合夥企業(有限合夥)) (hereinafter referred to as "**Julihui**"), the Company filed a lawsuit with the Beijing Third Intermediate Court on 21 January 2019, requesting Julihui to repay a total amount of RMB100,845,833.33 for unpaid principal, interest and liquidated damages. This case was formally accepted on 22 January 2019. The case was heard on 8 October 2019 (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). The Beijing Third Intermediate Court issued the first instance verdict in favor of the claims of the Company on 26 December 2019. The Company has made corresponding provision for impairment of this transaction.

Dispute Between the Company and Kangde Group on the Guarantee Contract

Because Shenzhen Qianhai Fengshi Yunlan Capital Management Co., Ltd. (深圳前海豐實雲蘭資本管理有限公司) (hereinafter referred to as the "**Fengshi Yunlan**") defaulted when conducting the stock-pledged repo transaction with the Company and Kangde Investment Group Co., Ltd. (康得投資集團有限公司) (hereinafter referred to as the "**Kangde Group**") also failed to fulfill its guarantee obligations in a timely manner to repay the relevant debts to the Company on behalf of Fengshi Yunlan, the Company filed a lawsuit with the Beijing Higher Court on 22 January 2019, requesting Kangde Group to assume the joint and several liability as the guarantor and repay the amount of RMB1,418,245,278.08 owed to the Company (For the relevant information of this case, please refer to the 2018 Annual Report of the Company). The Beijing Higher Court heard the case on 9 December 2019 and no ruling has been made so far.

Dispute between the Company and WANG Yongmei on the Fund Contract

The Company, as fund trustee, conducted private equity fund businesses in relation to securities investment with WANG Yongmei, as fund trustor. WANG Yongmei submitted an application for arbitration to the BAC under the belief that the Company failed to fulfil the relevant obligations specified in the fund contract, requesting the Company to compensate for her economic losses of RMB12.032 million. On 5 March 2019, the Company received the notification of arbitration and reply from the BAC. On 2 August 2019, the BAC heard the case (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). The Company received the arbitration award from the BAC on 11 December 2019, dismissing all arbitration claims made by WANG Yongmei, and the case was closed.

Dispute between the Company and Yinlong Energy on Financial Advisory Contract

Because the Yinlong Energy Co., Ltd. (hereinafter referred to as the "**Yinlong Energy**") failed to pay the Company financial advisory fees of RMB40.00 million in total. The Company applied to the BAC for arbitration of this dispute on 15 May 2019. On 27 May 2019, the BAC formally accepted the case. The BAC heard the case on 7 August 2019 (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). On 14 October 2019, the BAC made an arbitral award in favor of the Company. On 6 November 2019, the Company applied to the First Intermediate People's Court of Beijing Municipality (hereinafter referred to as "**Beijing First Intermediate Court**") for compulsory enforcement under the abovementioned award and the Beijing First Intermediate Court withheld and transferred the corresponding amount from the bank account of Yinlong Energy. The case was closed on 26 December 2019.

Dispute between the Company and HE Qiaonv and TANG Kai on Stock-pledged Repo Transaction

Due to the breach of contract on stock-pledged repo transaction by HE Qiaonv and TANG Kai, the Company filed an application for the issuance of a certificate of enforcement with Fangyuan Notary Public Office on 26 October 2018. On 22 November 2018, Fangyuan Notary Public Office issued the certificate of enforcement in accordance with laws. On 15 May 2019, the Company submitted an application for compulsory enforcement to the Beijing Third Intermediate Court, and the case was accepted on the same date. On 27 August 2019, the Company reached a settlement agreement with HE Qiaonv and TANG Kai (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 26 September 2019, the Company received the first settlement payment from HE Qiaonv. The Company has made corresponding provision for impairment of this transaction.

Dispute between the Company and Zhongrong Group

As Zhongyin Cashmere International Group Co., Ltd. (hereinafter referred to as "**Zhongrong Group**") breached its undertakings, the Company filed a lawsuit with the Intermediate People's Court of Shenzhen (hereinafter referred to as the "**Shenzhen Intermediate Court**") on 26 June 2019, requesting the court to confirm the Company's ownership of the shares and relevant interests in the partnership held under the name of Zhongrong Group and to order Zhongrong Group to transfer such shares and interests to the Company, or if it fails to do so, to compensate the Company's loss of RMB110,962,689.95 in total. The Shenzhen Intermediate Court accepted the case on 26 June 2019 (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). On 20 December 2019, the Shenzhen Intermediate Court made a ruling that the case should be transferred to the Intermediate People's Court of Yinchuan of Ningxia Hui Autonomous Region.

Dispute between the Company and CMI on Target Issuance Agreement

Due to the breach of Target Issuance Agreement by China Minsheng Investment Co., Ltd. (hereinafter referred to as "**CMI**"), the Company submitted an application for arbitration to the CIETAC on behalf of the asset management plan under its management, requesting CMI to repay the bond principal of RMB495,497,382.20 and the corresponding interest, liquidated damages and other fees. The case was accepted on 27 August 2019 (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 4 December 2019, the CMIG filed a lawsuit with the Beijing Fourth Intermediate Court for invalidation of the arbitration clause. On 24 December 2019, the court made a final ruling, rejecting the application of CMI. The date of the arbitration hearing is still pending.

Dispute between the Company and CHEN Zhu on the Guarantee Contract

In 2017, the Company entered into the Stock-pledged Repo Transaction Business Agreement (hereinafter referred to as the "**Business Agreement**") and two Transaction Agreements with GAO Yugen and ZHA Chuanhe, pursuant to which, GAO Yugen pledged part of the senior management locked-in shares held by him in Suzhou Victory Precision Manufacture Co., Ltd. (stock code: 002426) to the Company for conducting the stock-pledged repo transaction with the Company. On 27 August 2018, CHEN Zhu entered into the Guarantee Contract with the Company, assuming joint and several guarantee liabilities for GAO Yugen and ZHA Chuanhe's debts under the abovementioned contracts up to RMB200 million. The foregoing two transactions expired in April 2018. Because GAO Yugen and ZHA Chuanhe failed to fulfill the obligation of repurchase and CHEN Zhu failed to assume the guarantee liabilities, both of which constitute a breach of contract, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting CHEN Zhu to assume the guarantee liabilities and repay the debts of RMB200 million owed to the Company by GAO Yugen and ZHA Chuanhe on their behalf. The case was formally accepted on 25 September 2019. The Beijing Third Intermediate Court heard the case on 17 December 2019 and 30 December 2019, respectively, but has not made any judgement so far. The Company has made corresponding provision for impairment of this transaction.

Dispute on Compensation for Equity Transfer between GoldStone Investment and QIU Xiaojie

Due to dispute on compensation for equity transfer, GoldStone Investment applied for arbitration to the BAC, requesting QIU Xiaojie and Hubei Jiezhixing Clothing and Accessories Company Limited (hereinafter referred to as the "**Jiezhixing**") to pay the relevant compensation for equity transfer of RMB197,256,266 and preservation fees on a joint and several basis. The BAC accepted the case on 23 May 2018. The case was heard on 10 December 2018. On 12 March 2019, both parties reached a settlement chaired by the BAC and signed the Mediation Order that QIU Xiaojie will pay the investment cost balance of RMB20 million and expected investment income of RMB41 million to GoldStone Investment, along with the arbitration fee, preservation fees and lawyer fee of this case (For the relevant information of this case, please refer to the 2019 First Quarterly Report of the Company). As at the end of the Reporting Period, QIU Xiaojie had paid the investment cost balance of RMB20 million to GoldStone Investment. GoldStone Investment has made corresponding provision for impairment of this transaction.

Contract Dispute between GoldStone Investment and CUPC

Under the belief that the transfer price is lower than the actual value of the target equity, GoldStone Investment submitted an application for arbitration to the BAC on 22 March 2019, requesting China Urban-townization Promotion Council (hereinafter referred to as "**CUPC**") to pay the price difference of RMB18,642,447.16 between the transfer price and the actual value of the equities. On 22 March 2019, the BAC accepted the case. The BAC heard the case on 14 August 2019 (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 22 November 2019, GoldStone Investment submitted an application for withdrawal of the case and received the BAC's decision to withdraw the case on 28 November 2019. This case was closed.

Dispute among GoldStone Haorui, DI Shumei and TONG Ruifeng on the Capital Increase Agreement

Due to the breach of capital increase agreement by DI Shumei and TONG Ruifeng, Qingdao GoldStone Haorui Investment Company Limited (a subsidiary of GoldStone Investment, hereinafter referred to as "**GoldStone Haorui**") submitted an application for arbitration to the BAC on 20 March 2019, requesting DI Shumei and TONG Ruifeng to pay a total amount of RMB41,471,112.05 for performance compensation, interest and necessary expenses. On 26 March 2019, the BAC accepted the case and heard the case on 18 July 2019 (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 9 December 2019, the BAC made an arbitral award in favor of the Company. GoldStone Haorui has made corresponding provision for impairment of this transaction.

Dispute between GoldStone Haorui and Zhuhai Henggu and WEI Yincang on Capital Increase Agreement

Due to the breach of capital increase agreement by Zhuhai Henggu Investment Co., Ltd. (珠海恒古投資有限公司) (hereinafter referred to as "**Zhuhai Henggu**") and WEI Yincang, GoldStone Haorui filed an application for arbitration with Shenzhen Arbitration Commission (hereinafter referred to as the "**SAC**") on 24 April 2019, requesting repurchase obligors, namely Zhuhai Henggu and WEI Yincang, to pay the consideration for equity repurchase. The SAC accepted the case on 5 June 2019 and heard the case on 8 September 2019 (For relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 15 December 2019, the SAC made an arbitral award in favor of the Company's arbitral requests.

Dispute among GoldStone Haorui and Sanxia GoldStone Fund, and ZHANG Yonggang and LI Jianqiong on Capital Increase Agreement

Due to the breach of contract by ZHANG Yonggang and LI Jianqiong, each of GoldStone Haorui and Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (三峽金石(武漢)股權投資基金合夥企業(有限合夥)) (hereinafter referred to as "**Sanxia GoldStone Fund**") submitted an application for arbitration with the CIETAC, requesting ZHANG Yonggang and LI Jianqiong to purchase the 3.89% equity interest in Sichuan Gangyi Technology Group Co., Ltd. (四川剛毅科技集團有限公司) (hereinafter referred to as "**Gangyi Group**") held by GoldStone Haorui (at an aggregate consideration of RMB37,684,932 as of 4 March 2019) and the 3.90% equity interest in Gangyi Group held by Sanxia GoldStone Fund (at an aggregate consideration of RMB37,684,932 as of 4 March 2019), respectively, and to pay the lawyer's fee and arbitration fee, etc. The CIETAC accepted the two cases on 12 April 2019 respectively and heard the cases on 10 October 2019 (For relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). On 1 December 2019, the CIETAC made arbitral awards for the two cases in favor of the Company respectively. Later, the Company applied to Intermediate People's Court of Chengdu for compulsory enforcement, which were accepted on 8 January 2020 and 9 January 2020, respectively. GoldStone Haorui has made corresponding provision for impairment of this transaction.

Dispute between Jindingxin Microfinance and Qingxinda

On 11 January 2016, Jindingxin Microfinance, a subsidiary of CITIC Securities (Shandong), filed a lawsuit against the borrower, Qingdao Qingxinda Trading Company Limited (hereinafter referred to as the "**Qingxinda**"), as well as the joint liability guarantors (Shandong Boxing Changhong Steel Plat. Co., Ltd., WANG Yongqing, WANG Wei, WANG Qiang and WANG Zhong) in relation to the default on a loan agreement for recovery of approximately RMB14,160,200 from Qingxinda. The People's Court of Shinan District of Qingdao (hereinafter referred to as the "**Shinan Court**") accepted the case on the same day. Shinan Court heard the case on 21 February 2017 and made a judgement in favor of Jindingxin Microfinance on 2 June 2017. Jindingxin Microfinance applied to Shinan Court for compulsory enforcement on 11 October 2017 and submitted an auction application letter to Shinan Court on 21 November 2017. Shinan Court initiated the first auction at sf.taobao.com on 5 August 2019 with an initial bidding price of RMB20,922,440, and the second auction on 4 November 2019 with an initial bidding price of RMB16,737,952 (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company), however, both auctions failed. Jindingxin Microfinance has decreased the "Five-Level Classification" of Qingxinda to "subordinated" and has made full provision for impairment.

6.4 Punishment and Rectifications of Listed Companies and its Directors, Supervisors, Senior Management and the Largest Shareholder

6.4.1 The Company and certain outlets were subject to the following administrative supervision and management measures taken by the regulatory authorities during the Reporting Period:

Some employees of the Shanghai World Financial Centre Securities Outlet sold financial products that were not issued by or sold on behalf of the issuer by the Company without proper authorization from October 2015 to March 2017, which violated relevant external regulatory provisions. On 2 April 2019, the Shanghai Regulatory Bureau of the CSRC issued the Decision on Taking Regulatory Measure of Issuing a Warning Letter to the Shanghai World Financial Centre Securities Outlet of CITIC Securities Company Limited (《關於對中信証券股份有限公司上海環球金融中心證券營業部採取出具警示函監管措施的決定》) (Decision on Administrative Regulatory Measures taken by the Shanghai Regulatory Bureau of the CSRC [2019] No. 29) (中國證監會上海監管局行政監管措施決定書[2019]29號) to the Shanghai World Financial Centre Securities Outlet of the Company. The Company immediately conducted self-inspection and took measures to eliminate potential risks. Meanwhile, the Company strengthened the management of agency sales business of financial products, compliance trainings to employees, compliance monitoring and investor education. Up till now, the matter has been rectified.

On 16 July 2019, the CSRC announced and issued the Decision on Taking Regulatory Measure of Issuing a Warning Letter to CITIC Securities Company Limited (《關於對中信証券股份有限公司採取出具警示函監管措施的決定》) to the Company, and issued the Decision on Taking Regulatory Measure of Issuing a Warning Letter to ZHU Yexin and Sun Shou'an (《關於對朱燁辛、孫守安採取出具警示函監管措施的決定》) to ZHU Yexin and SUN Shou'an, being sponsor representatives of the Company. It was decided in the aforementioned regulatory letters that in the process of sponsoring the application by Shanghai Friendess Electronic Technology Co., Ltd. for the initial public offering and listing on the STAR Market, the Company and its sponsor representatives, ZHU Yexin and SUN Shou'an, deleted part of the contents from the registration draft of the prospectus without approval. In addition, the dates signed on the registration drafts of the prospectus and the Letter of Implementation of Feedback submitted were not consistent with the actual execution dates. After receiving the aforementioned regulatory letters, the Company attached great importance thereto, and promptly rectified the problem existing in the internal control system of the Company according to the requirements of the CSRC, further strengthened the internal control, and urged the project teams to diligently conduct business, prudently make judgements and decisions, improve the quality of practice and risk awareness and avoid the recurrence of such incidents.

On 13 November 2019, the Guangdong Regulatory Bureau of the CSRC issued a Decision on Ordering Guangzhou Panyu Wanda Plaza Securities Outlet of CITIC Securities Company Limited to Take Rectification Measures (《關於對中信証券股份有限公司廣州番禺萬達廣場證券營業部採取責令改正措施的決定》), according to which, administrative regulatory measures of ordering Guangzhou Panyu Wanda Plaza Securities Outlet of CITIC Securities Company Limited to take rectification measures was adopted. It was decided in the aforementioned regulatory letter that during the period from 29 July 2019 to 24 October 2019, WANG Suihong performed the duties of the head of the outlet, but the outlet failed to report it in a timely manner as required. After receiving the aforementioned regulatory letter, the Company attached great importance to, and promptly held relevant employees accountable according to the requirements of the CSRC, implemented effective rectification measures and reported such rectifications measures in writing to avoid the recurrence of such incidents.

In February and May 2016, CLSA Limited on behalf of its institutional clients and CITIC Securities Brokerage (HK) on behalf of Beijing Enterprises Holdings Limited ("**Beijing Enterprises**") carried out trades on the Hong Kong Stock Exchange as on-market trades, which allowed Beijing Enterprises to buy back more than 18 million of its shares. The transaction price, size, timing and the manner in which the trades were executed were pre-arranged and pre-agreed by CLSA Limited and CITIC Securities Brokerage (HK), while these trades were in substance off-market share buy-backs. Pursuant to Rules 1 and 2 of the Code on Share Buy-backs, the aforementioned trades should have obtained approvals from Executive Directors of the Corporate Finance Division of the SFC or its authorized person and Beijing Enterprises' independent shareholders. On 30 December 2019, SFC publicly censures CLSA Limited and Andrew James Walters as Head of Block Trading of CLSA Limited, Stuart Richard Wilson as Head of Equity Syndicate of CLSA Limited, CITIC Securities Brokerage (HK) and Ka Yip Eddy Lau and King Yuen Lau as responsible officers of CITIC Securities Brokerage (HK), and Stephanie Li as Managing Director-High Networth Brokerage of CITIC Securities Brokerage (HK). SFC determined that in effecting the pre-arranged trades, the conduct of CLSA Limited, CITIC Securities Brokerage (HK) and their licensed persons fell short of the standards expected of them under the Codes on Takeovers and Mergers and Share Buy-backs, and shareholders of Beijing Enterprises were deprived of the opportunity to vote on an important corporate action. After discovering this risk event, CLSA Limited and CITIC Securities Brokerage (HK) actively cooperated with such regulatory inspections, engaged external law firms to conduct assessments, promptly adopted rectification measures and held relevant employees accountable for this event; the Company followed up to find out the causes of the risk events, and actively urged offshore subsidiaries to make rectifications, further strengthened management of offshore subsidiaries to avoid the recurrence of such incidents.

6.4.2 During the Reporting Period, none of the Directors, Supervisors, Senior Management or the largest Shareholder of the Company was subject to investigations by competent authorities or enforcement actions by judiciary authorities or disciplinary departments; was brought before relevant judiciary authorities or prosecuted for criminal liabilities, or subject to investigations or administrative punishments by the CSRC, or prohibitions from entering into the securities markets or was identified as an inappropriate person for the posts held, or was subject to significant administrative punishment by other administrative authorities or was publicly censured by any stock exchange.

6.5 Credibility of the Largest Shareholder of the Company during the Reporting Period

During the Reporting Period, neither the Company nor its largest Shareholder had unperformed enforceable court judgments or unpaid debts with larger sum at maturity.

6.6 Material Related Party Transactions/Non-exempt Connected Transactions

6.6.1 Related party transactions in relation to day-to-day operation/non-exempt continuing connected transactions

1. Progress of matters which had been disclosed in interim announcements

(1) Day-to-day related party transactions under the SSE Listing Rules/continuing connected transactions under the Hong Kong Listing Rules

I Background

The Group conducted its related party/connected transactions in strict compliance with the listing rules of the place where the Shares of the Company are listed, the Management Measures on Information Disclosure of the Company and the Administrative Measures on Related Party Transactions of the Company. The related party/connected transactions of the Group are conducted in accordance with the principles of impartiality, openness and fairness and the agreements of the related party/connected transaction are entered into based on the principles of equality, free will, equal price with consideration and at market price.

The day-to-day related party/continuing connected transactions of the Group are mainly conducted with CITIC Group, its subsidiaries and associates. As CITIC Group indirectly holds 16.50% equity interest in the Company, CITIC Group, its subsidiaries and associates are related party/connected persons of the Company according to the SSE Listing Rules and the Hong Kong Listing Rules. CITIC Group engages in a wide range of businesses and has plenty of subsidiaries. The Group, as a participant in the financial market, would inevitably transact with China CITIC Bank, CITIC Trust, CITIC Prudential Life Insurance Co., Ltd., each a subsidiary of CITIC Group and with companies that have strong market influences, and jointly provide domestic and overseas and comprehensive financial services to clients. On the one hand, this is favorable for the expansion of the Group's scope of services and enhancement of its service level; on the other hand, it also brings business opportunities to the Group. Therefore, conducting relevant businesses between the Group and its related party/connected persons will be favorable to promote the business growth, and increase investment returns. Relevant related party/connected transactions are in line with the Group's business and thus favorable to the long term-development of the business.

According to the relevant requirements, and based on the analysis of the types and contents and different nature of existing and possible ongoing related party/connected transactions between the Group and CITIC Group and its subsidiaries and associates, the Group classified such transactions into three major categories, namely securities and financial products transactions and services, property leasing and miscellaneous services. At the time when the Company's H Shares were listed, the Company and CITIC Group entered into the Securities and Financial Products Transactions and Services Framework Agreement upon the approval by the 2011 Third Extraordinary General Meeting of the Company; entered into the Miscellaneous Services Framework Agreement and the Property Leasing Framework Agreement upon the approval of the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2011 to 2013 and set the respective annual caps for the transaction amounts. On 31 December 2013, the Company and CITIC Group renewed the Securities and Financial Products Transactions and Services Framework Agreement upon the approval by the 2013 Third Extraordinary General Meeting of the Company; and renewed the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement I to the Property Leasing Framework Agreement with CITIC Group upon the approval by the Board,

pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2014 to 2016 and set respective annual caps for the transaction amounts. On 14 February 2017, the Company renewed the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group upon the approval by the 2017 First Extraordinary General Meeting of the Company (which was convened on 19 January 2017); and renewed the Miscellaneous Services Framework Agreement and entered into Supplemental Agreement II to the Property Leasing Framework Agreement with CITIC Group upon the approval by the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2017 to 2019 and set respective annual caps for the transaction amount.

During the Reporting Period, all of the above related party transactions in relation to day-to-day operation/continuing connected transactions were conducted pursuant to the relevant framework agreements entered into between the Company and CITIC Group and in strict compliance with the pricing principles of relevant transactions. The transaction amount and the transaction content did not exceed the scope of such agreements. Details were as follows:

II Securities and Financial Products Transactions and Services Framework Agreement

Pursuant to the agreement as renewed in 2017, the Group and CITIC Group and its subsidiaries and associates conduct various securities and financial products transactions and provide mutual securities and financial services during the ordinary course of business. Both the Company and CITIC Group agreed that: ① securities and financial products transactions: for transactions of securities and financial products through exchanges, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products; for transactions over the counter and other transactions of securities and financial products, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products or shall be conducted by mutual agreement; in the absence of prevailing market price or market rate applicable to such type of securities and financial products, the price or rate of such transaction shall be determined by the mutual agreement pursuant to the principle of fair market trade. Interest rates of interbank loans and repurchase agreements shall be conducted at the prevailing market interest rates and prices applicable to independent counterparties of such type of transactions or determined by mutual agreement. ② securities and financial services: interest rates on deposits shall not be lower than the interest rates on deposits published by the People's Bank of China for the commercial banks for the corresponding period and shall not be lower than the interest rates on deposits of those banks offered to other clients by CITIC Group and its subsidiaries for the same type of deposits as well. Commissions or service fees charged by CITIC Group: shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by CITIC Group for the same type of service provided to an independent third party. Brokerage fees, commissions or service fees charged by the Company shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by the Company for the same type of service provided to an independent third party. The agreement is for a term of three years, commencing from 1 January 2017 and ending on 31 December 2019, subject to renewal.

The Hong Kong Stock Exchange has approved: in respect of the securities and financial services, for deposits of the Group's own funds and deposits deposited with banking subsidiaries of the CITIC Group in the PRC and Hong Kong, the Group was waived from setting up the maximum daily balance of such deposits.

For the year of 2019, ① the annual actual amount for the year of day-to-day related party/continuing connected transactions in relation to the securities and financial products transactions; ② the maximum daily balance in 2019 of repurchase agreements and loans to inter-financial institutions and reverse repurchase agreements; and ③ the annual caps and actual transaction amount for the day to-day related party/continuing connected transactions in relation to the securities and financial services, between the Group and the CITIC Group and its subsidiaries and associates, were as follows:

In RMB ten thousand

	Annual cap for 2019	Actual transaction amount for 2019	Percentage of the total amount of similar transactions (%)
1. Securities and financial products transactions			
Net cash inflow derived from securities and financial products transactions (net of the amount of inter-financial institutions borrowings and repurchase agreements)	18,000,000	1,593,432	—
Net cash outflow incurred for securities and financial products transactions (net of the amount of reverse repurchase agreements)	16,000,000	4,267,080	—
2. Amount of inter-financial institutions borrowings	Not applicable [Note]	40,670,000	—

	Maximum daily balance for 2019	Actual highest balance in a single day in 2019	Percentage of the total amount of similar transactions (%)
3. Repurchases and loans			
Maximum daily balance (including interests) of repurchase agreements	2,500,000	191,000	—
Maximum daily balance (including interests) of loans to inter-financial institutions and reverse repurchase agreements	500,000	—	—

	Annual cap for 2019	Actual transaction amount for 2019	Percentage of operating revenue/ expenses (%)
4. Securities and financial services			
Income derived from securities and financial services	250,000	88,866	2.06
Expenses incurred for securities and financial services	74,000	13,661	0.52

Note: The inter-financial institutions borrowings provided to the Company from CITIC Group and its associates bear interests at the prevailing interest rates pursuant to normal commercial terms in the interbank market and are not collateralized by the Company. Such inter-financial institutions borrowings are exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules and therefore no cap was set.

III Miscellaneous Services Framework Agreement

Pursuant to the agreement renewed in 2017, the Company and CITIC Group both agreed to determine the price of relevant services by fair and mutual agreement under conditions no less favorable than such services received from or provided to independent third parties in compliance with the relevant laws and regulations and under normal commercial terms. The agreement is for a term of three years, commencing from 1 January 2017 and ending on 31 December 2019, subject to renewal.

For the year of 2019, the annual caps and actual transaction amount of the day-to-day related party/continuing connected transactions under the Miscellaneous Services Framework Agreement between the Group and CITIC Group and its subsidiaries and associates were as follows:

In RMB ten thousand

Miscellaneous services	Annual cap for 2019	Actual transaction amount for 2019	Percentage of operating revenue/ expenses (%)
Income derived from miscellaneous services	800	456	0.01
Expenses incurred for miscellaneous services	46,000	7,811	0.30

IV Property Leasing Framework Agreement and supplemental agreement

Pursuant to the Property Leasing Framework Agreement signed by the Company and CITIC Group, the Company and CITIC Group both agreed to determine the rentals for the leased properties according to the relevant laws and regulations and the local fair market value as confirmed by qualified independent property valuer. The Company signed the Supplemental Agreement II to the Property Leasing Framework Agreement with CITIC Group on 14 February 2017 to set the annual caps for the related party transactions in relation to day-to-day operation/ continuing connected transactions of the Group under the Property Leasing Framework Agreement for the years from 2017 to 2019. The Property Leasing Framework Agreement is for a term of ten years, from the date of being signed by the parties (23 September 2011), subject to renewal.

For the year of 2019, the annual rental caps and the actual rental amount under the Property Leasing Framework Agreement between the Group and CITIC Group and its subsidiaries and associates were as follows:

In RMB ten thousand

Property leasing fees	Annual cap for 2019	Actual transaction amount for 2019	Percentage of operating revenue/ expenses (%)
Income derived from property leasing	5,500	3,012	0.07
Expenses incurred for property leasing	9,000	5,313	—

The auditors engaged by the Company have reviewed the above-mentioned related party transactions in relation to day-to-day operation/continuing connected transactions and issued a letter to the Board stating that:

- nothing has come to its attention that may cause it to believe that such disclosed related party transactions in relation to day-to-day operation/continuing connected transactions have not been approved by the Board;

- if the transactions involve the provision of goods or services by the Group, nothing has come to its attention that may cause it to believe that these transactions were not, in all material respects, in accordance with the pricing policy of the Group;

- nothing has come to its attention that may cause it to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and

- with respect to the total amounts for each of such continuing connected transactions specified in the appendix of the day-to-day related party/continuing connected transactions letter, nothing has come to its attention that may cause it to believe such disclosed day-to-day related party/continuing connected transactions have exceeded the annual transaction caps set by the Company.

V Renewal of day-to-day related party/continuing connected transactions

On 31 December 2019, the Company further renewed the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group after being approved by the 2019 Second Extraordinary General Meeting of the Company, and further renewed the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement III to the Property Leasing Framework Agreement with CITIC Group after being approved by the Board, pursuant to which the parties agreed on matters relating to the day-to-day related party/continuing connected transactions thereunder from 2020 to 2022 and set respective annual caps for the transaction amount. Each of the further renewed Securities and Financial Products Transactions and Services Framework Agreement and the Miscellaneous Services Framework Agreement has a term of three years, commencing from 1 January 2020 and ending on 31 December 2022. The term of Supplemental Agreement III to the Property Leasing Framework Agreement is from 1 January 2020 to 22 September 2021.

The Hong Kong Stock Exchange has granted a waiver to the Company from setting up the maximum daily balance of the deposits (including the Group's proprietary funds and customers' funds) placed with the banking subsidiaries of CITIC Group in the PRC and Hong Kong for the three financial years ending on 31 December 2022.

For details of the further renewed Securities and Financial Products Transactions and Services Framework Agreement, the Miscellaneous Services Framework Agreement, Supplemental Agreement III to the Property Leasing Framework Agreement, and the waiver granted to the Company by the Hong Kong Stock Exchange, please refer to the announcement on renewal of continuing connected transactions dated 13 November 2019 and the Circular for the 2019 Second Extraordinary General Meeting dated 15 November 2019 of the Company.

(2) Other related party transactions under the SSE Listing Rules in relation to day-to-day operation

According to the SSE Listing Rules, in addition to CITIC Group and its subsidiaries and associates, related parties of the Company also include the companies in which the Directors, Supervisors or members of the Senior Management hold positions as directors or the senior management, but they are not defined as connected persons under the Hong Kong Listing Rules. Related party transactions between the Company and such parties are conducted in compliance with the relevant requirements under the SSE Listing Rules, and will not constitute connected transactions under the Hong Kong Listing Rules. During the Reporting Period, these related party transactions had been carried out in accordance with the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2019, which was considered and approved at the 2018 Annual General Meeting of the Company.

In RMB ten thousand

Related party	Class of related party transactions	Estimated transaction amount for 2019	Actual transaction amount for 2019	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
E-Capital Transfer Co., Ltd.	Expense	500	203.73	less than 0.01	-203.73

(3) Related party/connected transactions with companies holding more than 10% equity interest in significant subsidiaries of the Company

During the Reporting Period, the following related party/connected transactions were carried out pursuant to the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2019, which was considered and approved at the 2018 Annual General Meeting of the Company. Details were as follows:

In RMB ten thousand

Related party	Type of related party/connected transactions	Estimated transaction amount for 2019	Actual transaction amount for 2019	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
POWER CORPORATION OF CANADA	Income	800	210.75	less than 0.01	210.75
MACKENZIE FINANCIAL CORPORATION	Income	500	55.10	less than 0.01	55.10
	Expense	500	35.95	less than 0.01	-35.95

(4) Other related party/connected transactions

Bareboat Charter Contract entered into between CITIC Global Trade and Shanghai CITIC Shipping Corporation Limited

Pursuant to the Bareboat Charter Contract entered into between CITIC Global Trade, a subsidiary of CITIC Futures, and Shanghai CITIC Shipping Corporation Limited, the rental income of the Company in 2019 amounted to RMB12.6610 million. For details of the approval of this related party/connected transaction, please refer to the 2014 Annual Report of the Company.

6.6.2 Related party transactions in relation to acquisition or disposal of assets or equity interest

Acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares

The 34th Meeting of the Sixth Session of the Board (held on 9 January 2019), the 37th Meeting of the Sixth Session of the Board (held on 4 March 2019) and the 2019 First Extraordinary General Meeting (held on 27 May 2019) considered and approved the relevant resolutions in relation to the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares (hereinafter referred to as the "**Transaction**"), successively. According to the Proposal of the Transaction, the Company intends to acquire 100% equity interest in Guangzhou Securities (the "**Target Assets**") by issuance of Shares to Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, among which the Company will acquire 32.765% equity interest in Guangzhou Securities held by Yuexiu Financial Holdings, and will acquire 67.235% equity interest in Guangzhou Securities held by Financial Holdings Limited. On the date of transfer of the Target Assets, 0.1% equity interest in Guangzhou Securities held by Yuexiu Financial Holdings will be transferred to and registered under the name of CITIC Securities Investment, a wholly-owned subsidiary of the Company, and the rest 99.9% equity interest in Guangzhou Securities held by Yuexiu Financial Holdings and Financial Holdings Limited will be transferred to and registered under the name of the Company. On 4 March 2019, the Company, CITIC Securities Investment, Yuexiu Financial Holdings and Financial Holdings Limited signed the Agreement on Asset Acquisition by Issuance of Shares (the "**Asset Acquisition Agreement**"), and the Company, Yuexiu Financial Holdings, Target Company signed the Asset Security Agreement on the same date (the Asset Acquisition Agreement and the Asset Security Agreement, collectively referred to as the "**Transaction Agreement**"), which specified the matters relevant to the Transaction. On 30 October 2019, the acquisition of assets by issuance of Shares and related party transactions of the Company was reviewed by the Listed Companies Merger and Reorganization Vetting Committee of the CSRC at the 2019 53rd Working Meeting of the Committee and unconditionally approved. On 26 December 2019, the Company received the Approval of the Acquisition of Assets by CITIC Securities Company Limited Through Issuance of Shares to Guangzhou Yuexiu Financial Holdings Group Co., Ltd. and Other Companies issued by the CSRC. Guangzhou Securities completed the transfer of 99.03% equity interest in Guangzhou Futures Co., Ltd. and 24.01% equity interest in Golden Eagle Fund Management Co., Ltd. held by it in January 2020. The transfer of the Target Assets of the Transaction and the registration of the changes with relevant industrial and commercial administration authorities were completed in January 2020. The Company currently holds 100% equity interest in Guangzhou Securities, and the name of Guangzhou Securities has been changed to CITIC Securities South China Company Limited. On 6 March 2020, the Company, CITIC Securities Investment, CITIC Securities South China, Yuexiu Financial Holdings and Financial Holdings Limited entered into the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares (the "**Supplemental Agreement**"). The Supplemental Agreement sets out supplementary provisions in respect of relevant matters after completion of the transfer of the Target Assets under the Transaction, including the scope and amount of security to be provided by Yuexiu Financial Holdings or Financial Holdings Limited and specific treatment and security mechanism in relation to the assets of the Target Company, as well as the liabilities for breach. According to the provisions of the Transaction Agreement and the Supplemental Agreement, Yuexiu Financial Holdings and Financial Holdings Limited shall pay approximately RMB1,394 million in cash to Target Company as compensation. On 11 March 2020, the Company issued 265,352,996 Shares and 544,514,633 Shares to Yuexiu Financial Holdings and Financial Holdings Limited, respectively, for acquisition of 100% equity interest in Guangzhou Securities, and thus, the Company's registered capital will be changed from RMB12,116,908,400 to RMB12,926,776,029. The Company still needs to go through procedures regarding the amendments to the Articles of Association as well as relevant filing procedures for such change of registered capital to take effect.

6.6.3 Related party credits and debts

In RMB Yuan

Related party	Related party relationship	Provision of funds to the related party			Provision of funds by the related party		
		Opening balance	Amount incurred	Ending balance	Opening balance	Amount incurred	Ending balance
Subsidiaries of CITIC Group Corporation	Shareholder's subsidiary	549,681,587.56	-463,969,278.08	85,712,309.48	21,850,909.12	-3,657,414.05	18,193,495.07
Total		549,681,587.56	-463,969,278.08	85,712,309.48	21,850,909.12	-3,657,414.05	18,193,495.07
Causes of the related party credits and debts		mainly include payables to the above related parties in connection with fund sales agency services and receivables from/payables to the above related parties in respect of deposits and margins					
Impact of the related party credits and debts on the Company		No adverse effect					

Capital movement Between the Company and the related parties

In accordance with the Notice of the CSRC on the Regulation of Several Issues Concerning the Capital Movement between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies (Zheng Jian Fa [2003] No. 56) and the Notice on Strengthening Information Disclosure Concerning Appropriation of Funds and Unlawful Provision of Guarantees by Listed Companies of Shenzhen Securities Regulatory Bureau (Shen Zheng Ju Fa Zi [2004] No. 338), PricewaterhouseCoopers Zhong Tian LLP issued the Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties (PricewaterhouseCoopers Zhong Tian Te Shen Zi (2020) No. 0572), stating that there was no appropriation of funds by the largest Shareholder or other related parties of the Company in 2019.

6.6.4 Guarantees provided by related/connected parties to the Company

In 2006, the Company issued RMB-denominated corporate bonds in an amount of RMB1,500 million for a term of 15 years, which are guaranteed by CITIC Group. The guarantee was inherited by CITIC Corporation Limited according to the reorganization agreement of CITIC Group. As at the end of the Reporting Period, the guarantee provided by CITIC Corporation Limited to the Company amounted to a total of RMB1,500 million.

6.6.5 Opinions of independent Directors

The aforesaid related party/connected transactions were conducted at market prices based on pricing principles that are reasonable and fair. Such transactions are not prejudicial to the interests of the non-related/connected Shareholders and do not have any adverse effect on the independence of the Company.

The independent non-executive Directors have confirmed to the Board that they have reviewed the above-mentioned non-exempt continuing related party/connected transactions and considered that the transactions were:

- conducted in the ordinary course of business of the Group;
- on normal commercial terms, or if there is no comparable transaction to determine whether the terms of the transaction are on normal commercial terms, on terms no less favorable to the Group than those available from or to (as the case may be) independent third parties;
- conducted according to the terms set out in relevant agreement, which were fair and reasonable and in the interests of the Shareholders as a whole.

During the Reporting Period, there were no other related party/connected transactions relating to the disposal or acquisition of the Group's assets, nor any other related party/connected transactions relating to joint external investment. Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 56 to the Consolidated Financial Statements that falls into the category of connected transactions or continuing connected transactions that need to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

6.7 Guarantees

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to subsidiaries was RMB8,341 million. As at the end of the Reporting Period, the balance of guarantees provided by the Company was RMB42,774 million, all of which are guarantees provided by the Company and its subsidiaries to subsidiaries, representing 26.46% of the equity attributable to owners of the parent company as at the end of the Reporting Period.

6.7.1 Guarantees provided by the Company

According to the resolution approved at the Annual General Meeting, and upon deliberation by the duly authorized working group, the Company provided an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium-term notes program set up by CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company. The scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. In 2014, CITIC Securities Finance MTN made its first drawdown under this medium-term notes program in the amount of US$650 million, which was paid upon maturity. In 2015, CITIC Securities Finance MTN made eight drawdowns under the medium-term notes program with an issue size amounting to US$439.68 million in aggregate, which were all fully paid upon maturity. In 2017, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US$800 million, including US$300 million of three-year notes and US$500 million of five-year notes. From 18 April to 24 April 2018, CITIC Securities Finance MTN made four drawdowns under the medium-term notes program with an issue size amounting to US$429.2 million in aggregate, which were all fully paid upon maturity; on 10 December 2018, CITIC Securities Finance MTN made a drawdown under this medium-term notes program in the amount of US$300 million. On 17 October 2019, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US$700 million, including three-year notes of US$500 million and five-year notes of US200 million. The Company provided an unconditional and irrevocable joint and several liability guarantee for all abovementioned medium-term notes programs.

According to the resolution approved at the Annual General Meeting and upon deliberation by the Company's management, the Company provided an unconditional and irrevocable guarantee for the Euro-commercial papers project set up by CITIC Securities Finance MTN with a guarantee period from 4 May 2018 to 4 May 2023 and an amount of US$3,000 million. In 2019, CITIC Securities Finance MTN issued two tranches of Euro-commercial papers in aggregate with a total issue size of US$170 million, which were all fully paid upon maturity; in 2019, CITIC Securities Finance MTN issued three tranches of Euro-commercial papers in aggregate with a total issue size of US$600 million, of which two tranches of Euro-commercial papers with a total issue size of US$500 million were fully paid upon maturity. The above-mentioned Euro-commercial papers were unconditionally and irrevocably guaranteed by the Company with joint and several liability.

6.7.2 Guarantees provided by subsidiaries

During the Reporting Period, among all the subsidiaries of the Company, CSI had provided guarantees. All those guarantees were provided in favor of its relevant subsidiaries for their business operations, which mainly included loan guarantees, guarantees for medium-term notes and guarantees for transactions involving the execution of International Swaps and Derivatives Association (ISDA) agreements and Global Master Securities Lending Agreements (GMSLA) with counterparties. The amount of the abovementioned guarantees was approximately RMB29,520 million as of 31 December 2019.

In addition, CSI and CLSA B.V. have issued unlimited guarantees for various International Swaps and Derivatives Association (ISDA) agreements, Global Master Repurchase agreements (GMRA), Global Master Securities Lending agreements (GMSLA) and Broker-Dealer agreements. The above-mentioned unlimited guarantees have been issued in accordance with normal international banking and capital market practices, which allow the banks and other financial institutions trading with CSI, CLSA B.V. and its subsidiaries to assume large market trading volume and fluctuating demands, therefore ensuring CSI, CLSA B.V. and its subsidiaries are not unnecessarily constrained in the normal course of business. Quantifying the maximum exposure underlying such unlimited guarantees is impracticable, however, since both CSI and CLSA B.V. are companies with limited liabilities, the absolute maximum exposure of these guarantees in aggregate would be limited to the respective net asset values of CSI and CLSA B.V. respectively.

6.8 Other Significant Events and Subsequent Events

6.8.1 Changes to securities business outlets

The Company

During the Reporting Period, the Company completed the same-city relocation of 3 branch offices and 16 securities outlets.

Details of relocation of branch offices and securities outlets are as follows:

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
1	Chongqing Branch Office	Chongqing Branch Office	B5-1 and 12-1-2, No. 5 Jiangbei Chengxi Avenue, Jiangbei District, Chongqing
2	Hangzhou Ding'an Road Securities Outlet	Hangzhou Wujiang Road Securities Outlet	8/F and Room 105-2, 1/F, Dongtie Tower, No. 399 Wujiang Road, Hangzhou, Zhejiang Province
3	Beijing Headquarter Securities Outlet	Beijing Headquarter Securities Outlet	Room 301, 3/F, No. 4 Building, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
4	Shenzhen Qianhai FTA Securities Outlet	Shenzhen Qianhai FTA Securities Outlet	Rooms 502 and 503, Hedge Fund Center, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan 5th Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen
5	Shenzhen Futian South Securities Outlet	Shenzhen Futian South Securities Outlet	No. 9-2 Fumin Road, Fuminjiayuan, No. 9 Fumin Road, Haibin Community, Futian Street, Futian District, Shenzhen
6	Haiyan West Hebin Road Securities Outlet	Haiyan West Hebin Road Securities Outlet	1/F and 3/F, Office Building of Haiyan Yinyan Economic and Trade Co., Ltd., No. 126 West Hebin Road, Wuyuan Street, Haiyan County, Jiaxing, Zhejiang Province
7	Shenzhen Futian Jintian Road Securities Outlet	Shenzhen Futian Jintian Road Securities Outlet	10C, Nuode Financial Center, No. 1006 Fuzhong 3rd Road, Fuzhong Community, Lianhua Street, Futian District, Shenzhen
8	Shaanxi Branch Office	Shaanxi Branch Office	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jingguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province
9	Luqiao Fushi Road Securities Outlet	Luqiao Fushi Road Securities Outlet	Room 125, Building 1, No. 148 and 158 Fushi Road, Luqiao Street, Luqiao District, Taizhou, Zhejiang Province
10	Nanchang Honggu Middle Avenue Outlet	Nanchang Honggu Middle Avenue Outlet	Shop 104 and 204, Building 9, Business City Century Village, No. 728 Honggu Middle Avenue, Honggutan New District, Nanchang, Jiangxi Province
11	Hangzhou Qingchun Road Securities Outlet	Hangzhou Qingchun Road Securities Outlet	5/F, Huadu Building, No. 137 Qingchun Road, Shangcheng District, Hangzhou, Zhejiang Province
12	Shanghai Humin Road Securities Outlet	Shanghai Wanyuan Road Securities Outlet	Room 201, 202, 203, 205 and 206, Building 2, Lane 166, Minhong Road, Minhang District, Shanghai
13	Taizhou Branch Office	Taizhou Branch Office	Room 2001 and 103, Development and Investment Mansion, No. 188 Fuzhong Road, Taizhou, Zhejiang Province
14	Shenzhen Binhai Avenue Securities Outlet	Shenzhen Binhai Avenue Securities Outlet	Room 503, C5/F, Building 2, Software Industry Base, No. 87, 89 and 91 Gaoxin South Tenth Road, Binhai Community, Yuehai Street, Nanshan District, Shenzhen
15	Yongkang Jincheng Road Securities Outlet	Yongkang Jincheng Road Securities Outlet	West Wing, 3/F, No. 29, Jincheng Road, Dongcheng Street, Yongkang, Jinhua, Zhejiang Province

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
16	Haining Haichang South Road Securities Outlet	Haining Haichang South Road Securities Outlet	1/F, 2/F and 4/F, Building 3, Xinjiayuan Building, No. 299 Haichang South Road, Haizhou Street, Haining, Jiaxing, Zhejiang Province
17	Ningbo Daqing South Road Securities Outlet	Ningbo Daqing South Road Securities Outlet	(10-2)–(10-4), Building 13, No.18 Diamond Commercial Plaza, Jiangbei District, Ningbo City, Zhejiang Province
18	Hangzhou Chaohui Road Securities Outlet	Hangzhou Huancheng North Road Securities Outlet	No. 165-3 Huancheng North Road, Xiacheng District, Hangzhou, Zhejiang Province
19	Hangzhou Xinnan Road Securities Outlet	Hangzhou Jincheng Road Securities Outlet	Room 601, 602 and 605–608, 6/F, Southeast Science and Technology Research and Development Center, No. 438 Jincheng Road, Xiaoshan District, Hangzhou, Zhejiang Province

As at the end of the Reporting Period, the Company had 33 branch offices and 207 securities outlets.

CITIC Securities (Shandong)

During the Reporting Period, CITIC Securities (Shandong) established one new securities outlet (Jinan Huaxin Road Securities Outlet), closed one securities outlet (Jining Guhuai Road Securities Outlet), and completed the relocation of one securities outlet.

Details of the new securities outlet are as follows:

No.	Name of the new securities outlet	Address of the securities outlet
1	Jinan Huaxin Road Securities Outlet	1/F and 2/F, Licheng Jinrong Tower, No.3 Huaxin Road, Licheng District, Jinan, Shandong Province

Details of the relocation of securities outlets are as follows:

No.	Name before relocation	Name after relocation	Address after relocation
1	Zaozhuang Middle Wenhua Road Securities Outlet	Zaozhuang West Wenhua Road Securities Outlet	Rooms 98-7 and 8, Building 1, Wenxi Huayuan, No. 98 West Wenhua Road, Shizhong District, Zaozhuang, Shandong Province

As at the end of Reporting Period, CITIC Securities (Shandong) had 6 branch offices and 64 securities outlets.

CITIC Futures

During the Reporting Period, CITIC Futures did not establish any new outlets; 3 branches were renamed; and 13 branches completed same-city relocation.

(1) Details of change of name of branches are as follows:

No.	Name before the change	Name after the change
1	Beijing Dongcheng Branch Office	Beijing Chaoyang Branch Office
2	Shanghai Futures Building Outlet	Shanghai Songlin Road Branch Office
3	Wenling Outlet	Taizhou Outlet

(2) Details of the relocation of branches are as follows:

No.	Name of branches	Address after relocation
1	Beijing Branch Office	47-(07), 7/F, No. 47 Guangqumennei Avenue, Dongcheng District, Beijing
2	Beijing Chaoyang Branch Office	Room 302, 3/F, No. 4 Building, No.48 Courtyard, Liangmaqiao Road, Chaoyang District, Beijing
3	Hebei Branch Office	Room 2903, Tower B, Zhifeng Office Building, Letai Center, No. 39 Zhongshan East Road, Shijiazhuang
4	Shanxi Branch Office	Rooms 303, 307 and 308, Building D, Huade Plaza Community, Changfeng Street, Xiaodian District, Taiyuan
5	Shanghai Branch Office	Unit 03, 22/F, No. 799 South Yanggao Road, China (Shanghai) Pilot Free Trade Zone
6	Shanghai CITIC Plaza Branch Office	Room 2504, 25/F, CITIC Plaza, No. 859 Sichuan North Road, Hongkou District, Shanghai
7	Hangzhou Xiaoshan Branch Office	Room 603 and 604, 6/F, Southeast Science and Technology Research and Development Center, No. 438 Jincheng Road, Beigan Street, Xiaoshan District, Hangzhou, Zhejiang Province
8	Taizhou Outlet	Room 516, 5/F, Yaoda Business Tower, Building 1, No. 500 Shifu Avenue, Baiyun Street, Jiaojiang District, Taizhou, Zhejiang Province
9	Hainan Branch Office	No. B1304, 13/F, West Building B, Guorui Tower, No. 11 Guoxing Avenue, Meilan District, Haikou, Hainan Province
10	Western Branch Office	3C, 3/F, East Wing Podium, Gaoxin Telecom Plaza, 56 Gaoxin Road, High and New-Tech Development Zone, Xi'an City
11	Gansu Branch Office	Rooms 1715, 1716 and 1717, 17/F, YaOu International, No. 149 Qingyang Road, Chengguan District, Lanzhou, Gansu Province
12	Guizhou Branch Office	No. 1, 11/F, Unit 1, Building 2, North Zone, Financial Business District, Zone B, Zhongtian Exhibition City, Changling North Road, Guanshanhu District, Guiyang, Guizhou Province
13	Chongqing Branch Office	12-1-3, No. 5 Jiangbei Chengxi Avenue, Jiangbei District, Chongqing

Currently, CITIC Futures had 39 branch offices and 4 futures outlets.

CSI

During the Reporting Period, there were no changes in the branches of CSI. Currently, CSI has four branches through its subsidiaries in Hong Kong.

Kington Securities

During the Reporting Period, there were no changes in the branches of Kington Securities. Currently, Kington Securities has two securities outlets.

6.8.2 Subsequent progress of matters previously announced

1. Reducing capital in CITIC Securities (Shandong)

On 28 December 2018, the 33rd Meeting of the Sixth Session of the Board considered and approved the Resolution on Reducing Capital in CITIC Securities (Shandong) Co., Ltd., pursuant to which, it was agreed to transfer 3,406 sq.m. of land (current price: RMB6.47 million) located at No. 67-1, Haiquan Road, Wenquan subdistrict office, Jimo City, Shandong Province, which is currently owned by CITIC Securities (Shandong), to the parent company at a consideration of the price of such asset upon completion of the transfer of title; i.e. to reduce capital in CITIC Securities (Shandong) accordingly, the amount of which shall not exceed RMB6.47 million, and the registered capital of CITIC Securities (Shandong) shall be reduced accordingly; and the management of the Company was authorised to deal with, at its sole discretion, all relevant procedures related to the capital reduction on the condition that all the risk control indicators of the Company are in line with the regulatory requirements. On 2 August 2019, CITIC Securities (Shandong) received the Feedback on Administrative Authorization for Reducing Registered Capital of CITIC Securities (Shandong) Co., Ltd. (hereinafter as "**Feedback**") issued by the Qingdao Securities Regulatory Bureau of the CSRC (hereinafter as "**Qingdao Securities Regulatory Bureau**"). According to the Feedback, CITIC Securities (Shandong) needs to elaborate on whether the land transfer between the parent company and subsidiary is subject to the legal procedures for the transfer of state-owned assets. Due to the time uncertainty on obtaining the approval for the elaboration materials, CITIC Securities (Shandong) submitted the Application of CITIC Securities (Shandong) Co., Ltd. on Withdrawing Application Materials for Capital Reduction to Qingdao Securities Regulatory Bureau on 28 October 2019 with the aim of applying for the withdrawal of application materials. CITIC Securities (Shandong) will reapply when the application materials are complete.

2. Standardizing the publicly-offered collective investment schemes of the Company

On 21 January 2019, the 35th Meeting of the Sixth Session of the Board considered and approved the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company. It was agreed to authorize the management of the Company to proceed with matters relating to rectification and standardization, as well as changes to contracts of the publicly-offered collective investment schemes of the Company according to market conditions, regulatory requirements and the Company's needs. The matters relating to rectification and standardization of the publicly-offered collective investment schemes of the Company are being executed in an orderly manner. Currently, three applications for changes of contracts of the publicly-offered collective investment schemes of the Company have been approved by the CSRC and the schemes are operating normally with reference to public funds. The rectification and standardization of other publicly-offered collective investment schemes of the Company are being processed in an active and orderly manner.

3. Dissolution of five securities outlets

On 13 November 2019, the 46th Meeting of the Sixth Session of the Board considered and approved the Resolution on the Dissolution of Five Securities Outlets, pursuant to which, it was agreed to dissolve five securities outlets including Shanghai Loushanguan Road Securities Outlet, Shanghai CITIC Plaza Securities Outlet, Hangzhou Lijing Road Securities Outlet, Hangzhou Moganshan Road Securities Outlet and Jiaxing Fanggong Road Securities Outlet; authorise the management of the Company to proceed with procedures relating to the dissolution. At present, the Company has obtained the dissolution approvals from the respective Securities Regulatory Bureaus where the aforementioned five securities outlets are located, and has submitted a report on the implementation of the dissolution plan. Upon the completion of the inspection and issue of an inspection opinion by the Securities Regulatory Bureau, the Company will gradually complete the cancellation of the relevant industrial, commercial and business licenses.

6.8.3 Others

1. Dissolution of Supervision Department

On 4 March 2019, the 37th Meeting of the Sixth Session of the Board approved to dissolve the Supervision Department, the duties and personnel of which would be transferred to the Discipline Administration Body in the Company, except that the duty to investigate and deal with the violation of internal rules and regulations of the Company by the employees would be transferred to the Human Resources Department. The Company has completed the above-mentioned adjustment on 6 March 2019.

2. Acquisition of equity interest in CITIC Futures

On 13 October 2017, the 18th Meeting of the Sixth Session of the Board considered and approved the Resolution on the Exercise of Pre-emptive Rights to Acquire 6.53% Equity Interest in CITIC Futures Co., Ltd. The Company had completed the acquisition of the relevant equity interest on 3 July 2019, and had completed the filing procedures at Shenzhen Market Supervision and Regulation Bureau. On 5 July 2019, CITIC Futures had completed the filing process with Shenzhen Securities Regulatory Bureau. The percentage of the equity interest of the Company in CITIC Futures held by the Company was changed to 100%.

3. Increasing capital in CITIC Futures

As considered and approved by the 43rd Meeting of the Sixth Session of the Board held on 30 July 2019, the Company increased capital of RMB1,995,207,018 in CITIC Futures. After such capital increase, the registered capital of CITIC Futures increased to RMB3.6 billion. The increased capital will be primarily used to improve the financial strength, expand business scale and enhance the market competitiveness of CITIC Futures. CITIC Futures has completed the filing procedures for this capital increase on 14 August 2019.

4. Delegating Chairman to proceed with matters relating to acquisition of assets by issuance of Shares of the Company

On 28 June 2019, the 42nd Meeting of the Sixth Session of the Board considered and approved the Resolution on Delegating Chairman to Proceed with Matters Relating to the Acquisition of Assets by Issuance of Shares of the Company, according to the authorization granted to the Board of the Company and any person it legally authorized at the 2019 First Extraordinary General Meeting, it is further agreed that the Chairman of the Company is delegated to proceed with following matters in relation to the acquisition of 100% equity interest in Guangzhou Securities from Yuexiu Financial Holdings and its wholly-owned subsidiary Financial Holdings Limited (hereinafter referred to as the "**Transaction**"): 1) to approve and sign the pro forma financial statements and review report of the Company in relation to the Transaction and their updates and supplements; 2) to make all filings in relation to the Transaction; 3) to proceed with the closing of the transfer of assets and post-closing adjustments, to approve or authorize the management to plan, deploy, transfer or make other internal adjustments to the organizational structure, governance structure, management level, etc. of the Target Assets based on the operation and management need, business development need or other actual needs, in accordance with the relevant provisions of laws and regulations as well as regulatory requirements; 4) to proceed with the change of registration with the relevant industrial and commercial administrations and other procedural matters with authorized authorities and departments including signing relevant legal documents; to proceed with the registration, lock-up, listing and other relevant matters for the newly issued Shares of the Company with the SSE and the Shanghai branch of CSDC. This delegation shall be valid during the validity period of the authorization to the Board granted by the general meeting of the Company.

6.9 The Company's explanation on the reasons for and impacts of changes in accounting policies and accounting estimates

The revised "IFRS16 — Leases" (the "**New Lease Standards**") were issued by the Ministry of Finance in 2018, and became effective from 1 January 2019. The Group has adopted the New Lease Standards in preparing the financial statements for the year of 2019. According to its transitional provisions, the Group has not restated the comparative figures in the 2018 annual report. The reclassifications and adjustments arising from the adoption of the New Lease Standards are recognized in the opening balance sheet dated 1 January 2019.

VII. CHANGES IN SHARE CAPITAL AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS

7.1 The share capital structure of the Company as at 31 December 2019 was as follows:

Name of Shareholders	Type of Shares	Number of Shares (Shares)	Percentage of the total number of Shares (%)
CITIC Group	A Shares	1,999,695,746	16.50
Public holders of A Shares	A Shares	7,838,884,954	64.69
Public holders of H Shares	H Shares	2,278,327,700	18.80
Total	—	12,116,908,400	100.00

Note: 1. The shareholding percentage of each of the Shareholders listed above is rounded to two decimal places.

2. Upon completion of the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares and as at the date of publication of this results announcement, the number of total issued Shares of the Company has increased to 12,926,776,029 Shares, of which 10,648,448,329 are A Shares and 2,278,327,700 are H Shares.

7.2 During the Reporting Period, there have been no changes in the total number of ordinary shares or the share capital structure of the Company.

7.3 Issue and Listing of Securities

Unit: hundred million *Currency: RMB*

Type of shares and derivative securities	Date of issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading (hundred million)	Maturity date
Corporate bonds, Short-term commercial papers						
Short-term commercial papers	2019.1.17	2.95	20	2019.1.21	20	2019.4.19
Short-term commercial papers	2019.2.21	2.71	30	2019.2.25	30	2019.5.24
Corporate bonds	2019.2.27	3.90	27	2019.3.11	27	2022.2.28
Short-term commercial papers	2019.3.7	2.79	30	2019.3.11	30	2019.6.6
Corporate bonds	2019.3.20	3.98	30	2019.4.2	30	2022.3.21
Short-term commercial papers	2019.4.16	3.00	30	2019.4.19	30	2019.7.17
Subordinated bonds	2019.4.19	4.20	25	2019.5.9	25	2022.4.23
Corporate bonds	2019.4.29	4.28	30	2019.5.13	30	2022.4.30
Short-term commercial papers	2019.5.15	2.99	30	2019.5.20	30	2019.8.15
Subordinated bonds	2019.5.30	4.10	30	2019.6.18	30	2022.6.3
Short-term commercial papers	2019.6.5	3.07	20	2019.6.11	20	2019.9.6
Corporate bonds	2019.6.13	4.00	15	2019.6.24	15	2022.6.14
Short-term commercial papers	2019.6.26	2.60	20	2019.6.28	20	2019.9.25
Short-term commercial papers	2019.7.10	2.70	30	2019.7.15	30	2019.10.10
Financial bonds	2019.7.23	3.58	90	2019.7.26	90	2022.7.25
Corporate bonds	2019.9.6	3.39	20	2019.9.20	20	2022.9.10
Corporate bonds	2019.9.6	3.78	10	2019.9.20	10	2024.9.10
Short-term commercial papers	2019.9.17	2.75	50	2019.9.20	50	2019.12.18

Type of shares and derivative securities	Date of issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading (hundred million)	Maturity date
Short-term commercial papers	2019.10.16	2.95	60	2019.10.21	60	2020.1.16
Short-term commercial papers	2019.11.15	3.10	50	2019.11.20	50	2020.2.18
Corporate bonds	2019.11.25	3.75	50	2019.12.03	50	2022.11.26
Short-term commercial papers	2019.12.11	3.05	30	2019.12.16	30	2020.3.12
Overseas medium-term notes	2019.10.17	2.75	34.84	2019.10.24	34.84	2022.10.24
Overseas medium-term notes	2019.10.17	2.875	13.94	2019.10.24	13.94	2024.10.24
Euro-commercial paper	2019.1.9	3.94	13.94	2019.1.16	13.94	2019.12.24
Euro-commercial paper	2019.1.10	3.94	20.90	2019.1.17	20.90	2019.12.24
Euro-commercial paper	2019.11.14	2.57	6.9681	2019.11.20	6.9681	2020.5.20

Description of issue of securities during the Reporting Period:

The Company issued a short-term commercial paper on 17 January 2019, which was listed on Interbank on 21 January 2019, with a size of RMB2.0 billion, a nominal interest rate of 2.95% and a term of 91 days.

The Company issued a short-term commercial paper on 21 February 2019, which was listed on Interbank on 25 February 2019, with a size of RMB3.0 billion, a nominal interest rate of 2.71% and a term of 91 days.

The Company issued a private corporate bond on 27 February 2019, which was listed on the SSE on 11 March 2019, with a size of RMB2.7 billion, a nominal interest rate of 3.90% and a term of 3 years.

The Company issued a short-term commercial paper on 7 March 2019, which was listed on Interbank on 11 March 2019, with a size of RMB3.0 billion, a nominal interest rate of 2.79% and a term of 90 days.

The Company issued a private corporate bond on 20 March 2019, which was listed on the SSE on 2 April 2019, with a size of RMB3.0 billion, a nominal interest rate of 3.98% and a term of 3 years.

The Company issued a short-term commercial paper on 16 April 2019, which was listed on Interbank on 19 April 2019, with a size of RMB3.0 billion, a nominal interest rate of 3.00% and a term of 90 days.

The Company issued a subordinated bond on 19 April 2019, which was listed on the SSE on 9 May 2019, with a size of RMB2.5 billion, a nominal interest rate of 4.20% and a term of 3 years.

The Company issued a private corporate bond on 29 April 2019, which was listed on the SSE on 13 May 2019, with a size of RMB3.0 billion, a nominal interest rate of 4.28% and a term of 3 years.

The Company issued a short-term commercial paper on 15 May 2019, which was listed on Interbank on 20 May 2019, with a size of RMB3.0 billion, a nominal interest rate of 2.99% and a term of 90 days.

The Company issued a subordinated bond on 30 May 2019, which was listed on the SSE on 18 June 2019, with a size of RMB3.0 billion, a nominal interest rate of 4.10% and a term of 3 years.

The Company issued a short-term commercial paper on 5 June 2019, which was listed on Interbank on 11 June 2019, with a size of RMB2.0 billion, a nominal interest rate of 3.07% and a term of 88 days.

The Company issued a private corporate bond on 13 June 2019, which was listed on SSE on 24 June 2019, with a size of RMB1.5 billion, a nominal interest rate of 4.00% and a term of 3 years.

The Company issued a short-term commercial paper on 26 June 2019, which was listed on Interbank on 28 June 2019, with a size of RMB2.0 billion, a nominal interest rate of 2.60% and a term of 90 days.

The Company issued a short-term commercial paper on 10 July 2019, which was listed on Interbank on 15 July 2019, with a size of RMB3.0 billion, a nominal interest rate of 2.70% and a term of 90 days.

The Company issued a financial bond on 23 July 2019, which was listed on Interbank on 26 July 2019, with a size of RMB9.0 billion, a nominal interest rate of 3.58% and a term of 3 years.

The Company issued a public corporate bond on 6 September 2019, which was listed on the SSE on 20 September 2019 and consists of two types of products, among which, the 3-year type has a size of RMB2.0 billion and a nominal interest rate of 3.39% and the 5-year type has a size of RMB1.0 billion and a nominal interest rate of 3.78%.

The Company issued a short-term commercial paper on 17 September 2019, which was listed on Interbank on 20 September 2019, with a size of RMB5.0 billion, a nominal interest rate of 2.75% and a term of 90 days.

The Company issued a short-term commercial paper on 16 October 2019, which was listed on Interbank on 21 October 2019, with a size of RMB6.0 billion, a nominal interest rate of 2.95% and a term of 90 days.

The Company issued a short-term commercial paper on 15 November 2019, which was listed on Interbank on 20 November 2019, with a size of RMB5.0 billion, a nominal interest rate of 3.10% and a term of 91 days.

The Company issued a private corporate bond on 25 November 2019, which was listed on the SSE on 3 December 2019, with a size of RMB5.0 billion, a nominal interest rate of 3.75% and a term of 3 years.

The Company issued a short-term commercial paper on 11 December 2019, which was listed on Interbank on 16 December 2019, with a size of RMB3.0 billion, a nominal interest rate of 3.05% and a term of 90 days.

The Company issued an overseas medium-term note on 17 October 2019, which was listed on the Hong Kong Stock Exchange on 24 October 2019, with a size of US$0.5 billion, a nominal interest rate of 2.75% and a term of 3 years.

The Company issued an overseas medium-term note on 17 October 2019, which was listed on the Hong Kong Stock Exchange on 24 October 2019, with a size of US$0.2 billion, a nominal interest rate of 2.875% and a term of 5 years.

The Company issued a Euro-commercial paper on 9 January 2019, which was listed on the Hong Kong Stock Exchange on 16 January 2019, with a size of US$0.2 billion, an effective interest rate of 3.94% and a term of 342 days.

The Company issued a Euro-commercial paper on 10 January 2019, which was listed on the Hong Kong Stock Exchange on 17 January 2019, with a size of US$0.3 billion, an effective interest rate of 3.94% and a term of 341 days.

The Company issued a Euro-commercial paper on 14 November 2019, which was listed on the Hong Kong Stock Exchange on 20 November 2019, with a size of US$0.1 billion, an effective interest rate of 2.57% and a term of 182 days.

7.4 Information on Shareholders

Total number of Shareholders of the Company as at 31 December 2019: 569,604 Shareholders, including 569,443 A Shareholders and 161 registered H Shareholders.

Total number of Shareholders of the Company as at the end of the month (29 February 2020) immediately preceding the disclosure date of this results announcement: 599,234 Shareholders, including 599,071 A Shareholders and 163 registered H Shareholders.

7.4.1 Shareholdings of the top 10 Shareholders as at 31 December 2019

Unit: Shares

Shareholdings of the Top 10 Shareholders							
Full name of Shareholder	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged or frozen		Nature of the Shareholder
					Status	Number	
HKSCC Nominees Limited *Note 1*	-621,500	2,276,694,267	18.79	—	Unknown	—	Foreign legal person
CITIC Corporation Limited	—	1,999,695,746	16.50	—	Nil	—	State-owned legal person
China Securities Finance Corporation Limited	—	362,296,197	2.99	—	Nil	—	Unknown
Hong Kong Securities Clearing Company Limited *Note 2*	53,295,819	255,815,371	2.11	—	Nil	—	Foreign legal person
Central Huijin Asset Management Corporation Limited	—	198,709,100	1.64	—	Nil	—	State-owned legal person
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	—	153,726,217	1.27	—	Nil	—	Unknown
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	—	144,472,197	1.19	—	Nil	—	Unknown
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	—	140,178,900	1.16	—	Nil	—	Unknown
GF Fund — Agricultural Bank — GF China Securities and Financial Assets Management Program	—	140,049,999	1.16	—	Nil	—	Unknown
China Southern Fund — Agricultural Bank — China Southern China Securities and Financial Assets Management Program	—	139,589,061	1.15	—	Nil	—	Unknown

Note 1: HKSCC Nominees Limited is the nominal holder of the Shares held by non-registered H Shareholders of the Company.

Note 2: The Shares held by Hong Kong Securities Clearing Company Limited refer to Shares held by non-registered Shareholders of northbound of the Shanghai-Hong Kong Stock Connect.

Note 3: The shareholding information listed above was extracted from the register of Shareholders of the Company as of 31 December 2019.

Note 4: Nature of A Shareholders represents the nature of account held by A Shareholders with the Shanghai branch of CSDCC.

Note 5: As the Shares could be used as underlying securities for margin financing and securities lending, the shareholdings of the Shareholders are the aggregate of all the Shares and interests held in ordinary securities accounts and credit securities accounts.

7.4.2 Shareholdings of the top 10 holders of tradable Shares not subject to trading moratorium as at 31 December 2019

Name of Shareholder	Number of tradable Shares held not subject to trading moratorium	Class of Shares
HKSCC Nominees Limited	2,276,694,267	Overseas-listed foreign shares
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares
China Securities Finance Corporation Limited	362,296,197	RMB ordinary Shares
Hong Kong Securities Clearing Company Limited	255,815,371	RMB ordinary Shares
Central Huijin Asset Management Corporation Limited	198,709,100	RMB ordinary Shares
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	153,726,217	RMB ordinary Shares
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	144,472,197	RMB ordinary Shares
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	140,178,900	RMB ordinary Shares
GF Fund — Agricultural Bank — GF China Securities and Financial Assets Management Program	140,049,999	RMB ordinary Shares
China Southern Fund — Agricultural Bank — China Southern China Securities and Financial Assets Management Program	139,589,061	RMB ordinary Shares
Details of related party or concert party relationship among the above Shareholders	The Company is unaware of whether there is any related party/connected relationship among the above Shareholders, or they are parties acting in concert.	
Explanation about holders of preference Shares with restored voting rights and the number of Shares held	—	

7.4.3 Shareholdings of the holders of tradable Shares subject to trading moratorium as at 31 December 2019

Unit: Shares

No.	Name of Shareholders subject to trading moratorium	Number of Shares held subject to trading moratorium	Listing and trading of Shares subject to trading moratorium		
			Date eligible for listing and trading	Number of Shares newly eligible for listing and trading	Terms of trading moratorium
1	Incentive shares held under custody and others	23,919,000	To be determined after the implementation of the incentive share scheme	—	To be determined after the implementation of the incentive share scheme
Details of related party or concert party relationship among the above Shareholders			Not applicable		

7.4.4 Information on substantial Shareholders of the Company

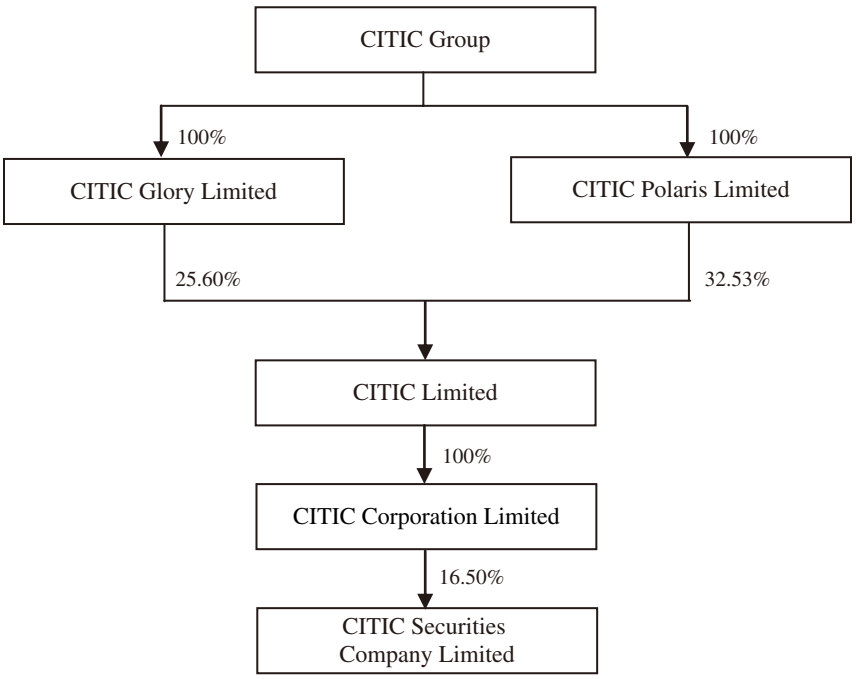
Largest Shareholder

The largest Shareholder of the Company is CITIC Corporation Limited. As at 31 December 2019, it directly held 16.50% Shares in the Company. In addition, there was no Shareholder of the Company who held more than 10% Shares. Details of CITIC Corporation Limited are as follows:

CITIC Corporation Limited was established on 27 December 2011, the existing legal representative is Mr. CHANG Zhenming and the president is Mr. WANG Jiong. Its registered capital is RMB139 billion and the unified social credibility code is 911100007178317092. It is principally engaged in: 1. investment and management in financial sectors, including investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card and other financial enterprises and related industries; 2. investment and management in non-financial sectors, including (1) energy, transport and other infrastructure; (2) mining, exploration of timber and other resources and raw material industry; (3) machinery manufacturing; (4) real estate development; (5) information industry: information system infrastructure, basic telecommunication and value-added telecommunication business; (6) commerce and trade services and other industries: environmental protection; pharmaceuticals, bio-engineering as well as new materials; aviation, transportation, warehousing, hotel, tourism; international trade and domestic trade, import and export business, commerce; education, publishing, media, culture and sports; consultancy service; 3. granting shareholder loans to its offshore and domestic subsidiaries; capital operation; asset management; domestic and overseas engineering design, constructions, contracting and sub-contracting, export of labor service, and other approved businesses. (The entity was changed from a domestic enterprise to a foreign-invested enterprise on 22 July 2014; as for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities.)

CITIC Group, the de facto controller of CITIC Corporation Limited, was founded in 1979, the existing legal representative is Mr. CHANG Zhenming and the general manager is Mr. WANG Jiong. Its registered capital is RMB205,311,476,359.03 and the unified social credibility code is 91100000101685 58XU. Its principal businesses are as follows: investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card financial enterprises and related industries, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, information system infrastructure, basic telecommunication and value-added telecommunication business, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, international trade and domestic trade, commerce, education, publishing, media, culture and sports, overseas and domestic engineering design, construction, contracting and sub-contracting, industry investment; asset management; capital operation; project tendering, surveying, design, construction, supervision, contracting and subcontracting, consultant service industry; external deployment of staff required to implement overseas projects suitable for its capabilities, scale and results performance; import and export business; information service business (internet information services only, excluding information search and query services, information community services, instant information interaction services and information protection and processing services). (The enterprise may independently choose projects to operate and conduct business activities according to the law. As for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities. No business activity shall be carried out if prohibited by the industrial policies of the municipality or restricted by the authorities.)

As at the end of the Reporting Period, the shareholding structure of the Company was as follows:



As at 31 December 2019, information of other major listed companies controlled or invested, directly or indirectly by CITIC Limited or CITIC Corporation Limited was as follows:

No.	Name of Listed Company	Stock code	Shareholding percentage	Name of shareholder
1	China CITIC Bank Corporation Limited	601998.SH 00998.HK	65.97%	CITIC Corporation Limited (65.37%) Fortune Class Investments Limited (0.02%) Metal Link Limited (0.58%)
2	CITIC Heavy Industries Co., Ltd.	601608.SH	67.27%	CITIC Corporation Limited (60.49%) CITIC Investment Holdings Limited (4.52%) CITIC Automobiles Limited (2.26%)
3	CITIC Offshore Helicopter Co., Ltd.	000099.SZ	38.63%	CITIC Offshore Helicopter Limited Liabilities Company
4	CITIC Press Group Co., Ltd.	300788.SZ	73.50%	CITIC Corporation Limited (62.70%) CITIC Investment Holdings Limited (10.80%)
5	CITIC Resources Holdings Limited	01205.HK	59.50%	Keentech Group Ltd. (49.57%) CITIC Australia Pty Limited (9.55%) Fortune Class Investments Limited (0.38%)
6	CITIC Dameng Holdings Limited	01091.HK	43.46%	Highkeen Resources Limited (34.39%) Apexhill Investments Limited (9.07%)
7	CITIC Telecom International Holdings Limited	01883.HK	58.19%	Richtone Enterprises Inc. (3.69%) Ease Action Investments Corp. (33.93%) Silver Log Holdings Ltd. (16.70%) Perfect New Holdings Limited (3.87%)
8	CITIC Pacific Special Steel Group Co., Ltd. Note 1	000708.SZ	83.85%	CITIC Pacific China Holdings Limited (4.26%) Hubei Xinye Steel Limited (4.53%) CITIC Pacific Special Steel Investment Limited (75.05%)

No.	Name of Listed Company	Stock code	Shareholding percentage	Name of shareholder
9	Yuan Long Ping High-Tech Agriculture Co., Ltd.	000998.SZ	20.56%	CITICS Industrial Investment Group Corp. (0.82%) CITIC Agriculture., LTD. (16.54%) Shenzhen Xinnong Investment Center LP (3.20%)
10	CITIC Envirotech Ltd.[Note 2]	CEE.SG	56.36%	CKM (Cayman) Company Limited
11	Dah Chong Hong Holdings Limited[Note 2]	01828.HK	56.81%	Totally held by certain subsidiaries of CITIC Pacific Limited
12	China Overseas Land & Investment Limited	00688.HK	10%	Complete Noble Investments Limited
13	Frontier Services Group Limited	00500.HK	25.91%	Easy Flow Investments Limited
14	Ivanhoe Mines Ltd.	IVN.TSX IVPAF.OTCQX	26.41%	CITIC Metal Africa Investments Limited
15	Alumina Limited	AWC.ASX AWC.OTC	19.05%	CITIC Resources Holdings Limited (9.68%) CITIC Australia Pty Limited (1.38%) Bestbuy Overseas Co. Ltd. (7.99%)

Note 1: The slight difference between the total indirect shareholding percentage of CITIC Limited and CITIC Corporation Limited in CITIC Pacific Special Steel Group Co., Ltd. and the sum of the shareholding percentage of respective immediate shareholders was due to rounding.

Note 2: CITIC Envirotech Ltd. and Dah Chong Hong Holdings Limited completed the privatization and delisting on 23 January 2020 and 10 January 2020, respectively.

In addition to those set out in the above table, as of 31 December 2019, other major listed companies controlled or invested by CITIC Group were as follows:

Name of listed companies invested	Stock code	Shareholding percentage	Shareholder (Shareholding percentage)
CITIC Limited	267.HK	58.13%	CITIC Polaris Limited (32.53%) CITIC Glory Limited (25.60%)

Note: The table lists the major listed subsidiaries controlled or invested by CITIC Group.

As at the end of the Reporting Period, there was no other Shareholder directly holding more than 5% Shares in the Company. The Shares held by HKSCC Nominees Limited are for the non-registered holders of H Shares.

7.4.5 Interest and short positions of substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information of the substantial Shareholders disclosed on the HKExnews website of HKEx as at 31 December 2019. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 31 December 2019.

Name of Shareholder	Capacity	Class of Shares	Number of Shares (Shares)/ type of Shares held	Percentage of the number of A Shares/ H Shares as at 31 December 2019 (%)[Note 6]	Percentage of total Shares of the Company as at 31 December
CITIC Group Corporation	Interest of controlled corporations of the major shareholder[Note 1]	A Shares	1,999,695,746/Long positions	20.33	16.50
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200[Note 2]/Long positions	30.30	5.70
The Bank of New York Mellon Corporation	Interest of corporation controlled by you[Note 3]	H Shares	284,409,958/Long positions 281,674,688/Shares available for lending	12.48 12.36	2.35 2.32
Citigroup Inc.	Person having a security interest in shares Interest of corporation controlled by you Approved lending agent	H Shares	227,220,302[Note 4]/Long positions 6,140,849[Note 4]/Short positions 197,030,072[Note 4]/Shares available for lending	9.97 0.26 8.64	1.88 0.05 1.63
GIC Private Limited	Investment manager	H Shares	136,486,873/Long positions	5.99	1.13
Credit Suisse Group AG	Interest of corporation controlled by you[Note 5] Investment manager	H Shares	119,788,129/Long positions 69,032,335/Short positions	5.26 3.03	0.99 0.57
BlackRock, Inc.	Interest of corporation controlled by you[Note 6]	H Shares	143,825,895/Long positions 184,500/Short positions	6.31 0.01	1.19 0.002

Note 1: CITIC Group indirectly held 1,999,695,746 A Shares of the Company through its controlled corporations including CITIC Limited and CITIC Corporation Limited.

Note 2: According to the notices of disclosure of interests on the HKEXnews website, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement signed with ICBC Credit Suisse Asset Management (International) Company Limited and the subscription agreement signed with Bosera Asset Management Company Limited and Bosera Asset Management (International) Company Limited on 8 June 2015. The above private placement of H Shares was considered and approved at the 2015 Second Extraordinary General Meeting of the Company and is yet to take place. The resolution had expired on 24 August 2016.

Note 3: The Bank of New York Mellon Corporation indirectly held a long position in 284,409,958 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 281,674,688 Shares were available for lending.

Note 4: Citigroup Inc., through a series of its controlled corporations, indirectly held a long position in 227,220,302 H Shares of the Company (of which 197,030,072 Shares were held in the capacity of approved lending agent and 1,971,825 Shares were held in the capacity of security interest) and a short position in 6,140,849 H Shares of the Company.

Note 5: Credit Suisse Group AG indirectly held a long position in 115,661,326 H Shares and a short position in 69,032,335 H Shares of the Company through a series of its controlled corporations, and held a long position in 4,126,803 H shares in the capacity of investment manager.

Note 6: BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations.

Note 7: The relevant percentages are calculated based on 2,278,327,700 H Shares or 9,838,580,700 A Shares of the Company in issue as at 31 December 2019.

8. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

8.1 Basic Information of Directors, Supervisors and Senior Management

8.1.1 Changes in the Shares held and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of this results announcement

Unit: Shares

Name	Position[Note]	Gender	Age	Term of office commencing from	Term of office ending on	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Change (increase/ decrease) in shareholding during the year	Reason for the change (increase/ decrease)	Total remuneration before tax received from the Company during the Reporting Period or term of office (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
ZHANG Youjun	Executive Director, Chairman, Member of the Executive Committee	Male	54	2016-01-19	the expiration date of the term of the Seventh Session of the Board	374	374	—	—	495.06	No
YANG Minghui	Executive Director, President and Member of the Executive Committee	Male	55	2016-01-19	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	989.86	No
LIU Ke	Independent non-executive Director	Male	61	2016-01-19	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	15.60	No
HE Jia	Independent non-executive Director	Male	65	2016-03-23	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	15.60	No
ZHOU Zhonghui	Independent non-executive Director	Male	72	2019-05-27	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	9.05	No
LI Ning	Employee Representative Supervisor, Convener of the Supervisory Committee	Male	35	2019-12-31	the expiration date of the term of the Seventh Session of the Supervisory Committee	—	—	—	—	—	No
GUO Zhao	Supervisor	Male	63	1999-09-26	the expiration date of the term of the Seventh Session of the Supervisory Committee	—	—	—	—	10.00	No
RAO Geping	Supervisor	Male	72	2016-03-23	the expiration date of the term of the Seventh Session of the Supervisory Committee	—	—	—	—	10.00	No
NIU Xuekun	Employee representative Supervisor	Female	46	2019-12-31	the expiration date of the term of the Seventh Session of the Supervisory Committee	—	—	—	—	—	No
MA Yao	Member of the Executive Committee	Male	48	2017-11-28	the expiration date of the term of the Seventh Session of the Board	20,000	20,000	—	—	991.80	No
XUE Jirui	Member of the Executive Committee	Male	46	2017-10-24	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	1,016.86	No
YANG Bing	Member of the Executive Committee	Male	47	2017-10-24	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	1,131.80	No

Name	Position[Note]	Gender	Age	Term of office commencing from	Term of office ending on	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Change (increase/ decrease) in shareholding during the year	Reason for the change (increase/ decrease)	Total remuneration before tax received from the Company during the Reporting Period or term of office (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
LI Chunbo	Member of the Executive Committee	Male	44	2017-11-17	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	916.86	No
ZOU Yingguang	Member of the Executive Committee	Male	49	2017-09-07	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	666.86	No
LI Yongjin	Member of the Executive Committee	Male	49	2017-09-07	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	791.86	No
LI Jiong	Chief Financial Officer, Treasurer	Male	50	2017-10-24	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	816.86	No
SONG Qunli	Chief Engineer (Chief Information Officer)	Male	53	2017-09-07	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	379.26	No
ZHANG Hao	Chief Marketing Officer	Male	50	2017-10-31	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	894.60	No
ZHANG Guoming	Chief Compliance Officer, Chief Risk Officer	Male	55	2013-09-10	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	579.26	No
YE Xinjiang	Member of the Senior Management	Male	55	2018-11-06	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	863.40	No
JIN Jianhua	Member of the Senior Management	Male	49	2019-01-22	the expiration date of the term of the Seventh Session of the Board	350,000	350,000	—	—	921.85	No
SUN Yi	Member of the Senior Management	Male	48	2018-08-06	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	992.36	No
GAO Yuxiang	Member of the Senior Management	Male	51	2019-01-22	the expiration date of the term of the Seventh Session of the Board	—	—	—	—	1,066.86	No
KUANG Tao	Former non-executive Director	Male	46	2018-09-06	2019-12-31	—	—	—	—	—	Yes
CHAN, Charles Sheung Wai	Former independent non-executive Director	Male	66	2016-05-09	2019-05-27	—	—	—	—	4.05	No
LIU Hao	Former Supervisor and Chairman of the Supervisory Committee	Male	60	2019-03-11	2019-12-31	—	—	—	—	253.70	No
LEI Yong	Former employee Representative Supervisor	Male	52	2002-05-30	2019-12-31	483,285	483,285	—	—	345.75	No
YANG Zhenyu	Former employee Representative Supervisor	Male	49	2005-12-16	2019-12-31	81,000	81,000	—	—	252.89	No
GE Xiaobo	Former Chief Financial Officer, Member of the Executive Committee and Chief Risk Officer	Male	49	2017-03-03	2019-04-08	870,000	870,000	—	—	305.87	No

Name	Position[Note]	Gender	Age	Term of office commencing from	Term of office ending on	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Change (increase/ decrease) in shareholding during the year	Reason for the change (increase/ decrease)	Total remuneration before tax received from the Company during the Reporting Period or term of office (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
TANG Zhenyi	Former member of the Executive Committee	Male	46	2018-02-27	2019-03-05	—	—	—	—	USD136,500 (approximately RMB957,000)	No
CAI Jian	Former Chief Risk Officer	Male	61	2016-01-19	2019-02-18	—	—	—	—	279.50	No
ZHENG Jing	Former Secretary to the Board and Company Secretary	Female	47	2011-04-21	2020-02-11	—	—	—	—	390.93	No
Total	/	/	/	/	/	1,804,659	1,804,659		/	15,509.03	/

Note 1: The Company has completed the election of the Directors of the Seventh Session of the Board at the 2019 Second Extraordinary General Meeting held on 31 December 2019, to elect Mr. ZHANG Youjun and Mr. YANG Minghui as executive Directors of the Seventh Session of the Board, elect Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui as independent non-executive Directors of the Seventh Session of the Board, and to appoint Mr. LIU Shouying as an independent non-executive Director of the Seventh Session of the Board. The appointment of Mr. LIU Shouying shall be subject to the approval by the securities regulatory authority on his qualification. The Company has received the Notification Letter from Mr. LIU Shouying stating that he will not serve as an independent non-executive Director of the Company due to other work arrangements. Mr. KUANG Tao's term of office has expired upon conclusion of the 2019 Second Extraordinary General Meeting held on 31 December 2019, and he ceased to serve as a non-executive Director of the Company. On the same day, Mr. ZHANG Youjun was elected as Chairman of the Company.

Note 2: The Company has completed the election of non-employee representative Supervisors of the Seventh Session of the Supervisory Committee at the 2019 Second Extraordinary General Meeting held on 31 December 2019, to re-elect Mr. GUO Zhao and Mr. RAO Geping as the non-employee representative Supervisors of the Seventh Session of the Supervisory Committee. Mr. LI Ning and Ms. NIU Xuekun were elected as employee representative Supervisors of the Seventh Session of the Supervisory Committee of the Company by all employee representatives of the Third Session of the employee representatives general meeting of the Company. Mr. LIU Hao officially served as a Supervisor and Chairman of the Supervisory Committee of the Company on 11 March 2019 and 14 March 2019, respectively, Mr. LIU Hao's terms of office has expired upon conclusion of the 2019 Second Extraordinary General Meeting held on 31 December 2019, and he ceased to serve as a Supervisor and Chairman of the Supervisory Committee of the Company. The terms of office of Mr. LEI Yong and Mr. YANG Zhenyu also have expired upon conclusion of the 2019 Second Extraordinary General Meeting held on 31 December 2019, and they ceased to serve as employee representative Supervisors of the Company. The Supervisory Committee has elected Mr. LI Ning as the convener of the Supervisory Committee at a meeting held on the same day, with effect from the date of approval of the relevant resolution by the Supervisory Committee until the date of election of a new Chairman of the Supervisory Committee by the Supervisory Committee.

Note 3: Where a person has more than one position under the "Position" column, the "term of office" will only show the term of office of the first position held by that person in that column; the starting date of the "term of office" of a re-elected Director or Supervisor disclosed here is the date of his/her first appointment as a Director or Supervisor of the Company; the starting date of the "term of office" of a re-elected member of the Senior Management disclosed here is the date of his/her first appointment as a member of the Senior Management.

Note 4: Shares held by Directors, Supervisors and Senior Management are all A Shares, which include incentive shares initially granted upon the implementation of the share incentive scheme, the shares issued under placing and the bonus shares under capitalization issue.

Note 5: According to the resolution passed at the 2011 annual general meeting of the Company, since July 2012, the Company shall pay an allowance of RMB100,000 per year (tax inclusive) to each of the non-executive Directors and Supervisors, an allowance of RMB150,000 per year (tax inclusive) to each of the independent non-executive Directors, and a subsidy of RMB3,000 per person per meeting to each Director who attends an on-site meeting of the specialized committee under the Board. Mr. KUANG Tao, the former non-executive Director, has not received any remuneration or allowance from the Company. The remuneration received by each of the independent non-executive Directors, Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui and the Supervisors, Mr. RAO Geping and Mr. GUO Zhao, and the former independent non-executive Director, Mr. CHAN, Charles Sheung Wai, was the Director's/Supervisor's allowance received by each of them from the Company during their office in 2019. The remuneration of Mr. LI Ning and Ms. NIU Xuekun will be disclosed from 2020.

Note 6: The total remuneration before tax for the Directors, Supervisors and Senior Management of the Company as listed above includes basic annual salary, annual salary linked to performance (including bonuses and deferred bonuses paid in 2019), special rewards and insurance benefits.

Note 7: The remuneration received by Mr. YANG Minghui, executive Director, President and a member of the Executive Committee of the Company includes RMB4.7986 million received from the Company and RMB5.10 million received from China AMC. Mr. TANG Zhenyi, a former member of the Executive Committee, didn't receive his remuneration from the Company but once from CSI.

Note 8: Mr. ZHOU Zhonghui officially served as an independent non-executive Director of the Company from 27 May 2019. From the same day, Mr. CHAN, Charles Sheung Wai ceased to be an independent non-executive Director of the Company.

Note 9: Mr. CAI Jian ceased to serve as the Chief Risk Officer of the Company from 18 February 2019 due to retirement, and Mr. GE Xiaobo was appointed by the Board to serve concurrently as the Chief Risk Officer of the Company. Mr. GE Xiaobo resigned as the Company's Chief Financial Officer, a member of the Executive Committee, and the Chief Risk Officer on 8 April 2019. On the same day, Mr. LI Jiong, the treasurer of the Company, was appointed by the Board of the Company to serve concurrently as the Chief Financial Officer of the Company, and Mr. ZHANG Guoming, the Chief Compliance Officer of the Company, was appointed to serve concurrently as the Chief Risk Officer of the Company.

Note 10: Mr. TANG Zhenyi resigned from his position as a member of the Executive Committee and other positions in the Company on 5 March 2019, with immediate effect.

Note 11: Ms. ZHENG Jing submitted her resignation report to the Board on 11 February 2020 and ceased to perform the duties of the Secretary to the Board, resigned from the Company Secretary and other positions in the Company. On the same day, the Board authorized the Chairman, Mr. ZHANG Youjun, to perform the duties of Secretary to the Board.

8.1.2 Positions held in Shareholders by incumbent directors, supervisors, senior management and those resigned during the Reporting Period

Name	Name of Shareholder	Position held in Shareholders	Term of office commencing from	Term of office until
ZHANG Youjun	CITIC Corporation Limited	Assistant to the General Manager	2015.11.12	Until expiry of term
Description of the positions held in Shareholders	Mr. ZHANG Youjun also serves as Assistant to the General Manager of both CITIC Group and CITIC Limited.			

8.1.3 Positions held in other entities by incumbent directors, supervisors, senior management and those resigned during the Reporting Period

Name	Names of other entities	Positions held in other entities	Terms of office commencing from	Terms of office until
YANG Minghui	China AMC	Chairman	2013.11.1	Until expiry of term
KUANG Tao	China Life Insurance (Group) Company	General Manager of Investment Management Department	2018.7.16	Until expiry of term
LIU Ke	Business School of Beijing Language and Culture University	Professor	2001.6.1	Until expiry of term
HE Jia	Southern University of Science and Technology	Leading Professor	2014.5.1	Until expiry of term
RAO Geping	Peking University	Professor, Ph.D. Candidate Supervisor of the Law School	1994.8.1	Until expiry of term
Description of the positions held in other entities		None		

8.1.4 Major working experience of the current Directors, Supervisors and Senior Management

Executive Directors (2 individuals)

Mr. ZHANG Youjun, serves as secretary to the Communist Party Committee of the Company, an executive Director, Chairman, member of the Executive Committee and Secretary to the Board (temporarily performing such duty) of the Company. Mr. ZHANG joined the Company at the time of the establishment of the Company in 1995, and was appointed as an executive Director of the Company on 19 January 2016. During the same term, he was elected as the Chairman of the Company. Mr. ZHANG also serves as assistant to the general manager of each of CITIC Group, CITIC Limited and CITIC Corporation Limited, the chairman of Goldstone Investment, a director of CSI and the chairman of CLSA (i.e. CLSA B.V. and its subsidiaries). Mr. ZHANG had worked as a general manager of the trading department of the Company, an assistant manager and deputy general manager of the Company since 1995, and was appointed as a Director of the Company from September 1999 to June 2012 and the general manager of the Company from May 2002 to October 2005. Mr. ZHANG previously worked as the general manager of Changsheng Fund Management Co., Ltd. from 1998 to 2001 and successively served as the general manager and the chairman of CSC from 2005 to 2011 and a director of the board office of CITIC Group from December 2011 to December 2015. Mr. ZHANG obtained a Bachelor's degree in economics (majoring in money and banking) in 1987 from Renmin University of China and a Master's degree in economics (majoring in money and banking) in 1990 from Central University of Finance and Economics.

Mr. YANG Minghui, serves as deputy secretary to the Communist Party Committee of the Company, an executive Director, the President and member of the Executive Committee of the Company. Mr. YANG joined the Company at the time of the establishment of the Company in 1995 and was appointed as a Director of the Company on 19 January 2016. Mr. YANG also serves as chairman of China AMC and chairman of China Asset Management (Hong Kong) Limited. Mr. YANG has been a Director, assistant manager and deputy general manager of the Company since 1995; a director and executive vice-president of CITIC Holdings and a director of CITIC Trust from May 2002

to August 2005; the chairman of CITIC-Prudential Fund Management Co., Ltd. from July 2005 to January 2007; and an executive director and the president of China Jianyin Investment Securities Company Limited from August 2005 to October 2011. Mr. YANG was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in October 1996. Mr. YANG obtained a Bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1982 and obtained a Master's degree in engineering (majoring in textile machinery) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1985.

Independent non-executive Directors (3 individuals, presented in the order of the number of strokes of their Chinese surnames)

Mr. LIU Ke, serves as an independent non-executive Director of the Company. Mr. LIU was appointed as an independent non-executive Director of the Company on 19 January 2016. Mr. LIU also serves as a professor of the Business School of Beijing Language and Culture University. Mr. LIU was engaged in teaching, scientific research and management in Lanzhou University of Finance and Economics from July 1984 to October 1997. From October 1997 to May 2001, he served as a professor of Beijing Wuzi University engaging in teaching, scientific research and management and executive deputy chief editor of China Business and Market Magazine. Mr. LIU was accredited as State Council Expert for Special Allowance in April 1999 and was accredited as Beijing Municipal Trans-century Talent in April 2000. Mr. LIU obtained a Bachelor of arts degree from the Department of Foreign Languages of Northwest Normal University in 1984, a Master's degree in business administration from the College of Business of University of Georgia in 1993 and a Doctoral degree in economics from the School of Finance of Renmin University of China in 2000.

Mr. HE Jia, serves as an independent non-executive Director of the Company. Mr. HE was appointed as an independent non-executive Director of the Company on 19 January 2016. He formally took office on 23 March 2016 (upon approval by the regulatory authority on the qualification for serving as an independent director). Mr. HE also serves as a chair professor of Southern University of Science and Technology of China, Cheung Kong Scholar Chair Professor of the Ministry of Education and executive director and academic member of the China Society for Finance and Banking. He is also an independent director of Xinlong Holding (Group)) Co., Ltd. (a company listed on SZSE), NORINCO International Cooperation Ltd. (a company listed on SZSE), China Chengtong Development Group Limited (a company listed on Hong Kong Stock Exchange), OP Financial Limited (a company listed on Hong Kong Stock Exchange), Shanghai Junshi Biosciences Co., Ltd. (a company listed on Hong Kong Stock Exchange) and Bank of Tianjin Co., Ltd. (a company listed on Hong Kong Stock Exchange). Mr. HE was an assistant professor and associate professor (life tenure) of the University of Houston from August 1991 to August 1999, professor of the Department of Finance of the Chinese University of Hong Kong from August 1996 to July 2015, member of the Planning and Development Committee of the CSRC from June 2001 to July 2002 and the director of the Research Institute of SZSE from June 2001 to October 2002. Mr. HE had served as an independent director of Shenzhen Soling Industrial Co., Ltd. (a company listed on the SME board of SZSE) from August 2015 to November 2016, an independent director of Shenzhen Xinguodu Co., Ltd. (a company listed on the ChiNext of SZSE) from May 2014 to May 2019 and an independent director of Tongfang Co., Ltd. (a company listed on SSE) from May 2016 to February 2020. Mr. HE graduated from Heilongjiang University in 1978, majoring in mathematics (worker-peasant-soldier student). He obtained a double Master's degree in computer science and decision science engineering from Shanghai Jiao Tong University in 1983 and obtained a Doctoral degree majoring in finance from the Wharton Business School of the University of Pennsylvania in 1988.

Mr. ZHOU Zhonghui, serves as an independent non-executive Director of the Company. Mr. ZHOU was appointed as an independent non-executive Director of the Company on 27 May 2019. Mr. ZHOU has been a senior member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), a member of the Finance Director Specialized Committee of the China Association for Public Companies (中國上市公司協會) and a member of the Advisory Committee of the China Appraisal Society (中國評估師協會) since November 2010. Mr. ZHOU also serves as an independent director of each of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (a company listed on the Hong Kong Stock Exchange), S.F. Holding Co., Ltd. (a company listed on the SZSE), COSCO SHIPPING Holdings Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) and Goldman Sachs Gao Hua Securities Company Limited. Mr. ZHOU was one of the founders of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, and used to serve as its first general manager and chief accountant. He also served as a senior partner of PricewaterhouseCoopers, a lecturer, an associate professor and a professor of Accounting of Shanghai University of Finance and Economics and the chief financial officer of Xinlong Hong Kong Co., Ltd. Mr. ZHOU served as the chief accountant of the CSRC from May 2007 to April 2011, a member of the International Advisory Council of the CSRC from September 2011 to September 2016, a senior advisor of PricewaterhouseCoopers from June 2011 to May 2014, and an independent director of China Pacific Insurance (Group) Co., Ltd. (a company listed on the SSE and the Hong Kong Stock Exchange) from July 2013 to June 2019. Mr. ZHOU obtained a master's degree in Economics (majoring in accounting) in 1983 and a Ph.D. degree in Economics (majoring in accounting) in 1993 from Shanghai University of Finance and Economics. He was qualified as a Chinese CPA in 1995.

Supervisors (4 individuals)

Mr. LI Ning, serves as employee representative Supervisor, convener of the Supervisory Committee, and senior vice president of the Investment Banking Management Committee of the Company. Mr. LI joined the Company in May 2011 and previously worked as the auditor and senior auditor of PwC Zhong Tian, and senior manager and vice president of the Investment Banking Management Committee of the Company. Mr. LI obtained a Bachelor's degree in economics from Shandong Economics College in 2006 and obtained a Master's degree in economics from University of International Business and Economics in 2008. Mr. LI was qualified as a Chinese CPA in 2014 and obtained the qualification as sponsor representative in 2019.

Mr. GUO Zhao, serves as a Supervisor of the Company. Mr. GUO joined the Company in 1999 and was appointed as a Supervisor of the Company on 26 September 1999. Mr. GUO previously worked as the deputy chief accountant of Nanjing International Container Handling Co., Ltd. from 1988 to 1992; as the secretary to the board of directors of Nanjing Xingang High-Tech Co., Ltd. from 1992 to 2002; as director of Nanjing Xingang High-Tech Co., Ltd. from January 2001 to January 2013; as vice president of Nanjing Gaoke Co., Ltd. from June 2003 to December 2016; and as director and general manager of Nanjing Chengong Pharmaceuticals Co., Ltd. from January 2001 to January 2017. Mr. GUO obtained the accountant certificate in September 1993, which was granted by the Committee for Assessment of Academic Qualifications of the PRC Ministry of Transport. Mr. GUO obtained a college diploma in water transport finance and accounting in 1988 from Wuhan River Transportation College.

Mr. RAO Geping, serves as a Supervisor of the Company. Mr. RAO joined the Company in 2011 and was appointed as a Supervisor of the Company on 19 January 2016 and formally took office on 23 March 2016. Mr. RAO is also a professor and doctoral supervisor of Peking University Law School, head of the Centre for Hong Kong and Macao Studies in Peking University, the chairman of the Institute of Hong Kong and Macao Affairs of the Development Research Centre of the State Council, a member of the Committee for the Basic Law of Hong Kong of the Standing Committee of the NPC and chairman member of the Law Specialty Committee on National Self-taught Higher Education Examinations. Mr. RAO previously served as a member of 12th CPPCC National Committee, independent supervisor of TravelSky Technology Limited, an independent non-executive Director of the Company and an independent non-executive director of Yangguang Xinye Real Estate Co., Ltd. Mr. RAO obtained a Master's degree in law in 1982 from Peking University and was a visiting scholar at the University of Washington, New York University, and Max Planck Institute of International Law.

Ms. NIU Xuekun, serves as an employee representative Supervisor and the senior vice president of the Planning and Finance Department of the Company. Ms. NIU joined the Company in October 2000 and previously worked as the accountant of Shenzhen Property Management Co., Ltd., and senior manager and vice president of the Planning and Finance Department of the Company. Ms. NIU currently also serves as a supervisor of each of GoldStone Zexin, CITIC Securities (Qingdao) Training Centre Hotel Management Co., Ltd. (中信証券（青島）培訓中心酒店管理有限公司) and CITIC Securities Investment. Ms. NIU obtained a Bachelor's degree in economics and a Master's degree in management from Dongbei University of Finance & Economics in 1996 and 1999, respectively. Ms. NIU was qualified as a Chinese CPA and a senior accountant in 2002 and 2015, respectively.

Other members of the Senior Management (15 individuals, including person designate)

Mr. MA Yao serves as a member of the Executive Committee and the head of the Investment Banking Management Committee of the Company. Mr. MA joined the Company in 1998 and previously served as the deputy general manager of the Risk Control Department, deputy general manager of the Bond Distribution and Trading Department, deputy general manager of the Trading Department, person-in-charge of the Capital Market Department, head of the Financial Industry Group and member of the Investment Banking Management Committee. Mr. MA obtained a Bachelor's degree in automatic control from Xi'an Jiaotong University in 1994, a Master's degree in money and banking and a Doctor's degree in international finance from the Graduate School of the People's Bank of China in 1998 and 2012, respectively.

Mr. XUE Jirui serves as a member of the Executive Committee, head of the Equity Derivatives Business Line and Prime Service Business Line and a member of the Financial Market Management Committee of the Company. Mr. XUE joined the Company in 2000 and previously served as a manager of the financial products development group, researcher of the Research Department, head of the product development group of the trading and derivatives business line of the Company. Mr. XUE concurrently served as a director of CITIC Futures and Jindingxin Microfinance. Mr. XUE obtained a Bachelor's degree, a Master's degree and a Doctor's degree in statistics from Renmin University of China in 1997, 2000 and 2006, respectively.

Mr. YANG Bing serves as a member of the Executive Committee and the chief executive of the asset management business of the Company. Mr. YANG joined the Company in 1999 and previously worked as a teacher of Shaoguan University from 1993 to 1996. He once served in the Company as an assistant trader of the Trading Department, trader of the Fixed Income Department as well as investment manager and investment supervisor of the asset management business. Mr. YANG obtained a Bachelor's degree in fine chemicals from Nanchang University in 1993 and a Master's degree in national economics from Nanjing University in 1999.

Mr. LI Chunbo serves as a member of the Executive Committee and the division head of the Research Department, Equity Distribution and Trading Department and the Custody Department of the Company, and the Chairman of CLSA Limited. Mr. LI joined the Company in 2001 and previously worked as an analyst of the Research Consulting Department (later renamed as the Research Department), chief analyst of the Research Department, as well as the chief executive of the Research Department and the Equity Distribution and Trading Department. Mr. LI obtained a Bachelor's degree in vehicle engineering and a Master's degree in management science and engineering from Tsinghua University in 1998 and 2001, respectively.

Mr. ZOU Yingguang serves as a member of the Executive Committee and chief executive of the Fixed Income Department of the Company. Mr. ZOU joined the Company in 2017 and previously worked as a surgeon of the Xuanwu Hospital of Capital Medical University, business manager of Hainan Huayin International Trust Corporation, manager of the institutional client section of South Haidian Road Outlet of Huaxia Securities Co., Ltd., senior business director of the bonds department of Huaxia Securities Co., Ltd., assistant to general manager of the bonds department, the person-in-charge of the fixed income department as well as member of the Executive Committee and concurrently the person-in-charge of the fixed income department of CSC. Mr. ZOU obtained a Bachelor's degree in clinical medicine from Capital University of Medical Sciences in 1994, a Master's degree in finance from Central University of Finance and Economics in 2000 and an EMBA degree from China Europe International Business School in 2012.

Mr. LI Yongjin serves as a member of the Executive Committee, director of the Wealth Management Committee, a Director of CITIC Securities Brokerage (HK), a director of each of CITIC Futures and China AMC and director and general manager of Kington Securities. Mr. LI joined the Company in 1998 and previously worked as a staff of the International Business Department of Dalian Branch of Agricultural Bank of China, department manager of Dalian Sales Department of Shenyin Wanguo Securities, assistant to general manager, deputy general manager and general manager of Dalian Securities Outlet of the Company, senior vice president and director of the Brokerage Management Department of the Company, general manager of CITIC Securities (Zhejiang) Co., Ltd. (the predecessor of the Zhejiang Branch Office) and general manager of the Zhejiang Branch Office of the Company. Mr. LI obtained a Bachelor's degree in economics and a Master's degree in finance from Dongbei University of Finance and Economics in 1992 and 2000, respectively.

Mr. LI Jiong serves as the Chief Financial Officer, the treasurer and the chief executive of the Treasury Department of the Company. Mr. LI joined the Company in 1996 and previously worked as the manager of International Cooperation Office of the Information Center of China International Trust and Investment Corporation (the predecessor of CITIC Group), manager of the Development Department of CITIC International Cooperation Company, manager of the Bonds Department and deputy general manager of the Capital Operation Department (later renamed as the Treasury Department) as well as the chief executive of the Prime Service Business Line of the Company and director of CSI. Mr. LI concurrently serves as the director of each of CITIC Securities Overseas Investment Co., Ltd., CITIC Futures, Jindingxin Microfinance, CITIC Global Financial Leasing CO,. LTD., CLSA Premium Limited and CITIC Securities International USA, LLC. Mr. LI obtained a Bachelor's degree in international finance from the University of International Business and Economics in 1992 and an MBA degree from Tsinghua University in 2000.

Mr. SONG Qunli serves as the chief engineer (chief information officer) of the Company and administrative person in charge of the Information Technology Center of the Company. Mr. SONG joined the Company in 2016 and previously served as the chief of the software section of Beijing CONTEC Microelectronics Co., Ltd., general manager of the Computer Center of Huaxia Securities Co., Ltd., member of the Business Decision-making Committee and concurrently chief executive of the Information Technology Department of CSC, vice president of China Minzu Securities Co., Ltd. and managing director of the Information Technology Department of CSC. Mr. SONG concurrently serves as the executive director of CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd. and the director of E-Capital Transfer Co., Ltd. Mr. SONG obtained a Bachelor's degree in automotive control from the School of Engineering of Beijing Union University in 1987.

Mr. ZHANG Hao serves as the chief marketing officer of the Company and secretary to the Communist Party Committee and chairman of CITIC Futures. Mr. ZHANG joined the Company in 1997 and previously served as teaching assistant of Shanghai Urban Construction Vocational College, head of the B-share Business Department of Shanghai Trust Investment Corporation of China Construction Bank as well as deputy general manager of the Shanghai B-share Business Department, general manager of the Shanghai Fuxing Middle Road Securities Outlet and

concurrently deputy general manager of the Shanghai management headquarters, general manager of the Shanghai Huaihai Middle Road Securities Outlet, deputy general manager of the Shanghai management headquarters and general manager of Shanghai Branch of the Company. Mr. ZHANG concurrently serves as vice president of China Futures Association and a director of CITIC Global Financial Leasing CO,. LTD. Mr. ZHANG was awarded the title of "Skilled Young Worker of SOEs" in 2001. Mr. ZHANG obtained dual Bachelor's degrees in industrial management engineering and engineering mechanics from Shanghai Jiao Tong University in 1991 and an MBA degree from the Antai College of Shanghai Jiao Tong University in 2001.

Mr. ZHANG Guoming serves as the Chief Compliance Officer, Chief Risk Officer, the chief executive of the Legal Department of the Company and a supervisor of CITIC Futures. Before joining the Company in 2010, Mr. ZHANG worked as deputy chief judge, chief judge and a member of the Judge Committee of the Higher People's Court of Henan Province, and the judge of the Supreme People's Court. Mr. ZHANG obtained his Master's degree in law and Doctor's degree in law from the Renmin University of China in 1994 and 2008, respectively.

Mr. YE Xinjiang, a member of the Senior Management of the Company. Mr. YE joined the Company in December 2005. He was formerly the head of the medical and health industry group, head of the regional IBS group, head of the New OTC Market Business Department, member of the Investment Banking Management Committee (IBMC), and head of the quality control group and the M&A business line under the IBMC of the Company. Mr. YE obtained a Bachelor's degree in agricultural economics in July 1985 and a Master's degree in management in July 1990 from Zhejiang University (formerly Zhejiang Agricultural University).

Mr. JIN Jianhua, a member of the Senior Management, secretary to the Party Committee and general manager of GoldStone Investment and chairman of CITIC PE Fund. Mr. JIN joined the Company in May 1997. He previously served as the deputy general manager of the Investment Banking Department (Beijing), and IBMC member and head of the financial industry group, equipment manufacturing industry group and the M&A business line under the IBMC of the Company. Mr. JIN obtained a Bachelor's degree in industrial foreign trade in July 1993 and a Master's degree in technical economics in July 1996 from Xi'an Jiaotong University, and obtained a Master's degree in business administration in 2009 from China Europe International Business School.

Mr. SUN Yi, a member of the Senior Management, IBMC member and head of the financial industry group under the IBMC of the Company. Mr. SUN joined the Company in April 1998. He once served as the deputy general manager of the Investment Banking Department (Shenzhen) of the Company, managing director of CSI, head of the Operations Department, head of ECM team and head of the transport industry team under the IBMC of the Company, as well as the deputy general manager of China AMC and concurrently general manager of China AMC Capital Management Limited. Mr. SUN obtained a Bachelor's degree in business management in July 1993 from Jiangxi University of Finance and Economics and a Master's degree in corporate management in June 1996 from Xiamen University.

Mr. GAO Yuxiang, a member of the Senior Management, IBMC member, head of the infrastructure and real estate industry group under the IBMC of the Company, and an executive director and the legal representative of Xinjiang Equity Exchange Co., Ltd. (新疆股權交易中心有限公司). Mr. GAO joined the Company in November 2004 and had served as the deputy head of the real estate and construction materials industry team, the transport industry team and the infrastructure and real estate industry team under the IBMC of the Company. Mr. GAO obtained a College degree in financial accounting from Qingdao Radio and Television University in July 1990 and a Bachelor's degree in national economic management from Peking University in July 1995. He obtained a degree in business management in July 2001 from Capital University of Economics and Business and a Doctor's degree in industrial economics in July 2004 from Beijing Jiaotong University. Mr. GAO obtained the qualification of technical specialty of senior economist in September 2006.

Mr. WANG Junfeng, Secretary to the Board designate, is currently the deputy secretary of the disciplinary inspection committee, the director of the Party Work Department, and the chief executive of the General Manager's Office of the Company. Mr. WANG joined the Company in 1999 and previously served as an officer of the headquarter of the People's Bank of China, deputy general manager of the Brokerage Management Department of the Company, and business coordination supervisor of the General Manager's Office. Mr. WANG obtained a Bachelor's degree in economics in finance from Zhengzhou University in 1990 and a Master's degree in economics from Graduate School of the People's Bank of China (中國人民銀行總行金融研究所) (currently known as the PBC School of Finance, Tsinghua University) in 1997.

8.2 Changes of Directors, Supervisors and Senior Management During the Reporting Period and Until the Date of Publication of 2019 Annual Results Announcement

Name	Position	Change	Cause of Change
ZHANG Youjun	Secretary to the Board (temporarily performing such duty)	Authorization	Authorized by the Board
ZHOU Zhonghui	Independent Non-executive Director	Election	Elected by the Shareholders
LI Ning	Employee Representative Supervisor, Convener of the Supervisory Committee	Election	Elected by the employee representative general meeting and Supervisory Committee
NIU Xuekun	Employee Representative Supervisor	Election	Elected by the employee representative general meeting
KUANG Tao	Former Non-executive Director	Resignation	Expiration of term of office
CHAN, Charles Sheung Wai	Former Independent Non-executive Director	Resignation	Due to other work arrangement
LIU Hao	Former Supervisor and Chairman of the Supervisory Committee	Resignation	Reaching the statutory retirement age
LEI Yong	Former Employee Representative Supervisor	Resignation	Expiration of term of office
YANG Zhenyu	Former Employee Representative Supervisor	Resignation	Expiration of term of office
GE Xiaobo	Former Chief Financial Officer and member of the Executive Committee, Chief Risk Officer	Resignation	Personal reasons
TANG Zhenyi	Former member of the Executive Committee	Resignation	Personal reasons
CAI Jian	Former Chief Risk Officer	Resignation	Reaching the statutory retirement age
ZHENG Jing	Former Secretary to the Board and Company Secretary	Resignation	Personal reasons

8.3 Relationships between Directors, Supervisors and Senior Management

There is no relationship among the Directors, Supervisors or Senior Management including relationships in terms of finance, business, family or other significant/relevant relationship.

8.4 Performance Appraisal and Remuneration of Directors, Supervisors and Senior Management

8.4.1 Performance appraisal of Directors and Supervisors

During the Reporting Period, the Directors and Supervisors of the Company strictly complied with the laws, administrative rules and Articles of Association and diligently and faithfully performed their responsibilities and obligations.

The Directors of the Company attended the Board meetings and meetings of relevant specialized committees in accordance with the rules. During the meetings, the Directors prudently considered the resolutions proposed and explicitly put forward their views and suggestions. When the Board was not in meeting, the Directors kept themselves abreast of the operation and management of the Company by reading carefully the various types of documents and reports provided by the Company.

The Executive Directors of the Company prudently performed the dual roles in decision making as well as policy implementation. They also actively implemented the decisions adopted by general meetings of Shareholders and the Board meetings and played an effective role as a bridge between the Board and the Management. By careful studies of the Company's development strategy and business strategy, the non-executive Directors kept themselves abreast

of the latest operation and management status of the Company through visits and inspections, presentations and communications, and made decisions in a scientific manner, thereby demonstrating a strong sense of responsibilities. Through site visits and seminars, the independent non-executive Directors were in close contact with the Company, earnestly participated in the meetings of the Board and relevant specialized committees, and persistently expressed independent and objective views, thereby actively protecting the interests of minority Shareholders, and benefiting the Company with their professional skills and opinions for development.

Supervisors of the Company attended meetings of the Supervisory Committee in accordance with the rules and they also attended on-site Board meetings and general meetings as observers. They inspected and monitored the overall compliance, material decision making, significant operation events and the financial conditions of the Company.

For details of the attendance and duty performance of Directors and Supervisors, please refer to the section "9.4.4 Performance of duties by Directors" and "9.10 Supervisors and the Supervisory Committee" of this results announcement.

8.4.2 Performance and appraisal of Senior Management

During the Reporting Period, the Company provided clear targets for the Senior Management within the scope of their duties and evaluated their performances by year end. In addition to focusing on financial performances, market influences and completion of annual key tasks in their respective work sectors, their appraisals were closely linked with the performance of the Company.

During the Reporting Period, the Senior Management conscientiously performed their duties, obtained good overall performance, completed the tasks assigned to them by the Board and further enhanced the internal control system and risk control mechanisms of the Company during their term. Under the guidance of the Board, the Senior Management grasped the development opportunities of the industry, expedited innovations, optimized the operation structures, enhanced cooperation and deepened the Company's strategic implementations in all respects, achieving relatively good operating results.

8.4.3 Remuneration of Directors, Supervisors and Senior Management for the year

Procedures for determination of the remuneration of the Directors, Supervisors and Senior Management: the Remuneration and Appraisal Committee of the Board is responsible for making recommendations to the Board on the remuneration policy and structure for all Directors and the Senior Management, as well as the establishment of formal and transparent procedures for the formulation of remuneration policy. The Board is responsible for decision making regarding the remuneration, reward and punishment issues for the Senior Management, whereas the remuneration of the Directors and Supervisors is determined by the general meetings.

Criteria for determination of the remuneration of the Directors, Supervisors and Senior Management: the remuneration of the Directors, Supervisors and Senior Management is determined in strict accordance with the Remuneration Management System of the Company, and are linked with their respective positions and performance.

For details of the remuneration of the current Directors, Supervisors and Senior Management for the year, please refer to "8.1.1 Changes in the Shares held and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of this results announcement" of this result announcement. Allowances for the external Directors and Supervisors are calculated on a yearly basis, provided for on a monthly basis, and paid twice a year.

The Company will continue to improve the performance, compensation and other management system based on the relevant regulatory requirements and the Company's conditions.

8.4.4 Share incentives regarding Directors, Supervisors and Senior Management

Implementation of share incentive scheme of the Company

The Company did not implement any new share incentive scheme during the Reporting Period. For share incentive scheme implemented by the Company in 2006, please refer to China Securities Journal, Shanghai Securities News, Securities Times and the SSE website on 7 September 2006. For details of shares held by Directors, Supervisors and Senior Management, please refer to "8.1.1 Changes in the Shares held and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of this results announcement" of this result announcement.

The Company had not revised the scope of eligible participants for share incentives during the Reporting Period.

8.5 Staff Information

8.5.1 Number and composition of staff

As at the end of the Reporting Period, the Group had a total of 15,908 staff (including brokers and dispatched staff), of which 9,135 (including brokers and dispatched staff) were staff of the Company, and their compositions are set out below:

Unit: persons

Number of in-service staff of the Parent (including brokers and dispatched staff)	9,135
Number of in-service staff of principal subsidiaries (including brokers and dispatched staff)	6,773
Total number of in-service staff	15,908
Number of retired staff for which the Parent and principal subsidiaries are responsible for their expenses	305

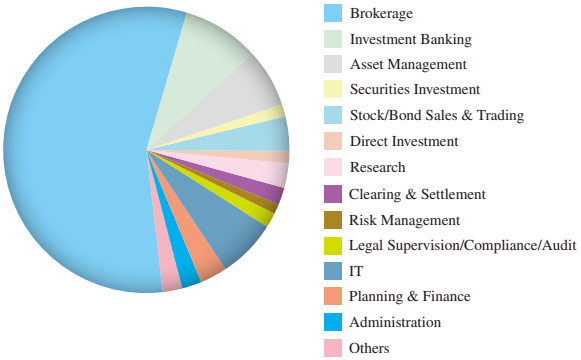
Composition

Types of profession	Number of staff
Brokerage	8,996
Investment Banking	1,354
Asset Management	1,086
Securities Investment	219
Stock/Bond Sales & Trading	624
Direct Investment	209
Research	437
Clearing & Settlement	328
Risk Management	162
Legal Supervision/Compliance/Audit	281
IT	1,049
Planning & Finance	497
Administration	313
Others	353
Total	15,908

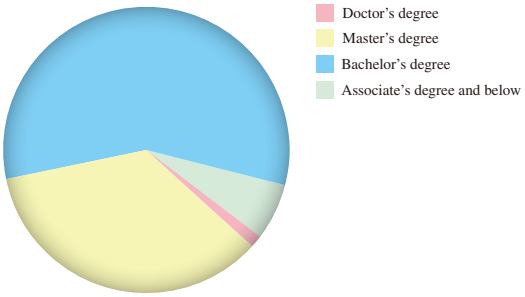
Education level

Type of education	Number of staff
Doctor's degree	246
Master's degree	5,554
Bachelor's degree	9,131
Associate's degree and below	977
Total	15,908
Total	16,213

Composition of the Group's staff by profession



Education level of the Group's staff



8.5.2 Remuneration policy

At CITIC Securities, employees' remuneration consists of base annual salary, performance-based annual salary, special rewards and insurance. The base annual salary is the employee's basic annual income set forth in the remuneration standards in line with employees' positions and ranks. The remuneration standards in line with positions and ranks are mainly based on factors such as the position's duties, responsibilities, importance, scale of operation, and industry practice. In order to strike a balance between business risks and financial goals, the Company adopts a shared performance based annual incentive remuneration system. Conditional on recognizing that the business department is profitable, performance based annual remuneration will be distributed "in favour of the business department, the profitable business sections and business with major innovation" while also recognizing the role and value of other middle-office and back-office departments. The performance-based annual remuneration is based on the Company's operating results of the year. The total amount of performance-based annual remuneration is drawn from the Company's annual profits in accordance with the percentage approved at the Board meeting each year.

The Company has established a number of special rewards such as "Innovation Award" and "Loyalty Award" to develop the Company's core competitiveness, to encourage innovation and team spirit, and to maintain the stability of the core human resources team.

The Company and its employees take part in various social insurance, enterprise annuity and housing fund programs following China's relevant regulations. The social insurance and housing fund programs are regulated in accordance with local policies.

In order to raise the level of employee's medical insurance, the Company sets up commercial complementary medical insurance and accident insurance, in addition of basic medical insurance, at its own expense for the employees.

The Company has no any share option program for now.

Please refer to the Notes 11 to the Financial Statements in this report for compensations received by employees from the Company during the Reporting Period.

8.5.3 Training program

The Human Resources Department of the Company regularly formulates annual training plans based on the existing training system and business needs, and organizes targeted business training to fulfill the goal of talent development. To achieve the mutual growth of the staff and the Company, the Company offers diversified and well-targeted training programs to the staff. The Company uses Webex video conferencing system to realize the online streaming of offline training courses at the same time, so that more employees can learn simultaneously through the Internet.

In 2019, the Company attached great importance to the improvement of management personnel and the construction of backup talents, paid attention to the cultivation of new employees and the improvement of the capabilities of existing employees, and held various face-to-face or online course training. In terms of management training, the Company carried out the voyage plan training and the sailing plan training for management personnel, and the tercel plan training for brokerage business; the Company conducted the sailing plan training for backup talents and the eagle plan training for brokerage business. 771 management staff were trained in 2019 and the Company's management training system was improved; in terms of business training, the Company jointly developed the training course system for investment banking talents with the Investment Banking Committee and organized multiple sessions of "CITIC Securities Lecture", "Workplace Gas Station", "Cross-sectoral Cold Meal Exchanges "and other forms of business exchange and sharing activities. At the same time, each department was organized to prepare the Departmental Training Course System as the guidance document for departmental business training and promote internal training in the department. With regard to the training of new employees, the Company optimized and adjusted the training plan for new employees recruited from campus, and the total hours of new employee training increased from 154 hours/person in previous years to 184 hours/person. In terms of on-the-job training, the Company refined the relevant quality capabilities according to the job requirements of different levels and seniority of employees, and formulated the 10-hour compulsory online training course plan of quality capabilities for each employee; the professional quality, communication skills, marketing skills and management enhancement were promoted to the employees of the corresponding level in the form of E-Learning online training, providing employees with more efficient and convenient learning channels.

8.5.4 Information on brokers

As at the end of the Reporting Period, the Company and CITIC Securities (Shandong) had a total of 9 brokers, of which 5 are engaged by the Company. The Company has established a comprehensive system for management of brokers and a confirmed organization system, practicing conditions, scope of authorities and standards of behavior as well as an established filing and inquiry systems for the brokers. Each broker of the Company has obtained a securities broker certificate before becoming a practitioner and would engage in activities such as customer solicitation and customer services by relying on or through the marketing channels provided by the Company's Securities Business Department. When engaging in practice, the broker would, in accordance with the requirements, present his securities broker certificate to the customer to indicate his agency relationship with the Company, and shall carry out his work within the scope of agency authorities, agency period and practicing geographical location as specified in the agency contract. The Company has incorporated management of brokers into the front office management system of its Securities Business Department, and carries out daily supervision over the occupational behaviors of the brokers. The Company has established and improved the customer feedback system by regularly collecting feedbacks by designated staffs through telephone or other means from customers solicited and served by the brokers, and making complete records thereof. In addition, the Company has special regulations for brokers on issues such as compliance management and trainings.

The Company had not been involved in large numbers of labor outsourcing activities.

9. CORPORATE GOVERNANCE REPORT

9.1 Overview of Corporate Governance

The Company is committed to excellence and strives to become global customers' most trustworthy PRC investment bank with leading position in the PRC and high ranking in the world. For details of the Company's corporate strategy and long-term operational model, please refer to "Management Discussion and Analysis" of this result announcement.

As a company listed in both the Mainland China and Hong Kong, the Company has operated its business in strict compliance with the requirements set forth in the laws, regulations and normative documents of the PRC and the overseas jurisdiction where the Shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure according to the requirements of the Company Law, the Securities Law and relevant rules and regulations of CSRC. The corporate governance of the Company complies with the requirements of the relevant laws and regulations by having established a corporate governance structure characterized by checks and balances among general meeting, the Board, the Supervisory Committee and the Operation Management, with each of them being separated from the others and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring that all the operational activities of the Company are carried out according to the rules and regulations.

During the Reporting Period, the Company strictly complied with the Corporate Governance Code and Corporate Governance Report (hereinafter referred to as the "**Code**") as set out in Appendix 14 of the Hong Kong Listing Rules, and observed all the Code provisions and satisfied the requirements of most recommended best practices in the Code.

9.2 Dealing in Securities by Directors, Supervisors and Related Employees

According to the domestic regulatory requirements, the 23rd Meeting of the Third Session of the Board considered and approved the Measures for the Management of the Holding and Changes in the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management (hereinafter referred to as the "**Management Measures**") on 13 March 2008, to regulate the behavior of holding of and dealing in the Shares of the Company by Directors, Supervisors and Senior Management. The Management Measures are stricter than the compulsory provisions in the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter referred to as the "**Model Code**") set out in Appendix 10 to the Hong Kong Listing Rules. Having made enquires, all Directors, Supervisors and Senior Management had confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the Reporting Period. For details about the shareholdings of the Directors, Supervisors and Senior Management in the Company, please refer to "8.1.1 Changes in the Shares held and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of this results announcement" in this results announcement.

9.3 Shareholders and the General Meetings

The general meeting is the highest authority of the Company, and Shareholders can exercise their rights through the general meeting. The Company convenes and holds the general meeting in strict compliance with the relevant regulations, so as to ensure all Shareholders, especially the minority Shareholders, are being treated equally and can fully exercise their rights. Following the guidance of the Articles of Association of the Company, the Company operates in an orderly manner and maintains healthy and stable development, thus effectively protecting the interests of the Company and its Shareholders.

Pursuant to Article 78 of the Articles of Association of the Company, Shareholder(s) that hold, individually or collectively, 10% or more of the shares in the Company have the right to request in writing the Board to hold 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. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice calling such meeting within five days after it has so resolved. The consent of 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, Shareholder(s) that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to propose in writing the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to hold an extraordinary general meeting, it shall issue a notice calling such meeting within five 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. Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company for 90 consecutive days or more may convene and chair such meeting on its or their own.

In addition, pursuant to Article 83 of the Articles of Association of the Company, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company shall have the right to put forward proposals to the Company at the general meeting of the Company. Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company may submit extempore proposals in writing to the convener 10 days prior to the date of the general meeting. The convener shall, within two days after receipt of the proposal, issue a supplementary notice of the general meeting to announce the contents of such extempore proposal. Otherwise, the convener shall not, after the issuance of the notice of general meeting, make any change to the proposals having been set forth in such notice or add any new proposals.

The Company attaches great importance to the management of investor relations, and pursuant to the Management System for Information Disclosure and the Management System for Investor Relations of the Company, the Secretary to the Board is designated to handle information disclosure matters, and to receive visits and enquiries from the Shareholder, thereby having established a relatively completed and effective channel for communication with the Shareholders. In addition to the information disclosure channels prescribed in the law and regulation, the Company mainly communicates with its investors through telephone, email, online platform, receiving visits, and attending investor meetings, to ensure that all Shareholders, especially the minority Shareholders, can fully exercise their rights (for ways to contact with the Company, please refer to "1.3 Basic Information" and "2.12 Key Financial Indicators" in this results announcement).

The Company fully respects and protects the lawful interests of the Shareholders and other creditors, employees, clients and other stakeholders, and involves them in a joint effort to promote the sustained and healthy development of the Company.

The 2019 First Extraordinary General Meeting was held at Beijing Ruicheng Four Seasons Hotel on 27 May 2019, through a combination of on-site voting and online voting. Eleven special resolutions and two ordinary resolutions were considered and approved at the meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, chairman of each specialized committee under the Board, Supervisors and certain members of the Senior Management attended the meeting.

The 2018 Annual General Meeting was held at Beijing Ruicheng Four Seasons Hotel on 28 June 2019, through a combination of on-site voting and online voting. One special resolution and eight ordinary resolutions were considered and approved at the meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, chairman of each specialized committee under the Board, Supervisors and certain members of the Senior Management attended the meeting.

The 2019 Second Extraordinary General Meeting was held at Beijing Ruicheng Four Seasons Hotel on 31 December 2019, through a combination of on-site voting and online voting. One special resolution and three ordinary resolutions were considered and approved at the meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, chairman of each specialized committee under the Board, Supervisors and certain members of the Senior Management attended the meeting.

Note: For details of the resolutions of the meetings mentioned above, please refer to the announcements published on the HKExnews website of the Hong Kong Stock Exchange on the date of the meeting, and announcements published on the SSE website, China Securities Journal, Shanghai Securities News and Securities Times published on the following day.

During the Reporting Period, the attendances of Directors at the general meeting are as follow:

Name of Director	Position	Scheduled attendance at general meetings held during the year	Actual attendance	Of which: attendance in person	Of which: attendance by telecommunication	Attendance rate
ZHANG Youjun	Executive Director, Chairman	3	3	1	0	100%
YANG Minghui	Executive Director, President	3	3	1	0	100%
LIU Ke	Independent Non-executive Director	3	3	0	0	100%
HE Jia	Independent Non-executive Director	3	3	1	0	100%
ZHOU Zhonghui	Independent Non-executive Director	2	2	1	0	100%
KUANG Tao	Former Non-executive Director	3	3	1	0	100%
CHAN, Charles Sheung Wai	Former Independent Non-executive Director	1	1	1	0	100%

Note 1: During the term of office of Mr. ZHOU Zhonghui in 2019, the Company held two general meetings, and he attended all the meetings.

Note 2: During the term of office of Mr. KUANG Tao in 2019, the Company held three general meetings, and he attended all the meetings.

Note 3: During the term of office of Mr. CHAN, Charles Sheung Wai in 2019, the Company held one general meeting, and he attended the meeting.

9.4 The Board and the Operation Management

9.4.1 Composition of the Board

The Company strictly complies with the requirements of the Article of Association of the Company for appointment and change of the Directors. The number and composition of the Board have conformed to the requirements of the relevant laws and regulations. Besides, the Board also kept improving the rules of procedure of the Board. The convening, holding, as well as the voting procedures of all the Board meetings were legitimate and valid. The independent non-executive Directors of the Company are able to protect the interests of minority Shareholders independently and objectively, and play a role of checks and balance in decision-making of the Board.

As at the end of the Reporting Period, the Seventh Session of the Board consisted of five Directors, including two executive Directors and three independent non-executive Directors, the number of independent non-executive Directors represented over 1/3 of the Board. Independent non-executive Directors are experienced experts in aspects such as economics, finance, financial accounting and auditing who are able to provide professional opinions to the Company in different areas. Mr. ZHANG Youjun is the Chairman of the Board. Directors (including executive Directors, non-executive Directors and independent non-executive Directors) are elected by the general meeting for a term of three years per each term formally starting from the date on which they are elected and their appointments are approved at the general meeting and their qualifications as directors of securities companies are approved by CSRC. Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but shall not be re-elected for more than two consecutive sessions. In accordance with relevant requirements of Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each independent non-executive Director with regard to his independence. Based on these confirmations and the relevant information available to the Board, the Board continues to confirm their independence.

Pursuant to the authorisation of the 2011 Fifth Extraordinary General Meeting, the Company has purchased liability insurance for the Directors, Supervisors and Senior Management, to protect them against the compensation liabilities that may arise from performing their duties and to encourage them to earnestly fulfill their duties and responsibilities.

9.4.2 Duties and responsibilities of the Board

The Board is the decision-making body of the Company and responsible to the general meeting. The Board is principally responsible for making the overall and long-term decisions of the Group, as well as making decisions of corporate governance, development strategy, risk management, financial operation and other aspects. The Board is also responsible for reviewing and approving of the major financial and investment decisions, business strategies and other plans.

The Board shall exercise the following major functions and powers in accordance with the Articles of Association of the Company: to convene general meeting, report its work to the general meeting and implement the resolutions of the general meeting; to decide on the business plans and investment plans of the Company (except those that require the approval of the general meeting in accordance with the Articles of Association of the Company); to formulate the profit distribution plan and loss recovering plan; to formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or other securities and the listing plan of the Company; to prepare plans for material acquisitions, purchase of the Company's Shares, or merger, separation, dissolution or change of the corporate form of the Company; to decide on the external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and related party/connected transactions of the Company within the scope of the authorisation of the general meeting; to decide on the establishment of the internal management structure of the Company; to appoint or dismiss the President, members of the Executive Committee, Chief Financial Officer, Compliance Officer, Chief Risk Officer, Secretary to the Board and other Senior Management and determine their remuneration, rewards and punishments; to appoint or dismiss Senior Management pursuant to the nominations by the Chairman or the President and determine their remuneration, rewards and punishments; to formulate the basic management system of the Company; to formulate proposals for the amendment to the Articles of Association of the Company; to manage information disclosures of the Company; to propose to the general meeting on the engagement or replacement of the accounting firms of the Company who conduct audit for the Company; and to formulate the basic compliance management system and other risk control systems.

9.4.3 Responsibilities of the Operation Management

The Operation Management of the Company is responsible for implementing the development strategies and policies approved by the Board, as well as the daily operation and management of the Group. The Operation Management is the highest operation management authority of the Company, established to carry through and implement the roadmap and guidelines determined by the Board, shall exercise the following functions and powers in accordance with the Articles of Association of the Company: to carry through and implement the operation plan of the Company set by the Board, and decide on material matters in respect of the operation and management of the Company; to formulate profit distribution and loss recovering plan of the Company; to formulate proposals for altering the registered capital of the Company and bonds issuance; to formulate proposals for merging, splitting, transforming the form of and dissolution of the Company; to formulate operational plans and proposals for investment, financing and disposal of assets of the Company, and submit the proposals to the Board for approval according to its terms of reference; to formulate proposals on the establishment of the management structure of the Company; to formulate and approve the proposal of remuneration, rewards and punishments of employees, and other responsibilities delegated by the Board.

During the Reporting Period, various management works of the Company were progressed steadily, and the Senior Management performed their duties properly. The management work achieved positive results, and the Company's business results and main business are still in top tier of the industry. The Company further improved its risk and compliance management system, enriched monitoring means and measures for risk prevention, controlled and reduced various types of risk and compliance incidents, promoted the comprehensive, refined, automated, and intelligent construction of information system, and established a wealth management business system platform with independent intellectual property rights, strengthened the management and application of core data of human resources, so as to obtain performance portraits of departments and employees and improve the tracking of performance during the process. The Company also promoted the construction of an integrated domestic and overseas financial management system, strengthened cost management and control, promoted the construction of a financial sharing service center to improve the efficiency of financial centralization and intensification.

9.4.4 Performance of duties by Directors

9.4.4.1 Board meeting and attendance of Directors

During the Reporting Period, the Board held fourteen meetings:

(1) During the 34th Meeting of the Sixth Session of the Board held at CITIC Securities Tower in Beijing on 9 January 2019, the Board considered and approved unanimously the Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the Company in compliance with Relevant Laws and Regulations, the Proposal on the Plan in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction, the Proposal on the Transaction Constituting a Related Party Transaction, the Proposal on Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of CITIC Securities Company Limited and Its Summary, the Proposal on Entering into the Framework Agreement on the Acquisition of Assets by Issuance of Shares by the Company and Specific Parties Subject to Conditions Precedent, the Proposal on the Acquisition of Assets by Issuance of Shares Not Constituting a Backdoor Listing as Stipulated in Article 13 of the Administrative Measures for the Significant Asset Restructurings of Listed Companies, the Proposal on the Transaction Complying with Article 4 of the Provisions on Several Issues Concerning Regulating the Significant Asset Restructurings of Listed Companies, the Proposal on Submission to the General Meeting to Authorize the Board to Deal with Relevant Matters in Relation to the Transaction at Its Discretion, the Resolution on the Completeness of and Compliance with the Legal Procedures for the Transaction and the Validity of the Legal Documents Submitted and the Resolution on the Engagement of Agencies by the Company to Provide Services for the Transaction.

(2) During the 35th Meeting of the Sixth Session of the Board held on 21 January 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company.

(3) During the 36th Meeting of the Sixth Session of the Board held on 18 February 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on the Change of Chief Risk Officer of the Company.

(4) During the 37th Meeting of the Sixth Session of the Board held on 4 March 2019 at CITIC Securities Tower in Beijing, the Board considered and approved unanimously the Proposal on the Updated Plan in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction, the Proposal on the Transaction Constituting a Related Party Transaction, the Proposal on Report on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of CITIC Securities Company Limited (Draft) and Its Summary, the Proposal on Entering into the Agreement on the Acquisition of Assets by Issuance of Shares and Its Appendix among the Company, Its Wholly-owned Subsidiary and Specific Parties Subject to Conditions Precedent, the Proposal on the Acquisition of Assets by Issuance of Shares Not Constituting a Backdoor Listing as Stipulated in Article 13 of the Administrative Measures for the Significant Asset Restructurings of Listed Companies, the Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the Company Complying with Relevant Laws and Regulations, the Proposal on the Transaction Complying with Article 4 of the Provisions on Several Issues Concerning Regulating the Significant Asset Restructurings of Listed Companies, the Proposal on the Audit Report, the Pro Forma Review Report and the Asset Valuation Report in Relation to the Transaction, the Proposal on the Independence of the Appraisal Institution, Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Method Selected to Appraisal Objectives and Status of Assets under Appraisal and the Fairness of the Appraisal Price, the Proposal on the Risk Warning on Dilution of Immediate Return and Remedial Measures Taken in This Respect under the Transaction, the Proposal on the Provision of Guarantee for Guangzhou Securities by the Company, the Proposal on Submission to the General Meeting to Authorize the Board to Deal with Relevant Matters in Relation to the Transaction at Its Discretion, the Proposal on the Change of Independent Non-executive Director of the Company, the Proposal on Considering the Employee Stock Ownership Plan (Draft) and Its Summary of the Company, the Proposal on Submission to the General Meeting to Authorize the Board and the Operation Management to Deal with Relevant Matters in Relation to the Employee Stock Ownership Plan, the Resolution on the Completeness of and Compliance with the Legal Procedures for the Transaction and the Validity of the Legal Documents Submitted, the Resolution on Adjusting the Departmental Settings of the Company and the Resolution on the Authorization of Convening the 2019 First Extraordinary General Meeting.

(5) During the 38th Meeting of the Sixth Session of the Board held on 21 March 2019 at CITIC Securities Tower in Beijing, the Board considered and approved unanimously the 2018 Work Report of the Board, the 2018 Annual Report, the Duty Performance Report of Independent Non-executive Directors for 2018, the Proposal on the 2018 Profit Distribution Plan of the Company, the Proposal on the Re-appointment of Accounting Firms, the Proposal on the Estimated Investment Limit for Proprietary Business of the Company for 2019, the Proposal on Submission to General Meeting for Granting General Mandate to the Board for to Issue Additional A Shares and/or H Shares of the Company, the Proposal on the Total Remuneration of Directors of the Company for 2018, the Proposal on Estimation of Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2019, the 2018 Corporate Governance Report, the 2018 Assessment Report on the Internal Control, the Auditing Report on the Internal Control, the 2018 Compliance Report, the 2018 Evaluation Report on the Compliance Management Effectiveness, the 2018 Audit Work Report, the 2018 Comprehensive Risk Management Report, the 2018 Anti-money Laundering Work Report, the 2018 Social Responsibility Report, the Resolution on the Adjustment of the Audit and Review Expenses of the Company for 2018, the Resolution on the Total Remuneration of the Senior Management of the Company for 2018, the Resolution on Annual Assessment on Chief Compliance Officer of the Company, the Resolution on Improvement of the Comprehensive Risk Management and Basic Anti-money Laundering System of the Company and the Resolution on the Authorization of Convening the 2018 Annual General Meeting.

(6) During the 39th Meeting of the Sixth Session of the Board held on 8 April 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on the Change of Senior Management of the Company.

(7) During the 40th Meeting of the Sixth Session of the Board held on 29 April 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on Considering the 2019 First Quarterly Report of the Company.

(8) During the 41st Meeting of the Sixth Session of the Board held on 29 April 2019 by means of on-site combined with tele-communications, the Board considered and approved unanimously the Resolution on the Further Postponement of the 2019 First Extraordinary General Meeting

(9) During the 42nd Meeting of the Sixth Session of the Board held on 28 June 2019 at Beijing Ruicheng Four Seasons Hotel, the Board considered and approved unanimously the Resolution on Delegating Chairman the Power to Proceed with Matters in Relation to the Acquisition of Assets by Issuance of Shares of the Company.

(10) During the 43rd Meeting of the Sixth Session of the Board held on 30 July 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on the Capital Increase in CITIC Futures Company Limited.

(11) During the 44th Meeting of the Sixth Session of the Board held on 22 August 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on Considering the 2019 Interim Report of CITIC Securities Company Limited, the Resolution on Considering 2019 Interim Compliance Report of CITIC Securities Company Limited and the Resolution on Considering 2019 Interim Comprehensive Risk Management Report of CITIC Securities Company Limited.

(12) During the 45th Meeting of the Sixth Session of the Board held on 30 October 2019 by means of teleconference, the Board considered and approved unanimously the Resolution on Considering the 2019 Third Quarterly Report of the Company.

(13) During the 46th Meeting of the Sixth Session of the Board held on 13 November 2019 at CITIC Securities Tower in Beijing, the Board considered and approved unanimously the Proposal on the Election of Members of the Seventh Session of the Board, the Proposal on Amendments to the Articles of Association, the Proposal on Renewal of the Framework Agreement in Relation to the Related Party/Continuing Connected Transactions in the Ordinary Course of Business with CITIC Group Corporation, the Resolution on Dissolution of 5 Securities Outlets by the Company, and the Resolution on the Authorization to Convene the 2019 Second Extraordinary General Meeting.

(14) During the 1st Meeting of the Seventh Session of the Board of the Company held on 31 December 2019 at Beijing Ruicheng Four Seasons Hotel, the Board considered and approved unanimously the Resolution on Election of Chairman of the Board of the Company, the Resolution on Election of Members of Specialized Committees under the Board of the Company, and the Resolution on Appointment of Senior Management of the Company.

During the Reporting Period, the attendances of Directors at the Board meetings are as follows:

Name of Director	Position	Scheduled attendance at Board meetings held during the year	Actual attendance	Attendance by proxy	Absence	Attendance rate
ZHANG Youjun	Executive Director, Chairman	14	14	—	—	100%
YANG Minghui	Executive Director, President	14	14	—	—	100%
LIU Ke	Independent Non-executive Director	14	14	—	—	100%
HE Jia	Independent Non-executive Director	14	14	—	—	100%
ZHOU Zhonghui	Independent Non-executive Director	6	6	—	—	100%
KUANG Tao	Former Non-executive Director	13	12	1	—	92%
CHAN, Charles Sheung Wai	Former Independent Non-executive Director	8	8	—	—	100%
Board meetings held during the year: 14						
Among which, number of on-site meetings: 6						
Number of meetings held via tele-communications: 7						
Number of meetings held by means of on-site combined with tele-communications: 1						

Note 1: During the term of office of Mr. ZHOU Zhonghui in 2019, the Company convened six Board meetings, and he attended all the meetings.

Note 2: During the term of office of Mr. KUANG Tao in 2019, the Company convened thirteen Board meetings, he attended 12 meetings, and entrusted Chairman, ZHANG Youjun, to attend one Board meeting.

Note 3: During the term of office of Mr. CHAN, Charles Sheung Wai in 2019, the Company convened eight Board meetings, and he attended all the meetings.

Note 4: In 2019, the Sixth Session of the Board of the Company convened thirteen meetings, and the Seventh Session of the Board convened one meeting.

9.4.4.2 Implementation of resolutions approved at the General Meetings by the Board

(1) On 19 June 2017, the Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company and the Resolution on the Increase of Authorised Amount for the Business of Securitization Backed by Credit Asset relating to Margin Finance Business were considered and approved at the 2016 annual general meeting of the Company. On 26 June 2018, the Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company was considered and approved at the 2017 annual general meeting of the Company. During the Reporting Period, the status of implementation of such resolutions is as follows:

Date of Issue	Issuing Entity	Type of Debt Financing Instrument	Remaining Size
Use of the Authorization by the 2016 Annual General Meeting			
28 November 2017	CITIC Securities Company Limited	RMB bonds	RMB2.4 billion
16 March 2018	CITIC Securities Company Limited	RMB bonds	RMB1.7 billion
13 April 2018	CITIC Securities Company Limited	RMB bonds	RMB4.8 billion
18 April 2018	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US$200 million (equivalent to RMB1.373 billion)
9 May 2018	CITIC Securities Company Limited	RMB bonds	RMB2.5 billion
13 June 2018	CITIC Securities Company Limited	RMB bonds	RMB3 billion
14 June 2018	CITIC Securities Company Limited	RMB bonds	RMB3 billion
6 July 2018	CITIC Securities Company Limited	RMB bonds	RMB4 billion
17 October 2018	CITIC Securities Company Limited	RMB subordinated bonds	RMB5 billion
5 November 2018	CITIC Securities Company Limited	RMB subordinated bonds	RMB4 billion
August 2017–December 2018	CITIC Securities Company Limited	Beneficiary certificates	RMB3.258 billion
Use of the Authorization by the 2017 Annual General Meeting			
February–November 2019	CITIC Securities Company Limited	RMB bonds	RMB18.2 billion
23 July 2019	CITIC Securities Company Limited	Financial bonds	RMB9 billion
April–May 2019	CITIC Securities Company Limited	RMB subordinated bonds	RMB5.5 billion
January 2019–December 2019	CITIC Securities Company Limited	Beneficiary certificates	RMB14.445 billion
16 October 2019	CITIC Securities Company Limited	Securities Company short-term Commercial Paper	RMB6 billion
15 November 2019	CITIC Securities Company Limited	Securities Company short-term Commercial Paper	RMB5 billion
11 December 2019	CITIC Securities Company Limited	Securities Company short-term Commercial Paper	RMB3 billion
10 December 2018	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US$300 million (equivalent to RMB2.059 billion)
24 October 2019	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US$500 million (equivalent to RMB3.484 billion)
24 October 2019	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US$200 million (equivalent to RMB1.394 billion)

Note: The equivalent RMB amount of the US dollar amount is calculated based on the Renminbi central parity ratio at the end of 2019.

(2) On 27 May 2019, the 2019 First Extraordinary General Meeting of the Company considered and approved the relevant resolutions in relation to the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares. For relevant information on the progress, please refer to "6.6.2 Acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares" in this results announcement.

(3) On 28 June 2019, the 2018 Profit Distribution Plan was considered and approved at the 2018 Annual General Meeting of the Company. The cash dividend was denominated and declared in RMB and paid in RMB to the A Shareholders and in HKD to the H Shareholders. All cash dividends have been fully paid on 2 August 2019.

(4) On 28 June 2019, the Resolution on Re-appointment of Accounting Firms was considered and approved at the 2018 Annual General Meeting of the Company. Pursuant to the resolution, the Company appointed PwC Zhong Tian and PwC Hong Kong as the external auditors of the Company for 2019 and PwC Zhong Tian as the audit firm for the internal control of the Company in 2019. On 19 March 2020, PwC Zhong Tian issued unqualified audit reports and the Audit Report on the Internal Control for the Company.

(5) On 26 June 2018, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2017 Annual General Meeting of the Company. It was agreed that the Company, in accordance with the regulatory requirements and taking into account its situation, will make corresponding amendments to certain articles in the Articles of Association of Company and its the Appendix. The amendments mainly involve the following five aspects: specifying that the Company may establish a subsidiary to conduct private investment fund business and may establish a subsidiary to conduct alternative investment businesses including financial products and equity interests, other than those categories listed on the List of Securities Investments for Proprietary Trading of Securities Companies, so as to keep consistent with the regulatory requirements; specifying the duties and powers of the Board, the Risk Management Committee of the Board and Executive Committee in risk management; specifying the duties and powers of the Board, the Supervisory Committee and Executive Committee of the Company in compliance management; confirming the duties and powers of the general meeting and the authorization to the Board by the general meeting; and adjusting relevant content according to the actual situation of the Company. After the above-mentioned amendments to the Articles of Association of the Company were approved by the Shenzhen Securities Regulatory Bureau, relevant industrial and commercial changes and filing procedures have been completed on 5 September 2019.

On 31 December 2019, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2019 Second Extraordinary General Meeting of the Company. It was agreed that the Company, in accordance with the regulatory requirements and taking into account its situation, will make corresponding amendments to certain articles in the Articles of Association of Company and its Appendix. The amendments mainly involve the following seven aspects: amending the articles in relation to share repurchase in accordance with the amended Company Law; further improving the governance structure and operating mechanism of the Company in accordance with the amended Code of Corporate Governance for Listed Companies; revising the articles in relation to share repurchase and corporate governance in accordance with the Guidelines for the Articles of Association of Listed Companies; updating relevant provisions in accordance with the amendments to the SSE Listing Rules; specifying the role of Chief Information Officer as a member of the senior management and the duties and powers in relation of the information technology governance of the Board and the Executive Committee; including the regulatory requirements in relation to the equity management and other relevant contents in the Articles of Association of the Company; further clarifying the scope of authorization of the general meeting and the Board. Currently, the amendments to the Articles of Association of the Company are still subject to the completion of filling with the relevant industrial and commercial administration authorities and reporting to and filing with the Companies Registry of Hong Kong.

(6) On 31 December 2019, the Resolution in Relation to the Renewal of the Non-exempt Continuing Connected Transactions of the Company was considered and approved at the 2019 Second Extraordinary General Meeting of the Company. Pursuant to the resolution, the Company entered into the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group on the same day.

9.4.4.3 *Training of Directors*

Training of Directors is a continuous program. The Company will arrange induction training for all newly appointed Directors according to their respective experiences and backgrounds. The Company will also provide relevant various kinds of reading materials to newly appointed Directors to enhance their knowledge and understanding about the corporate culture and operation of the Group. The training and reading materials generally include brief introduction about the structure, business and corporate governance of the Group, as well as an introduction on the securities industry and investment banking business in China.

In addition, every Director will receive a guideline on code of conduct and other documents when joining the Board. During the Reporting Period, the Directors were periodically or occasionally provided with reporting information about the business operations of the Group, as well as introduction on changes and latest development of the relevant legislative and regulatory environment. Besides, the Company also encourages all Directors to participate in relevant training courses at the cost of the Company. All Directors have provided regular training records to the Company.

During the Reporting Period, the Directors of the Company attached great importance to updating their professional knowledge and skills to cater for the needs for the Company's development, the methods and the details are as follows:

Name	Position	Methods and Details of the Training
ZHANG Youjun	Executive Director, Chairman	From March to July 2019, Mr. ZHANG attended the 46th training course for young and middle-aged cadres organized by the Central Party School of the CPC. In March 2019, he attended the 2019 first central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement Xi Jinping's Economic Thought on Socialism with Chinese Characteristics for a New Era. In April 2019, he attended the 2019 second central group (larger) learning seminar of the Party Committee of CITIC Group to learn about deepening of the reform of state-owned enterprises. In May 2019, he attended the 2019 third central group (larger) learning seminar of the Party Committee of CITIC Group to learn about the strengthening of the Party's political construction. In August 2019, he attended the "Remain true to our original aspiration and keep our mission firmly in mind" specialized thematic education party class held by the Party Committee of CITIC Securities and central group (larger) learning seminar of the Company's Party Committee. In October 2019, he attended the 2019 fourth central group (larger) learning seminar of the Party Committee of CITIC Group to learn the original aspiration and mission of the Party from the Party's history. In December 2019, he attended the central group (larger) specialized learning seminar of the Party Committee of CITIC Group to learn and implement the guidelines at the Fourth Plenary Session of the 19th Central Committee of the CPC. From November 2019 to January 2020, he attended the first online specialized thematic courses on Party history and New China history organized by China E-learning Academy for Leadership. From December 2019 to February 2020, he attended the online specialized thematic courses on promoting the high-quality development of state-owned enterprises organized by China E-learning Academy for Leadership.

Name	Position	Methods and Details of the Training
YANG Minghui	Executive Director, President	In March 2019, Mr. YANG attended the 2019 first central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement Xi Jinping's Economic Thought on Socialism with Chinese Characteristics for a New Era. In April 2019, Mr. YANG attended the 2019 second central group (larger) learning seminar of the Party Committee of CITIC Group to learn about deepening the reform of state-owned enterprises. In May 2019, Mr. YANG attended the 2019 third central group (larger) learning seminar of the Party Committee of CITIC Group to learn about the strengthening of the Party's political construction. In August 2019, he attended the "Remain true to our original aspiration and keep our mission firmly in mind" specialized thematic education party class held by the Party Committee of CITIC Securities and central group (larger) learning seminar of the Company's Party Committee. In October 2019, he attended the 2019 fourth central group (larger) learning seminar of the Party Committee of CITIC Group to learn the original aspiration and mission of the Party from the Party's history. In December 2019, he attended the central group (larger) specialized learning seminar of the Party Committee of CITIC Group to learn and implement the guidelines at the Fourth Plenary Session of the 19th Central Committee of the CPC. In October 2019, he attended the specialized thematic seminar class for enhancing the innovative ability of central enterprises organized by China Executive Leadership Academy Pudong. From November 2019 to January 2020, he attended the first online specialized thematic courses on Party history and New China history organized by China E-learning Academy for Leadership. From December 2019 to February 2020, he attended the online specialized thematic courses on promoting the high-quality development of state-owned enterprises organized by China E-learning Academy for Leadership.
LIU Ke	Independent Non-executive Director	In July and December 2019, Mr. LIU participated in independent Director training and sharing activities and recent regulatory policies update training held by PwC Zhong Tian. He studied the latest regulatory updates of Hong Kong Stock Exchange. He read articles and books related to finance and business management.
HE Jia	Independent Non-executive Director	In April 2019, Mr. HE lectured on Chinese finance for Sun Yat-Sen University's EMBA program. In May 2019, he delivered a presentation of "Build the Guangdong-Hong Kong-Macau Greater Bay Area" to the persons in charge of the 9 cities of Guangdong Province within the Guangdong-Hong Kong-Macau Greater Bay Area and the heads of various functional departments of the Guangdong Provincial Party Committee and Government. In October 2019, he lectured on Chinese finance for Xiamen University's EMBA program. In October 2019, he lectured on financial technology to the technology presidents of the Bank of Communications. In October 2019, he published an article on China's financial supply-side reform in China Finance. In November 2019, he lectured on major changes in the Shenzhen financial leadership talents class. In November 2019, he lectured on China's financial supply-side reform at the headquarters of the Yingda Securities. In December 2019, he lectured on Chinese finance at the Shenzhen Branch of China Construction Bank. In July and December 2019, he participated in independent Director training and sharing activities and recent regulatory policies updating training organized by PwC Zhong Tian.

Name	Position	Methods and Details of the Training
ZHOU Zhonghui	Independent Non-executive Director	In June 2019, Mr. ZHOU went to the Middle East and Europe to conduct on-site inspection on the operations and risk control of overseas companies of COSCO Holdings. In October 2019, he participated in on-site discussions under the organization of SF Holdings and PricewaterhouseCoopers on the use of digitalization and artificial intelligence in internal control and internal audit. In July and December 2019, he participated in independent Director training and sharing activities and recent regulatory policies updating training organized by PwC Zhong Tian.
KUANG Tao	Former Non-executive Director	In June 2019, Mr. KUANG attended in the China Life Insurance alternative investment seminar (second phase). In September 2019, he lectured on the "Frontier Theory and Practice of Finance" specialized training course for the Finance Department of Tibet Autonomous Region. In October 2019, he attended the "Insurance Industry Serving Real Economy Development and Livelihood Improvement Series Forum" of Insurance Association and Western Returned Scholars Association. In December 2019, he participated in online training course of the Harvard Business School and online specialized course on Party history and New China history.
CHAN, Charles Sheung Wai	Former Independent Non-executive Director	In January 2019, Mr. CHAN trained the management at Hilton Hotels Group. He read relevant reports on the industry and economic analysis.

9.5 Chairman

Mr. ZHANG Youjun serves as the Chairman of the Company. The Chairman is the Company's legal representative, whose responsibilities are to take charge of the operation of the Board and to ensure that the Board acts in the best interest of the Company, that the Board operates effectively, fulfills its duties and considers all important and appropriate issues, and that the Directors can receive information in an accurate, timely and clear manner.

9.6 President

Mr. YANG Minghui serves as the President of the Company. The President is responsible to preside over the Company's daily work, which mainly includes, to organize to carry out the Board's resolutions, to organize the implementation of the Company's annual business plan and investment plan, to formulate the Company's basic management system, to formulate the specific rules and regulations of the Company, to draft plans for the establishment of the Company's internal management structure, to propose the appointment or dismissal of Senior Management other than President, Compliance Officer and Secretary to the Board, to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board; to execute the risk control system of the Company to ensure that the Company meets the requirements of the risk control indicators set by CSRC, to exercise other powers granted by the Articles of Association of the Company and the Board of the Company. The President shall be accountable to the Board and report his work to the Board.

9.7 Non-executive Directors

The Company currently has three non-executive Directors, all of which are independent non-executive Directors. For details about their terms of office, please refer to the section on "Directors, Supervisors, Senior Management and Employees" of this results announcement.

9.8 Specialized Committees under the Board

The Sixth Session of the Board has established the Strategic Planning Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Related Party Transactions Control Committee, which are responsible to assist the Board to perform its duties from various aspects. During the Reporting Period, the specialized committees of the Board cordially performed their duties, actively discussed the changes in internal and external trends, participated in the collective decision-making of material matters of the Company, and provided a number of constructive and professional opinions and recommendations on the rapid and healthy development of the Company. In response to the global economic and financial situation, the macroeconomic policies of the PRC and the regulatory requirements on the securities industry, specialized committees of the Board affirmed the Company's strategic goals and made recommendations to the Board in respect of deeply advancing the internationalization process, improving internal control, preventing business risks, exploring more efficient management structures, establishing incentive policies matching with the industry positioning of the Company and other aspects. During the Reporting Period, none of the committee members raised objection to the matters being considered.

During the Reporting Period, meetings held by the specialized committees of the Board are as follows:

9.8.1 Strategic Planning Committee

The primary responsibilities of the Strategic Planning Committee of the Board are: to understand and master the overall operations of the Company; to understand, analyze and master the current conditions of the international and domestic industries; to understand and master relevant policies of China; to research on the short-term, mid-term and long-term development strategies of the Company and other related issues; to advise on the long-term development strategies, major investments, reforms and other major decisions of the Company; to review and approve the special research reports on development strategies; and to issue routine research reports on a regular or irregular basis.

The Strategic Planning Committee of the Company currently comprises three members, namely, Mr. ZHANG Youjun, an executive Director, Mr. YANG Minghui, an executive Director, and Mr. LIU Ke, an independent non-executive Director. The chairman of the Strategic Planning Committee is Mr. ZHANG Youjun, an executive Director.

During the Reporting Period, the Strategic Planning Committee held four meetings in total, details of which are as follows:

Date of Meeting	Resolutions Passed
4 March 2019	Proposal on Adjusting the Departmental Settings of the Company
29 July 2019	Resolution on the Capital Increase in CITIC Futures Company Limited
12 November 2019	Proposal on the Election of the Members of the Seventh Session of the Board
31 December 2019	Election of the Chairman of the Strategic Planning Committee of the Seventh Session of the Board

All members of the Strategic Planning Committee attended the above meetings.

9.8.2 Audit Committee

The primary responsibilities of the Audit Committee of the Board are: to make recommendations to the Board on the appointment and removal of the auditors of the Company; to approve the remuneration and terms of engagement for the auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the auditing procedures in accordance with applicable standards; to review the financial information of the Company and its disclosure; to review the financial control, internal control and risk management systems of the Company; and to review the financial and accounting policies and practices of the Company.

The Audit Committee of the Company currently comprises three members, namely, Mr. ZHOU Zhonghui, Mr. LIU Ke and Mr. HE Jia, each an independent non-executive Director. The chairman of the Audit Committee is Mr. ZHOU Zhonghui, an independent non-executive Director.

During the Reporting Period, the Audit Committee held eight meetings in total. The Audit Committee convened its meetings, considered relevant matters and made decisions in accordance with the Rules of Procedure of the Audit Committee of the Board of the Company, and made efforts to enhance the efficiency of its work and the soundness of its decision-making. The Audit Committee diligently performed its duties, and actively participated in the compilation, audit and disclosure of annual financial reports according to the Working Procedures of the Audit Committee of the Board for Annual Reports. It ensured the independence of audit, enhanced the audit quality, and protected the overall interests of the Company and the Shareholders.

The Audit Committee and its members have fully played their roles of audit and supervision according to the relevant laws and regulations, diligently performed their duties and made great contributions to improving corporate governance structure and enhancing the audit quality.

The Audit Committee prudently reviewed the financial status of the Company and examined the financial statements prepared by the Company, and considered that the Company's financial system is under stable operation and the financial status is good. Besides, the Board, through the Audit Committee, also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes for employees and relevant budget in relation to the Company's accounting and financial reporting functions.

Major accomplishments of the Audit Committee in 2019 included:

- reviewing periodic financial reports
- reviewing the summary of the internal audits and approving the annual internal audit plan
- reviewing the major findings on the audits of the internal audit departments and external auditors, and responses of the management to the recommendations on such audits
- reviewing the effectiveness of the internal control system and adequacy of accounting and financial reporting functions
- reviewing the statutory scope of review of the external auditors
- considering the remuneration for and appointment of the external auditors
- reviewing and monitoring the independence of the external auditors and the non-audit services they provided

Meetings of the Audit Committee during the Reporting Period and up to the date of this results announcement are as follows:

Date of Meeting	Resolutions Passed
4 March 2019	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Results for 2018, Proposal on the Adjustment of the Audit and Review Expenses of the Company for 2018, Audit Work Report of the Company for 2018, Audit Work Plan of the Company for 2019
20 March 2019	Resolution on Considering the Audit Work Summary of PwC, the 2018 Annual Report, the 2018 Assessment Report of Internal Control, Audit Report on the Internal Control, Resolution on Considering the Performance Report of the Audit Committee of the Board of the Company for 2018, Proposal on the Re-appointment of Accounting Firms
25 April 2019	Proposal on Considering the 2019 First Quarterly Report of the Company
30 July 2019	Resolution on Considering the 2019 Interim Work Review of CITIC Securities Company Limited
20 August 2019	Proposal on Considering the 2019 Interim Report of the Company
28 October 2019	2019 Third Quarterly Report of the Company
31 December 2019	Resolution on Considering the 2019 Audit Plan of CITIC Securities Company Limited
31 December 2019	Election of the Chairman of the Audit Committee of the Seventh Session of the Board
6 March 2020	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Results for 2019, Proposal on the Re-appointment of Accounting Firms, Proposal on Considering the Audit Work Report of the Company for 2019, Resolution on Considering the Audit Work Plan of the Company for 2020
17 March 2020	Resolution on Considering the Audit Work Summary of PwC, the 2019 Annual Report, the 2019 Assessment Report of Internal Control, Audit Report on the Internal Control, Resolution on Considering the Performance Report of the Audit Committee of the Board of the Company for 2019

All members of the Audit Committee attended the above meetings. They carefully reviewed the meeting documents beforehand, making full preparation for performing their duties. During the process of deliberation of the issues of the meetings, all of them put forward pertinent suggestions leveraging on their own professional background and experience, and actively guided the Company for relevant improvements.

Overview of audit work of the Company:

PwC carried out the 2019 audit work on the Company mainly by two stages, the preliminary audit and year-end audit. PwC adopted the "Integrated Audit" method to complete the audit work in combination of the audit on financial statements and the audit on internal control. At the preliminary audit stage, PwC conducted the audit on internal control and carried out internal control testing at the enterprise level and the business process level under the Chinese Certified Public Accountants Auditing Standards, the Guidelines for Audit on Enterprise Internal Control and the Opinions on the Implementation of the Guidelines for Audit on Enterprise Internal Control issued by the Chinese Institute of Certified Public Accountants. Meanwhile, the IT auditors of PwC also understood and conducted testing on major computer systems used by the Company. At the year-end audit stage, PwC focused on the implementation of principal accounting policies and the application of critical accounting judgements and accounting estimations adopted by the Company. PwC conducted detailed testing such as external confirmations and re-calculation and substantive analysis to conduct audit on financial statements items.

In order to successfully complete the audit on the 2019 Annual Financial Statement of the Company and procure PwC to issue relevant reports within the agreed period, the Audit Committee of the Sixth Session of the Board authorized the Planning and Financial Department of the Company made multiple times of supervision on PwC in relation to the planning of audit work, impairments of goodwill, valuation of financial instruments, impairments of financing business, judgement on scope of consolidation, audit progress, timing of initial draft and final draft of the audit report, etc. during the auditing period. The Audit Committee convened the 2019 7th meeting of the Audit Committee of the Sixth Session of the Board of the Company on 31 December 2019 by means of teleconference, at which the Audit Committee considered and approved unanimously the Resolution on Considering the 2019 Audit Plan of the CITIC Securities Company Limited. On 19 March 2020, PwC issued the unqualified audit reports for the Company within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal on PwC. In the appraisal, major considerations of the Audit Committee included requirements of the laws and regulations of the Mainland China and Hong Kong and relevant professional provisions on the external auditors, and the external auditors' compliance with such laws, regulations and provisions and their overall performance during the Reporting Period. The Audit Committee is also responsible for reviewing the independence of PwC to ensure that the reports issued by it can provide truly and objective opinions. The Audit Committee has received a written confirmation from PwC of their independence and objectivity prior to and during the audit of the Company's 2019 financial statements. PwC shall not offer any other non-audit service unless otherwise specially approved to ensure that their judgment and independence in the audit are not undermined. The Audit Committee of the Board was of the opinion that PwC conducted its independent audit on the 2019 Financial Statements of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work.

On 17 March 2020, the Audit Committee conducted a preliminary review on the 2019 Assessment Report on the Internal Control and Auditing Report on Internal Control of the Company, and was of the view that the internal control system of the Company was effective and performing well, such that the sound development of the Company is effectively secured. For details of the Board's evaluation of our internal control and relevant information, please refer to "9.16.6 Disclosure of appraisal report on the Company's internal control " in this Chapter.

9.8.3 Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Company currently comprises three members, namely, Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui, each an independent non-executive Director. The chairman of the Remuneration and Appraisal Committee is Mr. LIU Ke, an independent non-executive Director.

The primary responsibilities of the Remuneration and Appraisal Committee of the Board are: to establish and implement the performance appraisal system that is adapt to the changing market, the remuneration policy that has competitive edge, and the reward and punishment and incentive measures that are linked to the operating performance of the Company, and make recommendations to the Board on the remuneration and its structure of all the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the performance of the Directors and Senior Management, carry out annual performance appraisals over them, and review and approve performance-based remuneration; and to monitor the implementation of the remuneration system of the Company.

Major accomplishments of the Remuneration and Appraisal Committee in 2019 included:

- reviewing the performance of the Directors and Senior Management, and carrying out annual performance appraisals over them

- reviewing the remuneration level of the Directors and Senior Management and recommending to the Board in this regard

- supervising the implementation of the remuneration system of the Company

During the Reporting Period, the Remuneration and Appraisal Committee held two meetings in total, details of which are as follows:

Date of Meeting	Resolutions Passed
21 March 2019	Resolution on Considering the Report of the Duty Performance of the Remuneration and Appraisal Committee of the Sixth Session of the Board of the Company in 2018, Proposal on the Total Remuneration of the Directors of the Company for 2018, Proposal on the Total Remuneration of Senior Management of the Company for 2018, Resolution on Considering the Achievement of Performance Targets in 2018 and the Implementation Plan of Annual Performance-based Remuneration Policy for Senior Management of the Company, Resolution on Considering the Pre-distribution Plan of Senior Management Loyalty Award of the Company in 2018, Proposal on Annual Assessment on the Chief Compliance Officer of the Company
31 December 2019	Election of the Chairman of the Remuneration and Appraisal Committee under the Seventh Session of the Board

All members of the Remuneration and Appraisal Committee attended the meetings.

During the Reporting Period, the Remuneration and Appraisal Committee supervised the implementation of the remuneration system of the Company, and was of the opinion that the Company strictly implemented the remuneration system established by the Board, and that the information about the remuneration of the Directors, Supervisors and Senior Management disclosed in the 2018 Annual Report of the Company was true, accurate and complete, and in compliance with the relevant requirements of the CSRC and the Hong Kong Stock Exchange.

9.8.4 Nomination Committee

The Nomination Committee of the Company currently comprises three members, namely, Mr. LIU Ke, an independent non-executive Director, Mr. HE Jia, an independent non-executive Director and Mr. ZHANG Youjun, an executive Director. The chairman of the Nomination Committee is Mr. LIU Ke, an independent non-executive Director.

The primary responsibilities of the Nomination Committee of the Company are: to review the structure, number and composition of the Board (including skills, knowledge, experience and diversity of the Board members), make recommendations on any proposed changes to the Board, if necessary, to match up with the strategies of the Company; to study the selection criteria and procedures of the Directors and Senior Management and make recommendations to the Board, to ensure that the Board members possess skills, experience and diversified views and perspectives required and suitable for the operation and development of the Company; to conducted extensive searches for qualified candidates for the Directors and Senior Management, review and give suggestions on the candidates and select and nominate relevant candidates of Directors or make recommendations to the Board in this regard; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on relevant matters on the appointment or re-appointment of the Directors and succession plan for Directors; and to report its decisions or recommendations to the Board.

The Company understands and recognizes the importance of Board diversity, and considers the realisation of Board diversity as an important factor to ensure the Company's enhancement of corporate governance and sustainable development. According to the Board Diversity Policy of the Company, the Nomination Committee should select the Director candidates based on objective standards, and relevant standards include but are not limited to:

- considering a combination of factors, such as gender, age, cultural and educational background, as well as professional experience of the Director candidates

- considering the Company's business features and future development needs, etc.

The Nomination Committee selects Director candidates and periodically reviews the measurable objectives of selecting Directors candidates, including but not limited to, gender, age, culture background, education background, professional experience, years of service, etc., based on the abovementioned diversity principles. Comprehensively taking into account the Company's business and development needs, the Nomination Committee believes that the current session of the Board fully reflects a diversified composition in terms of skills, experience, knowledge and independence. As at the date of this results announcement, the composition of the Board from the view of diversity is summarized as follows: (1) education background: among the five existing Directors, three of them hold Doctor's degree and the other two hold Master's degree; (2) age: among the five existing Directors, three of them are at or beyond the age of 60 and the other two are below the age of 60; and (3) role: among the five existing Directors, two of them are executive Directors and the other three are independent non-executive Directors.

The Company provides the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, if necessary, seek independent professional advice when performing its duties at the Company's expense.

Major accomplishments of the Nomination Committee in 2019 included:

- conducting preliminary review on the nomination of ZHOU Zhonghui as the independent non-executive Director of the Company

- conducting preliminary review on the nomination of ZHANG Youjun, YANG Minghui, LIU Ke, HE Jia, ZHOU Zhonghui, LIU Shouying as the Director candidates of the Seventh Session of the Board based on its assessment on the Director candidates' skills, knowledge, experience and diversification, etc.

- conducting preliminary review on the appointment of LI Jiong, the treasurer, as the Company's Chief Financial Officer and other changes and appointments of senior management of the Company

- expressing written opinions on the independence of independent non-executive Directors of the Company

During the Reporting Period, the Nomination Committee held five meetings in total, details of which are as follows:

Date of Meeting	Resolutions Passed
15 February 2019	Proposal on Change of Chief Risk Officer of the Company
4 March 2019	Proposal on Change of the Independent Non-executive Director of the Company
8 April 2019	Proposal on Change of Senior Management of the Company
12 November 2019	Resolution on Nomination of the Director Candidates of the Seventh Session of the Board
31 December 2019	Proposal on Appointment of Senior Management of the Company, Election of the Chairman of the Nomination Committee of the Seventh Session of the Board

All members of the Nomination Committee attended the above meetings.

Pursuant to the Articles of Association, Director candidates should be nominated by the Board or the Shareholders who individually or jointly hold more than 3% of the total shares with voting rights in the Company. The nomination methods and procedures of independent non-executive Directors shall be performed in accordance with the laws and regulations, relevant requirements of the regulatory authorities of the place where the shares of the Company are listed and relevant rules in relation to the independent non-executive Directors. The list of candidates for Directors or Supervisors shall be submitted to the general meeting for approval.

Before the list of Director candidates is presented to the Board, the Nomination Committee must conduct a review and examination on the list and make recommendations to the Board and Shareholders. The Nomination Committee will review the biography of each of the candidates, conduct due diligence and evaluate the candidates' skills, knowledge, experience and diversification, etc.

During the Reporting Period, the Nomination Committee conducted extensive searches for qualified candidates for Senior Management, reviewed the candidates and gave advice to the Board for decision. The Nomination Committee selects and recommends Senior Management candidates based on the following criteria:

Familiar with onshore and offshore securities business, with years of experience in securities and finance; having a profound understanding of and unique insights into the Company's principal businesses and obtaining excellent achievements in one of the principal businesses; having strong capability in strategic analysis, leadership, execution and business synergy; having an international perspective; meeting relevant provisions of the Measures on Regulating the Qualifications of Directors, Supervisors and Senior Management of Securities Companies of the CSRC; having the time and effort necessary to perform the duties; complying with other provisions as stipulated in the laws, administrative regulations and the Company's Articles of Association.

9.8.5 Risk Management Committee

The Risk Management Committee of the Company currently comprises three members, namely, Mr. YANG Minghui, an executive Director, Mr. HE Jia, an independent non-executive Director and Mr. ZHOU Zhonghui, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. YANG Minghui, an executive Director.

The primary responsibilities of the Risk Management Committee of the Board are: to develop the overall risk management policy for the Board's review; to prescribe strategic structures and resources used for the risk management of the Company, and making them compatible with the internal risk management policy of the Company; to formulate the threshold of major risks; and to supervise, examine and make recommendations to the Board on the relevant risk management policies.

During the Reporting Period, the Risk Management Committee held three meetings in total and considered various reports in relation to risk control, compliance management and internal control and governance, details of which are as follows:

Date of Meeting	Resolutions Passed
20 March 2019	Preliminarily reviewed the 2018 Assessment Report on the Internal Control, the Audit Report on the Internal Control, the 2018 Compliance Report, the 2018 Evaluation Report on the Compliance Management Effectiveness, the 2018 Comprehensive Risk Management Report, the 2018 Anti-money Laundering Work Report, the Proposal on Improvement of the Comprehensive Risk Management and Basic Anti-money Laundering System of the Company
20 August 2019	Preliminarily reviewed the 2019 Interim Compliance Report of CITIC Securities Company Limited, the 2019 Interim Comprehensive Risk Management Report of CITIC Securities Company Limited
31 December 2019	Election of the Chairman of the Risk Management Committee of the Seventh Session of the Board

All members of Risk Management Committee attended the above meetings.

9.8.6 Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Company currently comprises three members, namely, Mr. HE Jia, Mr. LIU Ke and Mr. ZHOU Zhonghui, each an independent non-executive Directors. The chairman of the Related Party Transactions Control Committee is Mr. HE Jia, an independent non-executive Director.

The primary responsibilities of the Related Party Transactions Control Committee of the Board are: to establish and amend the related party/connected transactions management system of the Company and monitor its implementation; to identify the list of related/connected parties of the Company and report it timely to the Board and the Supervisory Committee; to define the types of the related party/connected transactions and determine their approval procedures, standards and other matters; to review contemplated major related party/connected transactions of the Company with any related/connected parties, form a written opinion to the Board for review and report the same to the Supervisory Committee; and to review the information disclosure of any related party/connected transaction.

During the Reporting Period, the Related Party Transactions Control Committee held three meetings, details of which are as follows:

Date of Meeting	Resolutions Passed
20 March 2019	Proposal on Estimation of Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2019
20 August 2019	Resolution on Considering the Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2019
12 November 2019	Proposal on Renewal of the Framework Agreement in Relation to the Related Party/Continuing Connected Transactions in the Ordinary Course of Business with CITIC Group Corporation
31 December 2019	Election of the Chairman of the Related Party Transactions Control Committee of the Seventh Session of the Board

All members of the Related Party Transactions Control Committee attended the above meetings.

During the Reporting Period, the major measures that the Board implemented in respect of corporate governance are as follows:

(1) Corporate governance of the Company and related recommendations: Faced with the complex economic and market environment of 2019, the Board and the specialized committees of the Board carried out on-going understanding on the status of Company and market condition as well as requirements of laws and regulations to promote the Company to further streamline internal management processes, enhance internal control mechanism and build and improve the risk management system.

(2) Development of Directors and Senior Management: The Company provided professional trainings for Directors and Senior Management to perform their duties and timely provided relevant materials in relation to securities industry and the development news of the Company to provide convenience for them to perform their duties.

(3) Compliance management of laws and regulations: The Board made amendments to certain articles of the Articles of Association of the Company and its appendix in accordance with the requirements of various laws and regulations and regulatory documents amended by regulatory authorities and by taking into account the needs of the Company's business development. The amendments mainly involved the following seven aspects: amending the articles in relation to share repurchase in accordance with the amended Company Law; further improving the governance structure and operating mechanism of the Company in accordance with the amended Code of Corporate Governance for Listed Companies; revising the articles in relation to share repurchase and corporate governance in accordance with the Guidelines for the Articles of Association of Listed Companies; updating relevant provisions in accordance with the amendments to the SSE Listing Rules; specifying the role of Chief Information Officer as a member of the senior management and the duties and powers in relation to the information technology governance of the Board and Executive Committee; including the regulatory requirements in relation to the equity management and other relevant contents in the Articles of Association of the Company; further clarifying the scope of authorization of the general meeting and the Board. The amendment was reviewed and approved on 31 December 2019 by the 2019 Second Extraordinary General Meeting of the Company. Currently, the amendments to the Articles of Association of the Company are still subject to the completion of filling with the relevant industrial and commercial administration authorities and reporting to and filing with the Companies Registry of Hong Kong.

The Board incorporated anti-money laundering into comprehensive risk management in accordance with the Opinions on Improving the Regulatory Mechanisms and Systems of Anti-Money Laundering, Anti-Terrorism Financing and Anti-Tax Evasion (《關於完善反洗錢、反恐融資、反逃稅監管機制體制的意見》) and the Guidelines on Risk Management of Money Laundering and Terrorism Financing of Corporate Financial Institutions (Trial) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》) issued by The People's Bank of China, revised the prevailing Comprehensive Risk Management Systems and Risk Appetite Statement of the Company, and formulated the Strategies of Money Laundering Risk Management of the Company based on the Comprehensive Risk Management Systems and Risk Appetite Statement, detailing risk management and control principles for money laundering of the Company; reorganized the Company's organizational structure of money laundering risk management, adjusted the decision-making and implementing departments for money laundering risk management, clarified and refined the responsibilities for prevention and control of money laundering risks of each department, and on that basis revised the Administrative Measures on Anti-Money Laundering of the Company. The formulation and revision of the above-mentioned rules were preliminarily

reviewed by the 1st meeting of the 2019 Risk Management Committee of the Board on 20 March 2019, and were considered and approved at the 38th Meeting of the Sixth Session of the Board on 21 March 2019. Such rules have come into effect from the date of approval by the Board.

(4) Corporate Governance Report: The Board reviewed the Corporate Governance Report before the publishment of this results announcement and was of the view that the Corporate Governance Report complied with the relevant requirements of the Hong Kong Listing Rules.

9.9 Performance of Duties by Independent Non-executive Directors

9.9.1 Work in relation to periodic reports

(1) Compilation and review of 2018 Annual Report

All of the independent non-executive Directors of the Company are members of the Audit Committee. On 4 March 2019, the 2019 1st meeting of the Audit Committee of the Sixth Session of the Board of the Company listened to the reports of PwC Zhong Tian and PwC Hong Kong on the preliminary audit results of 2018 Annual Report, conducted reviews on Proposal on the Adjustment of Audit and Review Expenses of the Company for 2018, the Audit Work Report of the Company for 2018, and the 2019 Audit Work Plan of the Company.

On 20 March 2019, the 2019 2nd meeting of the Audit Committee of the Sixth Session of the Board of the Company conducted review on the Resolution on Considering the Audit Work Summary of PwC, the 2018 Annual Report, the 2018 Assessment Report on Internal Control, the Audit Report on the Internal Control, the Resolution on Considering the Report of the Audit Committee of the Board of the Company on the Performance of Duties in 2018, and the Proposal on the Re-appointment of Accounting Firms.

(2) Compilation and review of 2019 Annual Report

On 31 December 2019, the 2019 7th meeting of the Audit Committee of the Sixth Session of the Board considered and approved the 2019 Audit Plan of CITIC Securities Company Limited.

On 6 March 2020, the Company's independent non-executive Directors conducted on-site inspection and guidance on the Company and carefully listened to the report of the Management, the Chief Financial Officer and audit institutions on the operation, financial condition and audit of the Company in 2019. As members of the Audit Committee, all the independent non-executive Directors of the Company considered the Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers regarding Preliminary Audit Results of 2019 Annual Report, the Proposal on the Re-appointment of Accounting Firms, the Proposal on Considering the 2019 Audit Work Report of the Company and the Resolution on Considering 2020 Audit Work Plan of the Company.

On 17 March 2020, as members of the Audit Committee, all of the independent non-executive Directors of the Company considered the Resolution on Considering the Audit Work Summary of PwC and the Resolution on Considering the Performance Report of the Audit Committee of the Board of the Company for 2019, and conducted preliminary reviews on the 2019 Annual Report, the 2019 Assessment Report on the Internal Control, Audit Report on the Internal Control and the Proposal on the Re-appointment of Accounting Firms.

9.9.2 Review of related party/connected transactions

On 20 March, 20 August and 12 November 2019, respectively, the independent non-executive Directors of the Company, as members of the Related Party Transactions Control Committee, reviewed the Proposal on Estimation of Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2019, the Resolution on Considering the Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2019, the Proposal on the Renewal of the Framework Agreement in Relation to the Related Party/Continuing Connected Transactions in the Ordinary Course of Business with CITIC Group Corporation.

On 31 January and 28 November 2019, the independent non-executive Directors of the Company conducted special votes on the ratification of the consultancy fees arising from China AMC's provision of investment consultancy services to related parties/connected parties for the year of 2018 and the Company's proposed provision of underwriting services to related parties, respectively.

9.9.3 Other performance of duties

On 9 January 2019, the independent non-executive Directors of the Company issued the Prior Approval Opinions on Matters in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction and delivered Independent Opinions on Matters in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction.

On 18 February 2019, the independent non-executive Directors of the Company issued Independent Opinions on the Appointment of Chief Risk Officer of the Company.

On 4 March 2019, the independent non-executive Directors of the Company issued the Prior Approval Opinions on Matters in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction, and delivered independent opinions on matters in relation to the acquisition of assets by issuance of Shares and related party transaction, and the Company's plan to provide guarantee for Guangzhou Securities. The independent non-executive Directors of the Company reviewed the candidates for independent non-executive Directors of the Sixth Session of the Board of the Company and the Employee Stock Ownership Plan of the Company and delivered independent opinions.

On 21 March 2019, the independent non-executive Directors of the Company gave a special explanation and issued independent opinions on the guarantees of the Company in 2018. delivered independent opinions on the related party/connected transactions contemplated in the ordinary course of business in 2018, the budget of related party/continuing connected transactions contemplated in the ordinary course of business in 2019, the 2018 profit distribution plan, the re-appointment of accounting firms and the total remuneration of the Directors and Senior Management in 2018.

On 5 April 2019, the independent non-executive Directors of the Company issued independent opinions on the appointment of Chief Financial Officer and Chief Risk Officer of the Company.

On 12 November 2019, the independent non-executive Directors of the Company conducted review and issued independent opinions on the candidates for Directors of the Seventh Session of the Board of the Company. They delivered independent opinions on the Proposal on the Renewal of the Framework Agreement in relation to Related Party/Continuing Connected Transactions in the Ordinary Course of Business with CITIC Group Corporation to be considered on the 46th Meeting of the Sixth Session of the Board of the Company.

On 31 December 2019, the independent non-executive Directors of the Company issued their independent opinions on the Appointments of Senior Management of the Company.

9.9.4 Establishment and improvement of working system in relation to the independent non-executive Directors and performance of independent non-executive Directors

In order to improve the corporate governance structure, promote the regulated operations, safeguard the overall interests of the Company and protect the lawful rights and interests of all Shareholders, particularly the minority Shareholders, the Working System for Independent Directors of the Company officially came into force on 28 July 2008 after it was considered and approved at the 28th Meeting of the Third Session of the Board. The contents of the system include: qualifications of independent Directors; nomination, election and replacement of independent Directors; special powers of independent Directors; independent opinions of independent Directors; necessary conditions being provided for independent Directors; and working system regarding the annual report.

During their term of office, all independent non-executive Directors complied with relevant requirements of the laws, regulations and the Articles of Association of the Company, and had devoted sufficient time and energy to performing their duties. When making an independent judgment, the independent non-executive Directors were not affected by the substantial Shareholders of the Company or any other entity or individual having an interest in the Company; and they endeavored to protect the interests of the Company and minority Shareholders.

The independent non-executive Directors actively participated in all the meetings of the Board. Among the members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Related Party Transactions Control Committee of the Board, the Company has appointed the requisite number of independent non-executive Directors as required by their respective rules, and the chairman of each of the specialized committees is assumed by an independent non-executive Director. All the chairmen of the committees convened the meetings according to the relevant rules of procedure.

9.10 Supervisors and the Supervisory Committee

The Supervisory Committee is the supervisory body of the Company and is accountable to the general meeting. According to the Company Law and the Articles of Association of the Company, the Supervisory Committee is responsible for overseeing the financial activities and internal control of the Company, and the legality and compliance of the Board, the Operation Management and its members in the performance of their duties.

In 2019, the Supervisory Committee of the Company strictly complied with the relevant provisions of the Company Law and the Articles of Association of the Company, lawfully and diligently performed its duties, observed the relevant procedures, attended all on-site meetings of the Board and general meetings, made reports to the general meeting and submitted its working report and relevant proposals. Based on the spirit of being accountable to all Shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the Operation Management of the Company.

9.10.1 Meetings of the Supervisory Committee and attendance of Supervisors during the Reporting Period

During the Reporting Period, the Supervisory Committee of the Company convened ten meetings in total. Details of which are as follows:

1. During the 15th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 9 January 2019 at CITIC Securities Tower, Beijing, the Supervisory Committee considered and approved unanimously the Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the Company Complying with Relevant Laws and Regulations, the Proposal on the Plan in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction, the Proposal on the Transaction Constituting a Related Party Transaction, the Proposal on Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the CITIC Securities Company Limited and Its Summary, the Proposal on Entering into the Framework Agreement on the Acquisition of Assets by Issuance of Shares by the Company and Specific Parties Subject to Conditions Precedent, the Proposal on the Acquisition of Assets by Issuance of Shares Not Constituting a Backdoor Listing as Stipulated in Article 13 of the Administrative Measures for the Significant Asset Restructurings of Listed Companies, the Resolution on the Completeness of and Compliance with the Legal Procedures for the Transaction and the Validity of Legal Documents Submitted, the Proposal on the Transaction Complying with Article 4 of the Provisions on Several Issues Concerning Regulating the Significant Asset Restructurings of Listed Companies and the Resolution on the Engagement of Agencies by the Company to Provide Services for the Transaction.

2. During the 16th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 4 March 2019 at CITIC Securities Tower, Beijing, the Supervisory Committee considered and approved unanimously the Proposal on the Updated Plan in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transaction, the Proposal on the Transaction Constituting a Related Party Transaction, the Proposal on Report on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the CITIC Securities Company Limited (Draft) and Its Summary, the Proposal on Entering into the Agreement on the Acquisition of Assets by Issuance of Shares and Its Appendix among the Company, Its Wholly-owned Subsidiary and Specific Parties Subject to Conditions Precedent, the Proposal on the Acquisition of Assets by Issuance of Shares Not Constituting a Backdoor Listing as Stipulated in Article 13 of the Administrative Measures for the Significant Asset Restructurings of Listed Companies, the Proposal on the Acquisition of Assets by Issuance of Shares and Related Party Transaction of the Company Complying with Relevant Laws and Regulations, the Proposal on the Transaction Complying with Article 4 of the Provisions on Several Issues Concerning Regulating the Significant Asset Restructurings of Listed Companies, the Proposal on the Audit Report, the Pro Forma Review Report and the Asset Valuation Report in Relation to the Transaction, the Proposal on the Independence of the Appraisal Institution, Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Method Selected to Appraisal Objectives and Status of Assets under Appraisal and the Fairness of the Appraisal Price, the Proposal on the Risk Warning on Dilution of Immediate Return and Remedial Measures Taken in This Respect under the Transaction, the Proposal on the Provision of Guarantee for Guangzhou Securities by the Company, the Proposal on Considering the Employee Stock Ownership Plan (Draft) and Its Summary of the Company and Resolution in Relation to the Completeness of and Compliance with Legal Procedures for the Transaction and the Validity of the Legal Documents Submitted.

3. During the 17th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 14 March 2019 by means of teleconference, the Supervisory Committee considered and approved unanimously the Resolution on Election of the Chairman of the Supervisory Committee of the Company.

4. During the 18th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 21 March 2019 at CITIC Securities Tower, Beijing, the Supervisory Committee unanimously considered and approved the 2018 Work Report of the Supervisory Committee, the Proposal on Considering the 2018 Annual Report of the Company, the 2018 Profit Distribution Plan, the Proposal on Considering the Total Remuneration of Supervisors of the Company for 2018 and the Resolution on Considering the 2018 Social Responsibility Report of the Company; and conducted reviews on the 2018 Assessment Report on the Internal Control, the 2018 Audit Work Report, the 2018 Comprehensive Risk Management Report and the 2018 Compliance Report.

5. During the 19th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 29 April 2019 by means of teleconference, the Supervisory Committee considered and approved unanimously the 2019 First Quarterly Report of the Company and issued written review opinions.

6. During the 20th Meeting of the Sixth Session of the Supervisory Committee of the Company held on 22 August 2019 by means of teleconference, the Supervisory Committee considered and approved unanimously the 2019 Interim Report of the Company with written review opinions issued, and reviewed the 2019 Interim Compliance Report of the Company and the 2019 Interim Comprehensive Risk Management Report of the Company.

7. During the 21st Meeting of the Sixth Session of the Supervisory Committee of the Company held on 30 October 2019 by means of teleconference, the Supervisory Committee considered and approved unanimously the 2019 Third Quarterly Report of the Company, and issued written review opinions.

8. During the 22nd Meeting of the Sixth Session of the Supervisory Committee of the Company held on 13 November 2019 at CITIC Securities Tower in Beijing, the Supervisory Committee considered and approved unanimously the Proposal on Election of Non-employee Representative Supervisor of the Seventh Session of the Supervisory Committee.

9. During the 23rd Meeting of the Sixth Session of the Supervisory Committee of the Company held on 13 December 2019 by means of teleconference, the Supervisory Committee considered and approved unanimously the Resolution on Withdrawal of One Specific Sub-Resolution of the 2019 Second Extraordinary General Meeting.

10. During the 1st Meeting of the Seventh Session of the Supervisory Committee of the Company held on 31 December 2019 at Beijing Ruicheng Four Seasons Hotel, the Supervisory Committee considered and approved unanimously the Proposal on Election of Non-employee Representative Supervisor of the Seventh Session of the Supervisory Committee and the Resolution in relation to the Election of Convener of the Supervisory Committee.

During the Reporting Period, the attendances of Supervisors at the meetings of the Supervisory Committee are as follows:

Name of Supervisor	Position	Scheduled attendance at meetings of the Supervisory Committee during the year	Actual attendance	Attendance at on-site meetings by other means	Attendance by proxy	Absence	Means of attending on-site meetings
LI Ning	Employee Representative Supervisor, Convener of the Supervisory Committee	1	1	—	—	—	On-site
GUO Zhao	Supervisor	10	10	1	—	—	On-site/ teleconference
RAO Geping	Supervisor	10	10	3	—	—	On-site/ teleconference
NIU Xuekun	Employee Representative Supervisor	1	1	—	—	—	On-site
LIU Hao	Former Supervisor, Former Chairman of the Supervisory Committee	7	7	—	—	—	On-site
LEI Yong	Former Employee Representative Supervisor	9	9	1	—	—	On-site/ teleconference
YANG Zhenyu	Former Employee Representative Supervisor	9	9	—	—	—	On-site
Meetings of the Supervisory Committee held during the year 10							
Of which: number of meetings held on-site 5							
Number of meetings held via communications 5							
Number of meetings held by means of on-site combined with communications —							

Note 1: In 2019, the Sixth Session of the Supervisory Committee of the Company held nine meetings and the Seventh Session of the Supervisory Committee of the Company held one meeting.

Note 2: During the terms of office of Mr. LI Ning and Ms. NIU Xuekun in 2019, the Company held one meeting of the Supervisory Committee and they both attended this meeting.

Note 3: During the term of office of Mr. LIU Hao in 2019, the Company held seven meetings of the Supervisory Committee and he attended all the meetings.

Note 4: During the term of office of Mr. LEI Yong and Mr. YANG Zhenyu in 2019, the Company held nine meetings of the Supervisory Committee and they attended all the meetings.

9.10.2 Participating in the audit project of the Company and conducting on-site inspections

To ensure the Supervisors to perform their supervision duties, the Supervisory Committee continued to strengthen supervision and inspection of the Company's day-to-day operations. In particular, combined with the Company's audit project, the Supervisors of the Company participated in the on-site opinion exchange sessions on audit held by the Auditing Department about relevant departments, outlets and subsidiaries, and visited some of the subsidiaries.

In 2019, the Supervisory Committee of the Company completed 5 on-site activities in total. The details are as below:

Date	Name of Supervisor	On-site inspection unit
28–29 March 2019	LIU Hao, LEI Yong	Sichuan Branch Office, Chengdu Tianfu Road Outlet
18–19 April 2019	LIU Hao, GUO Zhao, Rao Geping, LEI Yong	Jiangsu Branch Office, Nanjing Shuanglong Road Outlet
11–12 July 2019	LIU Hao, GUO Zhao, LEI Yong	Hunan Branch Office
31 October–1 November 2019	LIU Hao, GUO Zhao, LEI Yong, YANG Zhenyu	Zhejiang Branch Office, Hangzhou Wensan Road Outlet
12–13 December 2019	LIU Hao, GUO Zhao, RAO Geping, LEI Yong	Hainan Branch Office

Through on-site inspections, the ways for the Supervisors to perform their duties were further enriched, which improved their understanding of the Company's operations and basic conditions, and effectively enhanced the capabilities of the Supervisor of the Company to supervise the operation and management activities of the Company.

9.10.3 Independent opinion of the Supervisory Committee

During the Reporting Period, the Supervisors attended all on-site meetings of the Board and general meetings as observers. They supervised and inspected the operation in accordance with laws, major decisions, major business activities and the financial position of the Company. On the basis of the above, the following independent opinions were given:

1. The Company managed to operate in strict compliance with the Company Law, the Securities Law, the Articles of Association of the Company and the relevant rules and regulations of the State, and the decision-making procedure of the Company was legal. The Company was able to continuously improve its internal control system, and none of the Directors and Senior Management was involved in any violation of laws and disciplines or other acts that may harm the interests of the Company when performing their duties for Company affairs. The Supervisory Committee of the Company had no disagreement with any supervisory matters during the Reporting Period.

2. The financial position of the Company was operated well. The financial report for 2019 had been audited by PwC. Both accountants had issued their respective audit reports with unqualified opinions, which gave a true and fair view of the financial position and the business performance of the Company.

3. In 2019, the Company issued one tranche of public corporate bonds with an issuance size of RMB3 billion and five tranches of non-public corporate bonds with an issuance size of RMB15.2 billion in total. The Company issued two tranches of non-public subordinated bonds with an issuance size of RMB5.5 billion in total, all proceeds of which were used to replenish the working capital of the Company, as well as one tranche of financial bonds with an issuance size of RMB9 billion, the raising funds from which was used to relieve the market liquidity risk and corporate liquidity management. The Company issued 12 tranches of short-term Commercial Papers with an issuance size of RMB40 billion in total and beneficiary certificates with an issuance size of RMB37.982 billion, all of which were used to replenish the working capital and liquidity of the Company. The Company established special proceeds accounts for various tranches of corporate bonds and subordinated bonds in accordance with the Administrative Measures for the Issuance and Trading of Corporate Bonds, to receive, deposit and transfer proceeds and to organize and manage the payment of interest and redemption of principal. As at the end of the Reporting Period, proceeds of each tranche of bonds were completely used, which was in line with the usage, using plan and other agreements in the prospectuses.

4. Acquisitions or disposals of assets were made by the Company at reasonable prices. No insider dealings were found, nor was there any circumstances which may jeopardize the interests of part of the Shareholders or cause any loss to the Company's assets.

5. The relevant related party/connected transactions of the Company were fair, in compliance with laws and not prejudicial to the interests of the Company.

6. The Secretary to the Board is designated to be responsible for information disclosure as well as receiving incoming calls, visits and enquiries and other activities from investors. The Company has designated China Securities Journal, Shanghai Securities News and Securities Times as the newspapers for information disclosure of the Company, and the website of the SSE at http://www.sse.com.cn and the HKExnews website of the Hong Kong Stock Exchange at http://www.hkexnews.hk as the websites for information disclosure of the Company. The Company had been in strict compliance with the provisions and requirements of the relevant laws and regulations and the Information Disclosure Management System to truly, accurately, timely and completely disclose relevant information and ensure that all Shareholders were given equal opportunities to be informed of the relevant information.

   During the Reporting Period, Information Disclosure Management System, Registration System for Person Informed of Inside Information and other relevant systems of the Company were effectively implemented, the Company's information disclosure was further regulated, the Company's information disclosure management level and quality of information disclosure were enhanced, the principle of fairness of information disclosure was maintained, and the legal rights of investors were protected. Meanwhile, the Information Disclosure Management System and the Company's internal system provided clear requirements on the reporting, delivery, review and disclosure procedures for significant matters of the Company and it was implemented well.

7. The written review opinions on the annual report prepared by the Board were as follows:

   The preparation and approval procedures of the annual report of the Company were in compliance with all the requirements under the relevant laws and regulations, the Articles of Association of the Company and the internal management systems of the Company;

   Contents and format of the annual report were in compliance with the relevant requirements of the regulatory authorities, and information disclosed therein can completely and truly reflect the operational and financial conditions and other matters of the Company for the year;

   None of the persons involved in the preparation and review of the annual report had committed any action in breach of confidentiality requirements in respect of the annual report.

8. The Supervisory Committee of the Company reviewed the 2019 Profit Distribution Plan of the Company and considered that the 2019 Profit Distribution Plan of the Company formulated by the Board was in compliance with the requirements of the relevant laws, regulations and the regulatory documents of the Company and strictly performed the cash dividend decision-making procedure. The 2019 Profit Distribution Plan of the Company had given full consideration to the Company's internal and external factors, Company's current status, development plan, future capital requirements and the overall and long-term interest of the Shareholders. Consent has been given to submit this plan to the general meeting of the Company for consideration.

9. The Supervisory Committee of the Company reviewed the 2019 Audit Work Report, the 2019 Assessment Report on Internal Control, the 2019 Compliance Report, the 2019 Integrity Practice Management Report and the 2019 Comprehensive Risk Management Report of the Company, and they had no disagreement with the contents therein.

9.10.4 Description of the risks which the Supervisory Committee has discovered in the Company

The Supervisory Committee had no disagreement in relation to any supervisory matters during the Reporting Period.

9.11 Appointment of Auditors

Please refer to "6.2 Appointment or Termination of Service of Accounting Firms" of this results announcement.

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of audit opinions on the financial statements based on their audit work.

9.12 Non-audit Work

During the Reporting Period, the Company engaged PwC Zhong Tian to provide non-audit services including acquisition project audit, bond issuance assurance, tax assurance, ESG report assurance and consultancy services to the Company, with a total of non-audit service fee of RMB4.36 million.

9.13 Responsibilities of Directors for the Financial Statements

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this results announcement. Each responsibility statement shall be understood separately.

All Directors of the Company confirm that they have the responsibilities to compile the financial statements which can truly reflect the business results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause material adverse impact on the ongoing operations of the Company.

9.14 Company Secretary

The Company Secretary is accountable to the Board, and ensures that various meetings of the Board are successfully convened according to the correct procedures; advises and recommends on issues related to corporate governance; and promotes the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

The Company Secretary circulates the agenda on corporate governance for the Chairman, and provides sufficient explanation and information to the Board in a timely manner, especially the arrangement of annual Board meetings and meetings of every specialized committee thereunder; regularly provides Weekly Information and Monthly Management to the Board and the Supervisory Committee to keep the Board and the Supervisory Committee abreast of the latest development of the Company in a timely manner. The Company Secretary provides sufficient bases and recommendations on corporate governance, Board meeting procedures, non-executive Directors' involvement in the internal management meetings, and non-executive Directors' visits to the Company and other matters for the Board's review. The Directors are entitled to obtain the Company Secretary's opinions, recommendations and related services. During the Reporting Period, the Company Secretary duly performed her duties, ensured that the respective meetings of the Board of the Company are successfully convened and promoted the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

During the Reporting Period, Ms. ZHENG Jing, the former Secretary to the Board of the Company, served as the Company Secretary. In order to better perform her duties and in accordance with the relevant requirements of the Hong Kong Listing Rules, Ms. ZHENG Jing received a total of 36.5 hours of professional training including: participated in the 51st Lecture on Strengthening Continuous Professional Improvement for affiliated members organized by the Hong Kong Institute of Chartered Secretaries; participated in the business training on the Provisions for the Equity Management of Securities Company organized by the Securities Association of China; participate in ESG Workshop organized by PwC; participated in the special training on risk prevention and solutions of securities service institutions organized by Jia Yuan Law Office; participated online in the Phase I Special Training on Information Disclosure Compliance of Listed Companies and Training on Actual Controllers of Listed Companies, and Business Training on Dynamic Analysis of Regulatory Policies held by the SSE in 2019; participate in Reputation Risk Management Training and Securities Practitioners Subsequent Training.

Due to personal reasons, Ms. ZHENG Jing submitted her resignation report to the Board on 11 February 2020, and ceased to serve as the Secretary to the Board and resigned from her positions as the Company Secretary, Authorized Representative and other positions in the Company, with effect from 11 February 2020. The Board resolved at a meeting held on 11 February 2020 to appoint Ms. LIU Xiaomeng as the Authorized Representative of the Company and appoint Ms. LIU Xiaomeng and Ms. YU Hiu Kwan, Hilda as the Joint Company Secretaries, both with effect from 11 February 2020.

Biography details of each of Ms. LIU Xiaomeng and Ms. YU Hiu Kwan, Hilda are set out as below:

Ms. LIU Xiaomeng, aged 36, currently serves as a senior vice president in the Board Office. Ms. LIU joined the Company in 2008 and previously served as a translator at the Ministry of Science of Technology of China and a senior manager in the investment bank committee of the Company. Ms. LIU obtained a dual bachelor's degree in English literature and international relations and foreign affairs in 2005 from Peking University, and obtained a master's degree in English simultaneous interpretation in 2007 from Beijing Foreign Studies University. Ms. LIU was approved by the SSE in October 2012 on the qualification of serving as the secretary to the board of directors of company listed on the SSE. Ms. LIU has been an affiliated member of the Hong Kong Institute of Chartered Secretaries[Note] since October 2019. (Note: Ms. LIU Xiaomeng is an "affiliated member" of the Hong Kong Institute of Chartered Secretaries, not an "associate member" of the Hong Kong Institute of Chartered Secretaries as previously disclosed in the announcement published by the Company on 11 February 2020 in relation to the change of Company Secretary and Authorized Representative of the Company.)

Ms. YU Hiu Kwan, Hilda, aged 31, currently serves as a senior company secretarial services officer in CLSA Hong Kong Holdings Limited, an indirect wholly-owned subsidiary of the Company, and is mainly responsible for corporate governance and other company secretarial related works. Ms. YU joined the Group in 2017, and has served as a senior company secretarial services officer of CLSA Hong Kong Holdings Limited since then, during which period, she concurrently served as the company secretary of CLSA Premium Limited (a company listed on the Hong Kong Stock Exchange, stock code: 06877) from August 2019 to October 2019. From March 2017 to November 2017, she served as the company secretary and corporate finance executive of Messis Capital Limited. From November 2013 to March 2017, she worked at Tricor Services Limited and provided company secretarial services to various companies. From October 2012 to October 2013, she served as a premier relationship officer of the Hongkong and Shanghai Banking Corporation Limited. From July 2012 to September 2012, she served as a banking officer of Citibank (Hong Kong) Limited. From January 2011 to January 2012, she served as a premium banker of HSBC Bank Canada and a mutual funds advisor of HSBC Investment Funds (Canada) Inc. Ms. YU obtained a Bachelor's degree in economics and geography in 2010 from University of Toronto, and obtained a Master's degree in professional accounting and corporate governance in 2015 from City University of Hong Kong. Ms. YU has been an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since September 2016.

9.15 Investor Relations

9.15.1 Amendments to the Articles of Association

On 26 June 2018, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2017 Annual General Meeting of the Company. It was agreed that the Company, in accordance with the regulatory requirements and considering its specific situation, would make corresponding amendments to certain articles in the Company's Articles of Association and the Appendix. The amendments mainly involve the following five aspects: specifying that the Company may establish a subsidiary to conduct private investment fund business and may establish a subsidiary to conduct alternative investment businesses including financial products and equity interests, other than those categories listed on the List of Securities Investments for Proprietary Trading of Securities Companies, so as to keep consistent with the regulatory requirements; specifying the duties and powers in risk management of the Board, the Risk Management Committee of the Board and Executive Committee; specifying the compliance management duties and powers of the Board, the Supervisory Committee and Executive Committee of the Company; confirming the duties and powers of the general meeting and the authorization to the Board by the general meeting; and adjusting relevant content according to the actual situation of the Company. After the above mentioned amendments to the Articles of Association of the Company were approved by the Shenzhen Securities Regulatory Bureau, and the relevant industrial and commercial changes and filing procedures have been completed on 5 September 2019.

On 31 December 2019, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2019 Second Extraordinary General Meeting of the Company. It was agreed that the Company, in accordance with the regulatory requirements and taking into account its situation, will make corresponding amendments to certain articles in the Articles of Association of Company and its Appendix. The amendments mainly involve the following seven aspects: amending the articles in relation to share repurchase in accordance with the amended Company Law; further improving the governance structure and operating mechanism of the Company in accordance with the amended Code of Corporate Governance for Listed Companies; revising the articles in relation to share repurchase and corporate governance in accordance with the Guidelines for the Articles of Association of Listed Companies; updating relevant articles in accordance with the amendments to the SSE Listing Rules; specifying the role of Chief Information Officer as a member of the senior management and the duties and powers in relation to the information technology governance of the Board and the Executive Committee; including the regulatory requirements in relation to the equity management and other relevant contents in the Articles of Association of the Company; further clarifying the scope of authorization of the general meeting and the Board. Currently, the amendments to the Articles of Association of the Company are still subject to the completion of filling with the relevant industrial and commercial administration authorities and reporting to and filing with the Companies Registry of Hong Kong.

9.15.2 Work conducted relating to investor relations during the Reporting Period

The Board and the Operation Management of the Company value the investor relations work and actively participate in investor management work to enhance the investors' understanding of the Company, continuously promote work relating to corporate governance and investor protections.

In 2019, the Company upheld its principle of being open, fair and just with an active and open attitude to conduct management work of investor relations, ensured the truthfulness, accuracy and completeness of the information disclosed, and optimized information communication channels for the investor relations management, which achieved good communication effects.

In 2019, the Company organized various communication activities for investors and analysts in accordance with the regulatory requirements and the needs for business development including: three general meeting was held to consider important issues such as the acquisition of assets by issuance of shares, the 2018 profit distribution, and the re-election of the Board and the Supervisory Committee, with the presence of the Directors, Supervisors, Senior Management and heads of the relevant business divisions of the Company to explain matters to be discussed at the meetings, introduce the strategic goals and the latest development of the Company to the Shareholders and answer the Shareholders' inquiries, through which the Company was able to achieve satisfactory communication with the Shareholders. The press conference for the 2018 annual results and conference call for the publication of the 2019 interim results were held along with the publication of periodic reports; we visited investors to promote in-depth understanding of the investors on the operations and performance of the Company; taking into consideration of the Company's strategic arrangements and business development situation, the management of the Company actively communicated with investors, thereby effectively enhancing the investors' understanding of the investment values of the Company, comprehensively advertising the advantage of the Company's business development and effectively leading the market expectations. In 2019, the Company participated in the online reception day for investors of listed companies in Shenzhen administrative area to communicate and discuss the corporate strategy, risk control and financial technology. In addition, investor relations team of the Company maintained smooth and effective communication with investors and analysts, and timely exchanged views on hot topics in the market as well as updates in regulatory policies. The Company also ensured the investor hotline access rate, continuously optimized the function of the mailbox and the Company's website, timely updated the contents on SSE e-interaction platform, and replied to investors' questions to provide investors with a more convenient, quick, timely and comprehensive method to understand the development of the Company.

9.16 Internal Control

9.16.1 Statement of the Board regarding the responsibility of internal control

In accordance with the requirements of the corporate internal control standard system, it is the responsibility of the Board of the Company to establish, improve and effectively implement internal control, assess its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee oversees the establishment and implementation of internal control by the Board. The managers are responsible for organizing and steering the day-to-day operation of corporate internal control.

The goal of the Company's internal control is to provide a reasonable assurance for the legal compliance of the operation and management, safety of the assets, truthfulness and completeness of the financial reports and relevant information, improve operational efficiency and effectiveness so as to facilitate the realization of development strategies. Due to its inherent limitations, internal control can only provide a reasonable assurance for the achievement of the above objectives. Moreover, due to changes in circumstances may render the internal control to be inappropriate, or reduce the degree of compliance with policies and procedures of the internal control, predicting effectiveness of future internal control based on the assessment results of internal control may involve certain risks.

During the Reporting Period, the Board completed the review of the effectiveness of the Group's risk management and internal control systems through the Audit Committee, covering all material controls, including financial, operational and compliance controls. There were no significant internal control issues found during the relevant review. The Board was of the view that the existing risk management and internal control systems were effective and sufficient during the year and as of the disclosure date of this results announcement.

9.16.2 Procedures for identifying, assessing, and managing significant risks

For the Company's procedures for identifying, assessing and managing significant risks please refer to the section "4.5 Risk Management" of this results announcement.

9.16.3 Procedures for resolving severe deficiencies in internal control

The Company conducts a self-evaluation of the risk management systems during its annual internal control assessment. If any defect is found, the Company will formulate a rectification plan to diminish the defect. Risk events and potential defects that arise in the day-to-day risk management work are effectively managed according to the procedures of risk management systems. Under its comprehensive risk management system, the Company regularly updates and revises risk management systems and processes so as to adapt to the changing risk exposures and management requirements. The Audit Department of the Company inspects the internal controls of each business and issues audit reports, offer advice for rectification and provides management proposals on issues found during the audit. The Compliance Department of the Company formulates defect rectification plans in accordance with laws and regulations as well as the regulatory requirements, and also responsible for the specific implementation of defect rectification work.

9.16.4 Basis of establishment of internal control over the financial report

During the Reporting Period, the Company further established and improved internal control over financial reports continuously in accordance with requirements of the Basic Norms of Internal Control for Enterprises and its ancillary guidance, the Guidance for the Internal Control of Securities Companies, the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange and other relevant laws, regulations and rules, after taking into account the specific situation of the Company.

According to the criteria for determining material weakness, significant deficiency and general deficiency as defined in the laws and regulations mentioned above, and also considering the factors including its scale, industry-specific features and risk level, the Company studied and defined the criteria suitable for the specific determination of internal control defects of the Company and kept it consistent with the criteria of the previous years.

"Material weakness" refers to one defect or a combination of defects in internal control that may cause the enterprise to materially deviate from the objectives of internal control. "Significant deficiency" refers to one defect or a combination of defects in internal control that with less severity and less severe economic consequences than a material defect, but it may still cause the enterprise to deviate from the objectives of internal control. "General deficiency" refers to other defect other than a material defect or a major defect.

According to the criteria outlined above and based on the findings on routine supervision and special supervision, it is concluded that the Company had a sound internal control system and mechanism during the Reporting Period. The Company has effectively implemented its internal control system and mechanism in its work, and no material or major defects were found in its internal control over the financial report of the Company.

9.16.5 Overall view on establishment of the internal control system

The Company has attached great importance to the development of its internal rules and regulations and its management systems since the Company was established. Since the promulgation of the Basic Norms of Internal Control for Enterprises, the Guidance for the Internal Control of Securities Companies, and the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange, the Company has further improved its internal control according to the relevant requirements and made consistent efforts to improve internal control in every aspect of its business development.

In 2011, as a key pilot company under the Shenzhen Securities Regulatory Bureau, the Company, from the prospective of a listed Company, had duly conducted the pilot regulating on internal control, and appointed the external consulting firms for assistance, and adopted the best practice and methodology on internal control from the external consulting firm. In 2012, the Company, from the prospective of a securities company, conducted and successfully completed its internal control activity in accordance with the *Notice on Conducting Internal Control Activities among Securities Companies in Shenzhen Administrative Area*, and further improved its internal control system. Since 2012, with the authorization of the Board of the Company, the Compliance Department of the Company has led the establishment of the internal control self-assessment working group of the Company to independently conduct the internal control self-assessment. After years of accumulating experience, the Company has established a relatively stable system of personnel allocation and responsibilities and cultivated its internal control self-assessment procedures and mechanism which are in line with the actual situations of the Company, thereby enabling the assessment results to reflect a real and accurate picture of the Company's internal control.

As of the end of the Reporting Period, the Company has established an internal control system in line with its business nature, scale and degree of complexity, as well as achieved remarkable results in ensuring the compliance of the Company's operations and management, safety of the assets, truthfulness and integrity of the financial reports and relevant information, and the improvement of business efficiency and effectiveness.

During the Reporting Period, the Company had effectively put in place an internal monitoring and control system, and the procedures and internal monitoring and control measures for processing and issuing price sensitive information, and clearly defined the frequency of reviews on internal control and the standards adopted by Directors to appraise the effectiveness of the internal monitoring and control system.

The Company has established, improved and implemented a set of systems, including the information segregation wall, the registration system of persons informed of undisclosed information, and the registration system of persons informed of insider information, according to the regulatory requirements. It effectively prevented the improper use and dissemination of sensitive information. Meanwhile, the Company disclosed the relevant information in a true, accurate, complete and timely manner strictly in compliance with the laws, regulations and the Articles of Association, and ensured that all investors have equal opportunities of promptly accessing the Company's information.

9.16.6 Disclosure of appraisal report on the internal control

As a Company concurrently listed domestically and abroad, the Company has disclosed the 2019 Annual Assessment Report on Internal Control together with this results announcement. Pursuant to the requirements under the Basic Norms of Internal Control for Enterprises and its ancillary guidelines, the Rules No. 21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public – General Rules of Annual Report on Internal Control Evaluation and other relevant laws and regulations, the Company conducted a self-appraisal on the effectiveness of the design and operation of the Company's internal control as at 31 December 2019. In respect of the business and matters within the appraisal scope, the Company has established and effectively implemented an internal control system which has achieved the objectives of the Company's internal control and without material or major defects. The Company will disclose the Audit Report of Internal Control at the same time of the 2019 Annual Results Announcement.

9.16.7 Establishment and implementation of the registration and administration system for persons informed of inside information

In order to further improve the management system for information disclosures, upon consideration and approval by the Board, the Registration System for Persons Informed of Inside Information of the Company became effective from 29 September 2009. During the Reporting Period, the Company managed to achieve the due implementation of inside information management and registration of persons informed of inside information in accordance with the requirements under the Registration System for Persons Informed of Inside Information. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory authorities, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of such inside information, as well as the content and timing of such inside information became known to such persons. During the Reporting Period, the Company was not aware of any non-compliance with the Registration System for Persons Informed of Inside Information.

In addition, the Company set up the Registration System of Persons Informed of Undisclosed Information from the perspective of a securities company and established the information reporting mechanism and procedure regarding the information on persons informed of undisclosed information for various departments/business lines of the Company, specifying the responsibilities of the management personnel of undisclosed information in the Compliance Department and each department/business line, administrators of each department/business line and persons informed of undisclosed information in accordance with the requirements under the Notice Regarding Reinforcement of the Management of Persons Informed of Undisclosed Information by Securities Companies (Shen Zheng Ju Ji Gou Zi [2010] No. 126) issued by the Shenzhen Securities Regulatory Bureau. During the Reporting Period, in strict compliance with the Registration System of Persons Informed of Undisclosed Information, the Company conducted its registration of persons informed of undisclosed information quarterly, and, within the scope of responsibility of various departments/business lines of the Company, managed and registered the persons informed of undisclosed information in the course of business.

9.16.8 Implementation of the Company's accountability system for material errors in information disclosure in the annual report

In order to further improve the Company's internal control system and reinforce the financial accountability system, the Board of the Company developed the Accountability System for Material Errors in Information Disclosure in the Annual Report, and this system became effective on 29 March 2010.

During the Reporting Period, the system had been implemented satisfactorily, and there had been no material accounting error, material omission of information which needed to be supplemented, or correction on the preliminary announcement on the Company's results.

9.16.9 Other matters of report

Establishment of the compliance management system

The Company has established and constantly improved a comprehensive and multi-level organizational structure and system for compliance management. The compliance management of the Company is led by the Board, supervised by the Supervisory Committee and implemented by the Compliance Officer and the Compliance Department. The Operating Management, head of each department and the Compliance Supervisor of each department, perform their duties of compliance management within their own scope of authorities, respectively. The Company has established and improved a system with the Compliance Management Provisions as the basic system, and the Staff Compliance Code, Compliance Consulting and Review System, Compliance Inspecting and Monitoring System, Client Complaints Reporting and Handling System, Compliance Report System, Compliance Assessment System and Administrative Measures on Contracts, and etc. as the comprehensive management system, with the Information Segregation Wall System, the Administrative Measures on Anti-Money Laundering, Employee's Securities Investment Behavior Management System, Integrity Practices and Investor Appropriateness Management System, and etc. as the special management system and with the management systems of various departments and branches as the specific working system. Compliance management has been embedded in the Company's ordinary course of operational management.

During the Reporting Period, the Company formulated (revised) the Management Strategies of Money Laundering Risk, the Administrative Measures on Anti-Money Laundering and its ancillary rules, the Regulations on Management of Employees' Professional Qualifications, Interim Provisions for Managing Part-Time Employees, Client Securities Trading Activities Management and Self-Regulation Cooperative Working System, Employee Communication Activities Monitoring System and other compliance management systems. Through the establishment of the systems, the compliance management system has been further improved and standardized.

In respect of the informatization of compliance management, the Company further streamlined and optimized the monitoring and management processes for, among other things, the information segregation wall, employee practicing activities monitoring, client trading activities management, real-name based account management, blacklist monitoring, corporate client's beneficial owner identification and abnormal bond transaction monitoring, and also improved the functions of central control room, monitoring and management of employee practicing activities, client trading monitoring, anti-money laundering, blacklist monitoring and abnormal transaction monitoring. By increasing investments on resources and enriching compliance management tools and monitoring measures, the Company prevented various risks arising from, among other things, information segregation, employee practicing activities, rule-breaking operation and conflicts of interests.

As at the end of the Reporting Period, the Company's system of compliance management operated effectively, and all compliance management policies were effectively implemented, and the capability of compliance management informatization was further improved.

Internal audit

During the Reporting Period, the Audit Department of the Company completed routine audits, resignation audits, special audits and compulsory resignation audits on general managers of securities outlets for a total of 148 projects among 8 departments/business lines at the headquarter, 109 securities outlets and 8 subsidiaries of the Company. Details of which are as follows:

The 20 audit projects for the headquarter of the Company: including routine audits on bond underwriting business lines, regional investment banks, industry group of Investment Banking Management Committee, Fixed Income Department, and Custody Department; periodic audits on credit extension business, comprehensive risk management, material related party transactions, transactions with overseas subsidiaries and securities investment fund sales business; special audits on collective asset management plan, mobile securities trading APP, rectification of problems identified in the Company's anti-money laundering and auditing; resignation audits on former Chief Risk Officer, former Chief Financial Officer, former Head of Wealth Management Department; and resignation examination on 2 investment managers in the asset management business;

The 120 audit projects for the securities outlets: including compulsory resignation audits on general managers of 77 securities outlets, resignation audits on general managers of 42 securities outlets and special audit on 1 securities outlet;

The 8 audit projects for 8 subsidiaries: including routine audits on CITIC Securities Investment, CITIC China Securities Investment Service, Xinjiang Equity Exchange, Qingdao Training Center and Qingdao GoldStone Haorui; special audits on anti-money laundering of CSI and Kington Securities; and resignation audit on the former chairman of CLSA.

Through the audits mentioned above, the Audit Department of the Company evaluated the soundness and effectiveness of internal control in the audited units, revealing the existing major risks and playing a positive role in increasing awareness towards risk prevention among departments/business lines, securities outlets and subsidiaries and improving the risk management of the Company.

The status of the establishment of monitoring and replenishment mechanism of the risk control indicators of the Company

The Company continues to attach great importance to the supervision indicators. It has established a dynamic monitoring system of risk control indicators in accordance with the requirements under the Measures for the Administration of the Risk Control Indicators of Securities Companies, achieving T+1 dynamic monitoring and automatic early warning of risk control indicators, and setting up the trans-departmental communication & coordination mechanism to ensure the risk control indicators kept staying within the supervision limit consistently. Meanwhile, by continuously calculating and analyzing risk control indicators for a period of time in the future, the Company is able to identify risks and make warning in advance, so as to reasonably arrange the financing activities and usage of funds.

In 2019, the Company's main risk control indicators remained good with major risk control indicators kept within the supervision limit. Regarding the several cases of excessing the positions limit in terms of securities centralization, the Company made a timely report to the regulatory authorities and promptly formulated relevant solution plans. Besides, the Company also made consistent efforts to improve front-end control and back-end monitoring measures for the Company's internal system.

The Company has established the net capital replenishment mechanism to ensure continued compliance of risk control indicators, such as the net capital, in accordance with the requirements of the relevant regulatory authorities. As at the end of the Reporting Period, the net capital of the Company was RMB94.904 billion and all types of risk control indicators were in compliance with the relevant regulatory requirements.

Account regulation of the Company

In 2019, the Company continued to strengthen its day-to-day regulation over accounts, implement the real-name based requirement in opening and holding CSDC accounts, organize on-site inspections on the branches' businesses of real-name based accounts, and continue to follow the supplemental record of information for the integrated securities account, and report on the interest holders' data and products' net value, inspect the CSDC accounts, manage account information and etc. The Company provided special trainings for each branch of the Company, and also improved the process control of accounts opening through technical means, in order to eliminate the occurrence of opening non-compliance accounts.

As of 31 December 2019, the Company's brokerage clients had 15,782,278 securities accounts, of which 14,672,390 were qualified securities account, representing 92.97% of the total; 1,108,628 were dormancy securities accounts, representing 7.02% of the total; 1,055 were unqualified securities accounts, representing 0.01% of the total, 0 securities account was frozen by a judicial order and there was no risk disposal securities account. As of 31 December 2019, the Company's brokerage clients had 8,664,200 capital accounts, of which 7,581,210 are qualified capital accounts, representing 87.50% of the total; 1,080,780 were dormancy capital accounts, representing 12.47% of the total; 1,424 were unqualified capital account, representing 0.02% of the total; 27 were unqualified capital accounts frozen by judicial orders, representing 0.0003% of the total and there was no risk disposal capital account.

The above account regulation condition is also disclosed in the 2019 Assessment Report on Internal Control of the Company.

Self-assessment on the Implementation of the Management Measures on Information Disclosure by the Board

During the Reporting Period, the Company managed to disclose information in a manner that is true, accurate and complete in strict compliance with the laws, regulations, the Articles of Association of the Company and the Management System of Information Disclosure, so as to ensure the timely and fair information disclosure.

In 2019, the Management Measures on Information Disclosure, the Registration System for Persons Informed of Inside Information, and other relevant policies were effectively implemented. The Company further regulated information disclosure and improved the management and quality of information disclosure of the Company. At the same time, the Management Measures on Information Disclosure and other internal systems of the Company clearly specify the reporting, delivery, reviewing and disclosing procedures for material events of the Company. All these systems were effectively implemented.

There are no overdue debts for the Company

11. INDEPENDENT AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS CONTENTS

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Independent Auditor's Report

To the Shareholders of CITIC Securities Company Limited
(Incorporated in People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of CITIC Securities Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 156 to 263, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") 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"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment assessment
- Valuation of financial instruments held at fair value classified under Level 3 financial instruments
- Expected credit impairment allowance of Financing Assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to note 3(20), 4(1) and 22 to the consolidated financial statements. As at 31 December 2019, the carrying amount of goodwill was RMB10,023 million, primarily resulting from the acquisition of China Asset Management Co., Ltd ("China AMC") (RMB7,419 million) and CITIC Securities International Company Limited's acquisition of CLSA B.V. ("CLSA") (RMB2,004 million). As at 31 December 2019, the Group's accumulated impairment of goodwill was RMB929 million. Goodwill impairment assessment is performed annually. The impairment assessment relies upon the calculation of the recoverable amount for each of the Group's cash generating units ("CGUs"). The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. Management considers China AMC and CLSA as separate CGUs. The results of the value in use approach ("VIU") of China AMC and CLSA show no goodwill impairment in 2019 and it is not necessary to estimate using the other method. Management used the VIU to assess the recoverable amount by applying a discounted cash flow ("DCF") model based on key assumptions and inputs including revenue growth rate, terminal growth rate and discount rate. Goodwill impairment assessment was a key area of audit focus due to the significant management judgement involved in selecting the appropriate key assumptions and inputs used in the estimation of each CGU's recoverable amount, and the amount of any goodwill impairment that may be required.	We compared the key assumptions used by Management in preparing the cash flow forecasts of China AMC and CLSA under the VIU approach against the historical figures, the approved budgets and the business plans. We involved our internal valuation specialist to assess the reasonableness of the DCF model, including the growth rate in the forecast period, terminal growth rate and the discount rate used. Our assessment was based on our knowledge of the business and industry. We also tested the mathematical accuracy of calculations used in the cash flow forecast. Based on the results of our procedures, we found that management's judgements and assumptions used in the estimation of China AMC and CLSA's recoverable amounts to be acceptable.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial instruments held at fair value classified under Level 3 Financial Instruments	
Refer to note 3(3)(c), 4(3) and 57 to the consolidated financial statements. As at 31 December 2019, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy ("Level 3 Financial Instruments"), which were measured using valuation techniques that involve significant inputs that were not based on observable market data ("unobservable inputs"). Such inputs included liquidity discounts, volatility, risk adjusted discount rate and price to book ratios, etc. The amounts of Level 3 financial assets and financial liabilities as at 31 December 2019 were RMB16,093 million and RMB6,958 million, respectively. Valuation of the Level 3 Financial Instruments was a key area of audit focus due to the size of their amounts and the selection of unobservable inputs used in the valuation process which involved significant judgement.	We evaluated the design and tested the operating effectiveness of the Group's controls over data inputs to the valuation models and the ongoing monitoring and optimization of the models. We evaluated the appropriateness of the models used by Management for the valuation of Level 3 Financial Instruments by using our knowledge of those used in current industry practice. We also evaluated on a sample basis the reasonableness and appropriateness of the unobservable and observable inputs used for measuring the fair value of Level 3 Financial Instruments with reference to relevant market data. We performed an independent valuation and sensitivity analysis of the Level 3 Financial Instruments on a sample basis. Based on the results of our procedures performed above, we found the models used and inputs adopted by Management acceptable.

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit impairment allowance of Financing Assets Refer to note 3(3)(e), 4(5), 14, 31, 34 and 58(a) to the consolidated financial statements. As at 31 December 2019, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB 40,489 million (31 December 2018: RMB 38,619 million) with credit impairment loss allowance of RMB 3,046 million (31 December 2018: RMB 1,966 million). The credit loss allowances as at 31 December 2019 for Financing Assets represented Management's best estimates of the expected credit losses ("ECL") in accordance with International Financial Reporting Standard 9: "Financial Instruments". Management applied a three-stage impairment model to calculate the ECL. For Financing Assets classified under Stages 1 and 2, Management assessed credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including exposure at default and loss rate after taking into consideration forward looking factors. For credit-impaired Financing Assets classified under Stage 3, Management assessed the credit loss allowance by estimating the future cash flows after taking into consideration forward looking factors. Management assesses whether objective evidence of impairment existed for Financing Assets at each reporting date. The measurement model for ECL involves significant management judgments and assumptions, primarily including: (1) Selection of the appropriate models and assumptions; (2) Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment; (3) Projection of macroeconomic variables for forward-looking scenarios and probability weightings. The Group has established governance processes and controls over the measurement of ECL. ECL assessment of Financing Assets was considered to be a key area of audit focus due to the size of the balance and the significant management judgements involved.	We evaluated and tested the Group's internal controls relating to the measurement of ECL for Financing Assets which included: (1) Governance over ECL models, including the selection and approval of methodologies and model; and the ongoing monitoring and optimization of such models; (2) Review and approval of significant management judgements and assumptions, including: i) the criteria for SICR; ii) the definition of default and credit-impairment; and iii) the use of economic variables and relative weighting for forward-looking scenarios; (3) Internal controls over the accuracy and completeness of key inputs used by the models. In addition, we also performed the following procedures: (1) We examined the ECL modelling methodologies and assessed their reasonableness. We also evaluated whether the underlying coding for the models reflected the methodologies established by Management; (2) We examined the application of the SICR criteria and credit impairment definition by testing the collateral to Financing Assets ratio and the backstop past due days defined by Management; (3) For forward-looking scenarios, we examined the basis of determining of the economic variables, number of scenarios and relative weightings; assessed the reasonableness of the economic variables forecasted under the different scenarios; and performed sensitivity analysis on economic indicators and relative weightings; (4) We examined major data inputs to the ECL models for selected samples, including exposure at default and loss rate after taking into consideration forward looking factors; (5) For credit-impaired assets under Stage 3, we tested, on a sample basis, the credit loss allowance computed by Management with reference to financial information of borrowers and guarantors, and the latest collateral valuations, as appropriate. Based on the audit procedures performed, in the context of the inherent uncertainties associated with the measurement of ECL, we considered the models, key parameters, significant judgements and assumptions adopted by Management and the measurement results to be acceptable.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and Those Charged with Governance 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible 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. We report our opinion 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 judgment and maintain professional scepticism 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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 Ho Shuk Ching, Margarita.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

(In RMB thousands, unless otherwise stated)

	Notes	**2019**	2018
Revenue			
Fee and commission income		**21,515,042**	20,294,821
Interest income	8	**13,257,056**	13,654,422
Investment income	9	**15,891,370**	8,045,850
		50,663,468	41,995,093
Other income	10	**6,416,894**	9,065,926
Total revenue and other income		**57,080,362**	51,061,019
Fee and commission expenses	11	**3,492,863**	2,868,013
Interest expenses	11	**11,212,466**	11,232,013
Staff costs	11	**12,441,448**	10,524,690
Depreciation of property, plant and equipment		**378,562**	420,114
Tax and surcharges		**292,697**	255,151
Other operating expenses and costs	11	**10,478,415**	11,816,544
Expected credit losses	14	**1,891,580**	2,186,773
Impairment losses on other assets	15	**698,816**	23,805
Total operating expenses		**40,886,847**	39,327,103
Operating profit		**16,193,515**	11,733,916
Share of profits and losses of:			
Associates		**792,777**	742,865
Joint ventures		**8,344**	(11,210)
Profit before income tax		**16,994,636**	12,465,571
Income tax expense	16	**4,346,200**	2,589,143
Profit for the year		**12,648,436**	9,876,428
Attributable to:			
Owners of the Parent		**12,228,610**	9,389,896
Non-controlling interests		**419,826**	486,532
		12,648,436	9,876,428
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	19	**1.01**	0.77
— Diluted	19	**1.01**	0.77

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(In RMB thousands, unless otherwise stated)

	2019	2018
Profit for the year	**12,648,436**	9,876,428
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Net gains on investments in debt instruments measured at fair value through other comprehensive income	**164,748**	143,191
Net (losses)/gains on debt instruments measured at fair value through other comprehensive income in prior period reclassified to profit on disposal	**(25,049)**	21,438
Income tax relating to these items	**(41,187)**	(35,797)
	98,512	128,832
Share of other comprehensive income of associates and joint ventures	**5,998**	40,171
Exchange differences on translation of foreign operations	**234,747**	571,760
Other	**(26,008)**	(3,931)
	313,249	736,832
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Net gains/(losses) on investments in equity instruments designated as at fair value through other comprehensive income	**741,454**	(2,202,092)
Income tax relating to these items	**(194,134)**	520,401
	547,320	(1,681,691)
Share of other comprehensive income of associates and joint ventures	**13,119**	(18,951)
Other	**1,041**	(280)
	561,480	(1,700,922)
Other comprehensive income for the year, net of tax	**874,729**	(964,090)
Total comprehensive income for the year	**13,523,165**	8,912,338
Attributable to:		
Owners of the Parent	**13,001,196**	8,372,396
Non-controlling interests	**521,969**	539,942
	13,523,165	8,912,338

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2019	2018
Non-current assets			
Property, plant and equipment	20	**7,761,756**	8,046,233
Investment properties	21	**1,254,733**	1,332,508
Goodwill	22	**10,022,824**	10,507,495
Land-use rights and intangible assets	23	**3,072,628**	3,269,423
Investments in associates	25	**8,925,954**	8,638,309
Investments in joint ventures	25	**75,129**	399,986
Financial assets at fair value through other comprehensive income	26	**16,279,369**	15,532,415
Financial assets at fair value through profit or loss	32	**26,201,794**	22,561,994
Refundable deposits	27	**1,459,937**	1,112,777
Deferred income tax assets	28	**5,241,489**	4,223,026
Right-of-use assets	29	**1,600,885**	
Other non-current assets	30	**2,186,789**	4,049,183
Total non-current assets		**84,083,287**	79,673,349
Current assets			
Fee and commission receivables		**1,712,168**	1,397,133
Margin accounts	31	**70,673,845**	57,197,814
Financial assets at fair value through other comprehensive income	26	**23,684,063**	36,327,828
Financial assets at fair value through profit or loss	32	**329,146,513**	224,875,080
Derivative financial assets	33	**7,351,073**	11,388,102
Reverse repurchase agreements	34	**58,830,053**	67,370,441
Assets held for sale		**194,678**	—
Other current assets	35	**33,202,905**	30,255,394
Cash held on behalf of customers	36	**118,401,385**	92,420,971
Cash and bank balances	37	**64,442,459**	52,226,605
Total current assets		**707,639,142**	573,459,368
Current liabilities			
Customer brokerage deposits	38	**123,351,754**	97,773,997
Derivative financial liabilities	33	**13,991,750**	9,311,899
Financial liabilities at fair value through profit or loss	39	**44,317,791**	38,880,234
Repurchase agreements	40	**174,447,893**	121,669,027
Due to banks and other financial institutions	41	**33,136,195**	19,314,867
Taxes payable	42	**2,884,805**	2,872,998
Short-term loans	43	**7,404,905**	5,656,710
Short-term financing instruments payable	44	**20,137,293**	18,059,345
Lease liabilities	45	**463,904**	
Other current liabilities	46	**97,606,548**	82,013,442
Total current liabilities		**517,742,838**	395,552,519
Net current assets		**189,896,304**	177,906,849
Total assets less current liabilities		**273,979,591**	257,580,198

	Notes	31 December 2019	2018
Non-current liabilities			
Debt instruments issued	47	**89,420,833**	88,057,370
Deferred income tax liabilities	28	**2,843,995**	1,967,608
Long-term loans	48	**383,334**	953,229
Financial liabilities at fair value through profit or loss	39	**13,399,208**	8,765,605
Lease liabilities	45	**1,102,999**	
Other non-current liabilities	49	**1,379,430**	1,004,890
Total non-current liabilities		**108,529,799**	100,748,702
Net assets		**165,449,792**	156,831,496
Equity			
Equity attributable to Owners of the Parent			
Issued Share capital	50	**12,116,908**	12,116,908
Reserves	51	**89,404,254**	85,826,084
Retained earnings		**60,104,047**	55,197,777
		161,625,209	153,140,769
Non-controlling interests		**3,824,583**	3,690,727
Total equity		**165,449,792**	156,831,496

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 19 March 2020.

ZHANG Youjun
Chairman

YANG Minghui
Executive Director and President

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(In RMB thousands, unless otherwise stated)

		Attributable to owners of the Parent									
			Reserves								
	Notes	Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total
At 1 January 2019		**12,116,908**	**54,426,233**	**8,410,205**	**22,811,407**	**(454,624)**	**632,863**	**55,197,777**	**153,140,769**	**3,690,727**	**156,831,496**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**12,228,610**	**12,228,610**	**419,826**	**12,648,436**
Other comprehensive income for the year		**—**	**—**	**—**	**—**	**639,982**	**132,604**	**—**	**772,586**	**102,143**	**874,729**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**639,982**	**132,604**	**12,228,610**	**13,001,196**	**521,969**	**13,523,165**
Dividend — 2018	18	**—**	**—**	**—**	**—**	**—**	**—**	**(4,240,918)**	**(4,240,918)**	**—**	**(4,240,918)**
Appropriation to surplus reserves		**—**	**—**	**272,681**	**—**	**—**	**—**	**(272,681)**	**—**	**—**	**—**
Appropriation to general reserves		**—**	**—**	**—**	**2,803,580**	**—**	**—**	**(2,803,580)**	**—**	**—**	**—**
Capital decrease by equity holders — Others		**—**	**(270,677)**	**—**	**—**	**—**	**—**	**(5,161)**	**(275,838)**	**(200,049)**	**(475,887)**
Dividends to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(188,064)**	**(188,064)**
At 31 December 2019		**12,116,908**	**54,155,556**	**8,682,886**	**25,614,987**	**185,358**	**765,467**	**60,104,047**	**161,625,209**	**3,824,583**	**165,449,792**

		Attributable to owners of the Parent									
			Reserves								
	Notes	Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total
At 31 December 2017		12,116,908	54,449,057	8,164,570	20,826,927	2,131,888	102,709	52,006,987	149,799,046	3,343,513	153,142,559
Changes in accounting policy		—	—	88,986	143	(1,048,577)	9,719	782,076	(167,653)	—	(167,653)
At 1 January 2018 (Restated)		12,116,908	54,449,057	8,253,556	20,827,070	1,083,311	112,428	52,789,063	149,631,393	3,343,513	152,974,906
Profit for the year		—	—	—	—	—	—	9,389,896	9,389,896	486,532	9,876,428
Other comprehensive income for the year		—	—	—	—	(1,537,935)	520,435	—	(1,017,500)	53,410	(964,090)
Total comprehensive income for the year		—	—	—	—	(1,537,935)	520,435	9,389,896	8,372,396	539,942	8,912,338
Dividend — 2017	18	—	—	—	—	—	—	(4,846,763)	(4,846,763)	—	(4,846,763)
Appropriation to surplus reserves		—	—	156,895	—	—	—	(156,895)	—	—	—
Appropriation to general reserves		—	—	—	1,984,337	—	—	(1,984,337)	—	—	—
Capital increase/(decrease) by equity holders — Others		—	(22,824)	(246)	—	—	—	6,813	(16,257)	535	(15,722)
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(193,263)	(193,263)
At 31 December 2018		12,116,908	54,426,233	8,410,205	22,811,407	(454,624)	632,863	55,197,777	153,140,769	3,690,727	156,831,496

The accompanying notes from an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(In RMB thousands, unless otherwise stated)

	2019	2018
Cash flows from operating activities		
Profit before income tax	**16,994,636**	12,465,571
Adjustments for:		
Financing interest expense	**6,417,900**	6,516,019
Share of profits and losses of associates and joint ventures	**(801,121)**	(731,655)
Interest income and dividend income from financial assets at fair value through other comprehensive income	**(2,050,296)**	(2,193,926)
Net gains on disposal of debt instruments at fair value through other comprehensive income	**(259,572)**	(55,211)
Net gains on disposal of property, plant and equipment and other assets	**783**	28,377
Gains on disposal of associates and joint ventures	**(493,821)**	(18,495)
Fair value (losses)/gains on financial assets and liabilities measured at fair value through profit or loss	**2,055,398**	(1,706,195)
Depreciation	**1,146,313**	532,567
Amortisation	**392,085**	432,503
Expected credit losses	**1,891,580**	2,186,773
Impairment on other assets	**698,816**	23,805
	25,992,701	17,480,133
Net (increase)/decrease in operating assets		
Financial assets at fair value through profit or loss	**(94,764,699)**	(56,837,870)
Cash held on behalf of customers	**(25,980,414)**	(34,634)
Other assets	**202,577**	69,016,900
	(120,542,536)	12,144,396
Net increase/(decrease) in operating liabilities		
Customer brokerage deposits	**25,442,481**	(2,617,679)
Repurchase agreements	**52,778,866**	10,049,100
Other liabilities	**17,069,330**	23,032,742
	95,290,677	30,464,163
Net cash inflow/(outflow) from operating activities before tax	**740,842**	60,088,692
Income tax paid	**(4,744,887)**	(2,469,822)
Net cash inflow/(outflow) from operating activities	**(4,004,045)**	57,618,870

	Notes	2019	2018
Cash flows from investing activities			
Dividend income and interest income received from financial assets at fair value through other comprehensive income		**2,050,296**	2,193,926
Net cash flow from purchases, leases and sales of items of property, plant and equipment and other assets		**(422,701)**	(449,868)
Net cash flow from disposal of subsidiaries	24(c)	**(78,523)**	—
Net cash flow from acquisition of subsidiaries	24(d)	**—**	(97,391)
Net cash flow from investments in associates and joint ventures		**27,582**	(244,394)
Net cash flow from disposal or purchase of financial assets at fair value through other comprehensive income		**14,670,872**	(22,196,936)
Net cash inflow/(outflow) from investing activities		**16,247,526**	(20,794,663)
Cash flows from financing activities			
Capital contribution from non-controlling interests		**—**	1,000
Cash inflows from borrowing activities		**15,408,411**	20,355,184
Cash inflows from issuing bonds		**102,389,150**	119,587,234
Payment of debts		**(106,666,041)**	(148,877,939)
Dividends and interest expense		**(10,321,724)**	(11,740,466)
Other cash outflows from financing activities		**(968,577)**	(1,076,302)
Net cash inflow/(outflow) from financing activities		**(158,781)**	(21,751,289)
Net increase in cash and cash equivalents		**12,084,700**	15,072,918
Cash and cash equivalents at the beginning of the year		**47,575,304**	30,938,954
Effect of exchange rate changes on cash and cash equivalents		**(238,522)**	1,563,432
Cash and cash equivalents at the end of the year	52	**59,421,482**	47,575,304

The accompanying notes form an integral part of these consolidated financial statements.

1 CORPORATE INFORMATION

CITIC Securities Company Limited (the "Company") was established in Beijing, the People's Republic of China (the "PRC" or "Mainland China", which excludes for the purpose of these consolidated financial statements, the Hong Kong Special Administrative Region of the PRC or "Hong Kong", the Macau Special Administrative Region of the PRC or "Macau", and Taiwan) on 25 October 1995. Pursuant to approval by the China Securities Regulatory Commission (the "CSRC"), the Company was restructured as a joint stock limited company in 1999. The Company's common stock was listed on the PRC domestic A-share market in 2003. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, the PRC.

According to a resolution relating to the issue and listing of H Shares in Hong Kong passed in the first extraordinary general meeting of shareholders in 2011, along with the "Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities" (CSRC [2011] No.1366) issued by the CSRC, the Company conducted its initial public offering of Overseas-Listed Foreign Shares ("H shares") from September to October 2011. Under this offering, the Company offered a total of 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400.00. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435_A09.

According to a resolution relating to the additional issuance and listing of H shares in Hong Kong passed in the first extraordinary general meeting of the shareholders in 2015, along with the "Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities the Approval relating to Additional Issuance of Overseas-Listed Foreign Shares of CITIC Securities Company Limited (CSRC [2015] No. 936)" issued by the CSRC, on 23 June 2015, the Company completed its additional issuance and listing of H shares in Hong Kong. Under this offering, the Company offered a total of 1,100,000,000 H shares with an offering price of HKD24.60 per share. As at 31 December 2015, the total share capital of the Company increased to RMB12,116,908,400.00. The capital increase has been verified by PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No. 748.

The Company (also referred to as the "Parent") and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622) for this financial year and the comparative period.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which have been measured at fair value, as further explained in the respective accounting policies below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Relevant standards and amendments effective in 2019 and adopted by the Group:

(1)	IFRS 16	Leases
(2)	IFRIC 23	Uncertainty over Income Tax Treatments
(3)	Amendments to IFRS 9	Prepayment Features with Negative Compensation
(4)	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRSs 2015–2017 Cycle
(5)	Amendments to IAS 19	Employee Benefits Regarding Plan Amendment, Curtailment or Settlement
(6)	Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures

(1) IFRS 16: Leases

IFRS 16 – Leases addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts, unless the underlying asset is of low value or of short lease term, in the statement of financial position. Accounting policies under IFRS 16 are described in Note 3 (18).

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

(2) IFRIC 23: Uncertainty Over Income Tax Treatments

In June 2017 the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments to clarify how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

(3) Amendments to IFRS 9: Prepayment Features with Negative Compensation

The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

(4) Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23: The Annual Improvements to IFRSs 2015–2017 Cycle

The Annual Improvements to IFRSs 2015–2017 Cycle include a number of amendments to various IFRSs and IASs, including the amendments IFRS 3 — Business combinations, the amendments to IFRS 11 — Joint arrangements, the amendments to IAS 12 — Income taxes, the amendments to IAS 23 — Borrowing costs.

(5) Amendments to IAS 19: Employee Benefits Regarding Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling;
- separately recognise any changes in the asset ceiling through other comprehensive income.

(6) Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The IASB issued amendments to IAS 28: Investments in Associates and Joint Ventures to clarify that companies account for long-term interests in an associate or joint venture-to which the equity method is not applied should be accounting for using IFRS 9.

The new accounting standard IFRS 16 leases and its impact are disclosed in Note 3 Significant Accounting Policies and Note 5 The Impact of Changes in Principal Accounting Policies respectively. The adoption of the other standards and amendments did not have a significant impact on the operating results, comprehensive income, or financial position of the Group.

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

			Effective for annual periods beginning on or after
(1)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early adoption of the amendments continue to be permitted
(2)	Amendments to IAS 1 and IAS 8	The Definition of Material	1 January 2020
(3)	Amendments to IFRS 3	The Definition of A Business	1 January 2020

(1) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

(2) Amendments to IAS 1 and IAS 8: The Definition of Material

The IASB issued amendments to the definition of material in IAS 1 and IAS 8. The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.

The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

(3) Amendments to IFRS 3: The Definition of A Business

The IASB issued amendments to the definition of a business in IFRS 3. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries for the year ended 31 December 2019. The financial statements of the subsidiaries are prepared for the same reporting period as the Company (also referred to as the "Parent"), using consistent accounting policies.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. 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:

(a) derecognises the assets (including goodwill) and liabilities of the subsidiary;

(b) derecognises the carrying amount of any non-controlling interest;

(c) derecognises the cumulative translation differences recorded in equity;

(d) recognises the fair value of the consideration received;

(e) recognises the fair value of any investment retained;

(f) recognises any resulting surplus or deficit in profit or loss; and

(g) reclassifies the Group's share of components previously recognised in other comprehensive income (OCI) to profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position separately from the Equity attributable to Owners of the Parent. An acquisition of non-controlling interests is accounted for as an equity transaction.

3 SIGNIFICANT ACCOUNTING POLICIES

(1) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid assets, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and bank balances.

(2) Foreign currency transactions and foreign currency translation

The financial statements are presented in RMB, which is the Company's functional and presentation currency. The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. All differences are taken to the statement of profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at exchange rates that approximate the exchange rates of the date of the transaction. The exchange differences resulting from foreign currency financial statement translation of subsidiaries are recognised in OCI and accumulated in the foreign exchange translation reserve. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows.

The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(3) Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

Financial assets are classified on the basis of the Group's business model for managing the asset and the cash flow characteristics of the assets:

(i) Amortized cost;

(ii) Fair value through other comprehensive income ("FVOCI"); or

(iii) Fair value through profit or loss ("FVPL").

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determine whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments are described as below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

(i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortized cost.

(ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.

(iii) FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading books) and other financial liabilities designated as such at initial recognition.

Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

(b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

(c) Fair value of financial instruments

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. 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.

The fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

(d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

Amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; and (iii) for financial assets, adjusted for any loss allowance. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Interest income", except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

Fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue on the instrument's amortized cost which are recognized in profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest rate method. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Investment income".

Equity instruments

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established, and it is probable that future economic benefits associated with the item will flow to the Group, and the amounts of the dividends can be measured reliably.

Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

Equity instruments

Gains and losses on equity investments at FVPL are included in the "Investment income" line in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Gains or losses on financial liabilities designated as at FVPL are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

When financial liabilities designated as at FVPL are derecognized, fair value gains and losses are subsequently reclassified from other comprehensive income to retained earnings.

(e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

— Stage I: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL if the credit risk of that financial instrument has not increased significantly since initial recognition.

— Stage II: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, but is not yet deemed to be credit-impaired.

— Stage III: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

The Group applies the impairment requirements for the recognition and measurement of some loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in OCI and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognized in profit or loss.

(f) Derecognition of financial instruments

A financial instrument (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised, which means to derecognise a financial asset or financial liability from the account and statement of financial position of the Group when:

(i) the contractual rights to receive cash flows from the assets have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but not retain control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, 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 the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognised, while the financial liability under modified terms is recognised as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognised in profit or loss.

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognised shall be recognised in profit or loss.

(4) Derivative financial instruments

The Group uses derivatives, such as foreign currency contracts, interest rate swaps, contracts of stock index and contracts for difference to economically hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

(5) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(6) 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 which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

For impairment of financial assets arising from margin financing and securities lending, refer to Note 3(3)(e).

(7) Reverse repurchase agreements and repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as original financial assets before transferred. The corresponding liability is included in repurchase agreements.

Consideration paid for financial assets held under agreements to resell are recorded as reverse repurchase agreements, the related collateral accepted is not recognized in the consolidated financial statements.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortized over the period of the respective transaction using the effective interest method and is recognised through interest income or expenses.

For impairment of reverse repurchase agreements, refer to Note 3(3)(e). Stock repo and stock-pledged repo under reverse purchase agreements are assets arising from financing businesses.

(8) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

(9) Associates

Associates are all entities over which the Group has 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.

The Group's investments in associates 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

(10) Joint ventures

Joint ventures are all entities over which the Group has joint control. 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 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. The Group's share of post-acquisition results and reserves of joint ventures is included in the consolidated statement of profit or loss and reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures.

(11) Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

The Group's investment properties are accounted for using cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment.

When an investment property is transferred to owner-occupied property, it is reclassified to property, plant and equipment with the carrying amount determined at the carrying amount of the investment property at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment is transferred to investment properties with the carrying amount determined at the carrying amount at the date of the transfer.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit or loss.

(12) Property, plant and equipment

(a) Recognition criteria for property, plant and equipment

Property, plant and equipment comprise buildings, transportation vehicles and electronic devices that the Group expects to use for more than one year and other tangible assets that are expected to be used for more than one year and the unit costs of which are greater than RMB2,000.

(b) Property, plant and equipment initially measured at cost

Cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees. The cost of a self-constructed asset comprises all costs incurred before the asset is ready for its intended use.

Subsequent expenditure incurred for the property and equipment is included in the cost of the property and equipment if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably, while the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

Depreciation of property, plant and equipment is calculated on the straight-line basis.

Estimated useful life, depreciation rate and estimated residual value of each item of property, plant and equipment which are required by the operation of the Group are as follows:

Types of property, plant and equipment	Estimated useful lives	Monthly depreciation rate	Estimated residual value rate
Properties and buildings	35 years	0.2262%	5%
Electronic devices	2–5 years	1.667%–4.167%	—
Transportation vehicles			
— Leased out	(i)	(i)	(i)
— Others	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	—
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

(i) Transportation vehicles that are leased out under operating lease represent aircraft and cargo vessel. The Group determines the useful lives and depreciation method according to conditions of aircraft and cargo vessel. Among transportation vehicles, the estimated useful lives of cargo vessel is 20 years, and the estimated residual value is determined based on the expected residual value; the estimated useful lives of aircraft is 18 years with a monthly depreciation rate of 0.394%, and the estimated residual value rate is 15% of its original cost.

The years that property, plant and equipment were already in use upon purchase were excluded when determining the estimated useful lives of these types of property, plant and equipment. The estimated useful lives, the estimated residual value rate and the depreciation method of each type of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value rate.

(c) Impairment of property, plant and equipment

The Group assesses whether there is any indication that assets are impaired at each financial reporting date. When any such indication exists, the Group estimates the recoverable amount. When recoverable amounts of assets are lower than carrying amounts, the Group decreases the carrying amount to recoverable amount, the decreased amount recognized in the consolidated income statement.

An impairment loss recognized for property, plant and equipment is not reversed in subsequent periods.

(d) Disposal of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized through profit or loss.

(e) Construction in progress

Costs of construction in progress are determined based on the actual expenditure incurred which include all necessary expenditure incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

(13) Land-use rights and intangible assets

(a) Land-use rights

Land-use rights acquired by the Group are amortised over the period that is confirmed by the land use permit.

(b) Intangible assets

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item shall be measured reliably, and measured initially at cost. Intangible assets acquired from business combination and their fair value can be measured reliably are recognised as intangible assets individually and measured at their fair value as at date of combination.

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. Impairment for intangible assets not readily for use is also assessed annually.

Software acquired from third party shall be amortised over 5 years. The self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets shall be amortised over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed each reporting date. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

Internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase of an internal project shall be recognised as an expense when it is incurred. Development phase expense can be capitalised only an entity can demonstrate all of the following:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the intangible asset and use or sell it;

(iii) its ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions shall be recognised in profit or loss when incurred.

(14) Revenue

Revenue from underwriting services is recognized when the outcome of the underwriting services provided can be reliably estimated and reasonably recognized. The revenue is usually recognized upon completion of the offering.

Revenue from the securities brokerage services is recognised on the date of the securities transaction.

Revenue from asset management services is recognised when management services are provided in accordance with the asset management contract.

Dividend income is recognised when the Group's right to receive payment has been established.

Other business revenue mainly comes from the bulk commodities sales of the Group's commodities trading subsidiaries.

The Group recognizes sales revenue from bulk commodity goods when fulfills the Group's performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant bulk commodity goods.

In the process of selling goods, the Group, as the primary obligor, has the primary responsibility of providing goods and performing orders to customers. The Group exposure inventory risk before or after the bulk commodity goods have been ordered by a customer; the Group has discretion in establishing prices of bulk commodity goods and exposed to credit risk for the amount receivable from customers in exchange for the other party's goods and commodity risk for inventory. The Group satisfies the performance obligation above and recognized revenue in the gross amount. When the group acts as an agent the net amount of the consideration received or receivable after deducting the price payable to other related parties shall be recognized and listed as income.

When the Group recognises revenue in accordance with the progress of completed services, the part of unconditional receivables that the Group has acquired will be recognised as accounts receivables, and the rest will be recognised as contract assets. The Group identifies loss allowance on the basis of expected credit losses for accounts receivable and contractual assets; if the Group's received consideration or receivable consideration exceed the completed services, the excess part will be recognised as contractual liabilities. The Group's contractual assets and liabilities under the same contract are shown in net.

Interest income of debt investments at amortized costs and FVOCI, is measured by amortized cost and effective interest rate; excluding financial assets credit impaired are measured by amortized cost and credit-adjusted effective interest rate. The net gains of holding period from financial investments at FVTPL is measured as "Investment income".

(15) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using balance sheet liability method according to the temporary differences between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

All taxable temporary differences are recognised as deferred income tax liabilities, except:

(i) The deferred income tax liability arises from the initial recognition of goodwill or 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 income or deductible expenses; and

(ii) 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 be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits carried forward and unused tax losses can be utilised, except that deferred income tax asset relating to 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 income or deductible expenses.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income 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 income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

(16) Employee compensation

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered the services to the Group.

In accordance with the applicable laws and regulations, Mainland China employees of the Group participate in various social insurance schemes including basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. Contributions to these schemes are recognised in profit or loss as incurred.

All eligible employees outside Mainland China participate in the respective local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

(17) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all the attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognised at nominal amount.

Government grants for purchasing, building or other development of long-term assets regulated in government documents are recognised as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or other development of long-term assets as basic condition are recognised as government grants related to assets, and the remaining type of grants are recognised as related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released to profit or loss during the period when the expense is incurred. Government grants that are to compensate the incurred expenses or losses are recognised into profit or loss directly. Government grants related to assets are recognised as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded into profit or loss directly.

(18) Leases

As a lessor

Lease income from operating leases is recognised in income on a straight-line basis over the period of the lease.

As a lessee (the following accounting policies apply in 2019)

(a) Initial measurement of the right-of-use asset and lease liability

Initial measurement of the right-of-use asset

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

(i) the amount of the initial measurement of the lease liability;

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial direct costs are defined as incremental costs that would not have been incurred if a lease had not been obtained.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease — this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

(b) Subsequent measurement of the right-of-use asset and lease liability

Subsequent measurement of the right-of-use asset

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. When the recoverable amount is less than the book value of the right-to-use assets, the Group shall write down its book value to the recoverable amount.

Subsequent measurement of the lease liability

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

(c) Recognition of short-term leases and leases for which the underlying asset is of low value

Short-term leases are defined as leases with a lease term of less than 12 months from the commencement date. Leases for which the underlying asset is of low value are defined as underlying assets of low value when new. The right-of-use asset and lease liability are not recognized by the Group for short-term leases and leases for which the underlying asset is of low value. The lessee shall recognise the lease payments associated with those leases as an expense.

(19) Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

(20) Goodwill impairment

The Group assesses goodwill acquired from business combination, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units to which the asset belongs will be estimated. The recognition of a group of assets shall base on whether the main cash flow generated by the group of assets is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases their carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding allowances are made.

For impairment test of goodwill, 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 when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on a pro rata basis. An impairment loss recognized for goodwill can not be reversed in subsequent periods.

(21) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close family member of that person 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

(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 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); or

(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).

(22) Provisions and contingencies

The obligation pertinent to contingencies shall be recognised as provisions when the following conditions are satisfied concurrently:

(i) the obligation is a present obligation of the Group;

(ii) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and

(iii) the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the reporting period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

(23) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, and non-current assets are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

(24) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve under surplus reserves, 10% of after-tax profit for a general risk reserve under general reserves, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve under general reserves. In addition, with the approval from the Annual General Meeting, the Company may set aside 5%–10% of after-tax profit for a discretionary reserve after setting aside the funds for the various statutory reserves. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General reserves set aside by the Company are used to make up for any losses arising from securities transactions. The Company's surplus reserves are used to make up for any losses of the Company or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve are converted to capital, the balance of the statutory reserve cannot be less than 25% of the Company's registered capital.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the ordinary equity holders in the Annual General Meeting. When these dividends have been approved by the ordinary equity holders, they are recognized as a liability.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgements assumptions and estimates could result in outcomes that could require an adjustment to the carrying amounts of the assets or liabilities.

(1) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, which requires significant judgement. This involves an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and its value in use.

(2) Income tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement of the tax treatments of certain transactions and also significant estimation of the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

(3) Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of observable market inputs. However, where observable market inputs are not available, management needs to make estimates and use alternatives on such unobservable market inputs.

(4) Consolidation of structured entities

The management makes significant judgment on whether the Group controls and therefore is required to consolidate its structured entities. The decision outcome impacts the financial and operational results of the Group.

When assessing control, the Group considers: 1) the level of power of the Group over the investee; 2) variable returns gained through participation of relevant activities of the investee; and 3) the ability of the Group in using its power over the investee to affect its return.

When assessing the level of power over the structured entities, the Group considers the following four aspects:

(i) the degree of participation when establishing the structured entities;

(ii) contractual arrangements;

(iii) activities that take place only at special occasions or events;

(iv) commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether it's acting as a principal or as an agent. Aspects of considerations normally include the decision making power over the structured entities, substantive rights enjoyed by the other third parties, level of reward to the Group, and exposure to variable risks and returns from owning other benefits of the structured entities.

(5) Measurement of the expected credit loss allowance

Expected credit loss measurement

The measurement of the expected credit loss allowance for debt instruments measured at amortized cost and FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (ECL), such as:

— Determining criteria for significant increase in credit risk;

— Choosing appropriate models and assumptions for the measurement of ECL;

— Projection of macroeconomic variables for forward-looking scenarios.

Inputs, assumptions and estimation techniques

The ECL of different financial portfolios is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3 as defined above. For debt securities investments, ECL are the discounted product of the Probability of Default ("PD"), Exposure at Default ("EAD"), and Loss Given Default ("LGD"). For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements, ECL are the discounted product of the EAD and Loss Ratio ("LR").

Forward-looking information incorporated in the ECL model

A pervasive concept in measuring ECL in accordance with IFRS9 is that it should consider forward-looking information. The assessment of SICR and the calculation of ECL both incorporated forward-looking information. The Group has performed historical data and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. These economic variables and their associated impact on the PD vary by product type. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

Details of the significant accounting judgements and estimates above please refer to Note 58(a).

(6) Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required.

Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayments); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

5 THE IMPACT OF CHANGES IN PRINCIPAL ACCOUNTING POLICIES

The Group has adopted IFRS 16 effectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance of Consolidated Statement of Financial Position on 1 January 2019.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. As at 1 January 2019, the incremental borrowing rate applied to the lease liabilities ranged from 2.50% to 11.00%, within which those related to entities in Mainland China ranged from 4.10% to 5.42%.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and the right-of-use assets and lease liabilities were not recognized. The adoption of the expedients has no significant impact on the Group's consolidated financial statements.

Right-of use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Consolidated Statement of Financial Position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(1) As at 1 January 2019, the Group adjusted the unpaid minimum operating lease payments disclosed under the original leasing standards to the leasing liabilities recognized under the new leasing standards as follows:

Operating lease commitments disclosed as at 31 December 2018	2,225,884
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,942,457
Add: finance lease liabilities recognised as at 31 December 2018	—
Less: short-term leases recognised on a straight-line basis as expense	120,184
Less: low-value leases recognised on a straight-line basis as expense	—
Lease liabilities recognized on 1 January 2019	1,822,273

(2) The change in accounting policy affected the following items in the Consolidated Statement of Financial Position on 1 January 2019

Impacted statement items

	Impacted amounts 1 January 2019
Right-of-use assets	1,925,410
Other current assets	(89,816)
Lease liabilities	1,822,273
Other current liabilities	13,321

6 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Company is currently subject are as follows:

(1) Income tax

From 1 January 2008, the "Enterprise Income Tax Law of the PRC" and the "Regulations on the Implementation of Enterprise Income Tax Law of the PRC" became effective for the Company. Income tax computation and payment are governed by the "Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations" (Public Notice of the State Administration of Taxation [2012] No.57). The income tax rate applicable to the Company is 25%.

(2) Value added tax

Pursuant to the "Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the "VAT Pilot Programs")" (Cai Shui [2016] No.36), the "Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46), the "Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions" (Cai Shui [2016] No.70) issued by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%, instead of business tax at 5% prior to 1 May 2016.

In accordance with the "Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services" (Cai Shui [2016] No.140), the "Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products" (Cai Shui [2017] No.2) and the "Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products" (Cai Shui [2017] No.56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018.

(3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

(4) Urban maintenance and construction taxes, education surcharges and local education surcharges are levied at 7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

7 OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking — Securities placement and underwriting activities, and financial advisory services;

Brokerage — Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading — Equity, fixed income and derivatives trading and market-making, margin financing and securities lending and alternative investment activities;

Asset Management — Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management; and

Others — Private equity investment, principal investment and other financial activities.

Management monitors the results of the Group's operating segments for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group's consolidated financial statements.

Income taxes are managed as a whole and are not allocated to operating segments.

2019	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	4,625,004	10,143,485	229,590	6,073,111	443,852	21,515,042
Interest income	2,819	2,782,485	9,952,168	200,280	319,304	13,257,056
Investment income	—	53,789	11,582,673	1,035,371	3,219,537	15,891,370
Other income	(2,496)	79,975	284,945	122,993	5,931,477	6,416,894
Subtotal	4,625,327	13,059,734	22,049,376	7,431,755	9,914,170	57,080,362
Operating expenses	2,560,503	10,986,864	15,607,390	3,785,116	7,946,974	40,886,847
Including: Finance costs	70	577,722	9,654,927	39,543	940,204	11,212,466
Expected credit losses	—	781	1,522,795	—	368,004	1,891,580
Impairment losses on other assets	38,270	524,152	—	67,918	68,476	698,816
Operating profit	2,064,824	2,072,870	6,441,986	3,646,639	1,967,196	16,193,515
Share of profits and losses of associates and joint ventures	—	—	—	—	801,121	801,121
Profit before income tax	2,064,824	2,072,870	6,441,986	3,646,639	2,768,317	16,994,636
Income tax expenses						4,346,200
Profit for the year						12,648,436
Other segment information:						
Depreciation and amortisation	4,702	742,901	67,694	206,257	516,844	1,538,398
Capital expenditure	72,871	219,969	37,198	81,078	17,482	428,598

2018	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	2,968,251	10,382,464	160,151	6,146,006	637,949	20,294,821
Interest income	4,975	2,666,466	10,433,629	188,672	360,680	13,654,422
Investment income	—	64,093	7,520,481	164,558	296,718	8,045,850
Other income	39,105	103,705	878,358	37,026	8,007,732	9,065,926
Subtotal	3,012,331	13,216,728	18,992,619	6,536,262	9,303,079	51,061,019
Operating expenses	1,805,215	10,157,320	15,200,053	3,671,596	8,492,919	39,327,103
Including: Finance costs	41	782,321	9,723,546	51,551	674,554	11,232,013
Expected credit losses	—	7,760	2,092,231	310	86,472	2,186,773
Impairment losses on other assets	—	2,605	—	—	21,200	23,805
Operating profit	1,207,116	3,059,408	3,792,566	2,864,666	810,160	11,733,916
Share of profits and losses of associates and joint ventures	—	—	—	—	731,655	731,655
Profit before income tax	1,207,116	3,059,408	3,792,566	2,864,666	1,541,815	12,465,571
Income tax expenses						2,589,143
Profit for the year						9,876,428
Other segment information:						
Depreciation and amortisation	3,178	290,823	17,315	61,418	592,336	965,070
Capital expenditure	95,828	238,294	40,772	64,836	18,830	458,560

8 INTEREST INCOME

	2019	2018
Interest income on margin and other financing	**7,717,513**	8,771,357
Bank interest income	**4,373,109**	3,867,374
Interest income on debt instruments at fair value through other comprehensive income	**1,021,226**	854,755
Others	**145,208**	160,936
Total	**13,257,056**	13,654,422

9 INVESTMENT INCOME

	2019	2018
Net gains/(losses) from financial assets at fair value through profit or loss(Mandatory)	**20,393,092**	(5,221,853)
Net gains from financial assets at fair value through profit or loss (Designated)	**3,428,434**	1,167,400
Net gains from disposal of debt instruments at fair value through other comprehensive income	**259,572**	55,211
Dividend income from financial assets at fair value through other comprehensive income	**1,029,070**	1,339,171
Net (losses)/gains from financial liabilities at fair value through profit or loss	**(4,844,312)**	1,867,081
Net gains/(losses) from derivatives and others	**(4,374,486)**	8,838,840
Total	**15,891,370**	8,045,850

10 OTHER INCOME

	2019	2018
Income from bulk commodity trading	**5,516,016**	7,180,012
Losses on disposal of property, plant and equipment	**(783)**	(1,683)
Others	**901,661**	1,887,597
Total	**6,416,894**	9,065,926

11 OPERATING EXPENSES

	2019	2018
Fee and commission expenses:		
— Commission expenses	**3,182,791**	2,638,537
— Others	**310,072**	229,476
Total	**3,492,863**	2,868,013

	2019	2018
Finance costs:		
— Due to banks and other financial institutions	**3,977,093**	3,896,667
— Debt instruments issued and short-term financing instruments payable	**5,942,600**	6,028,064
— Customer brokerage deposits	**504,728**	339,558
— Others	**788,045**	967,724
Total	**11,212,466**	11,232,013

	2019	2018
Staff costs (including directors', supervisors' and senior executives' remuneration):		
— Salaries and bonuses	**10,705,556**	8,891,221
— Staff benefits	**1,460,515**	1,008,933
— Contributions to defined contribution schemes (i)	**275,377**	624,536
Total	**12,441,448**	10,524,690

(i) Retirement benefits are included herein and their nature is described below:

Full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

	2019	2018
Other operating expenses and costs:		
— Cost of bulk commodity trading	**5,377,495**	7,146,338
— Electronic device operating costs	**678,470**	555,920
— Fund distribution and administration expenses	**670,957**	613,250
— Right-of-use asset depreciation cost	**609,500**	
— Travel expenses	**451,991**	362,136
— Consulting expense	**375,535**	191,598
— Amortization of intangible assets	**285,678**	338,479
— Postal and communication expenses	**265,098**	270,721
— Rental expense	**235,070**	838,347
— Business publicity expenses	**205,667**	208,151
— Auditors' remuneration (i)	**39,717**	34,558
— Others	**1,283,237**	1,257,046
Total	**10,478,415**	11,816,544

(i) Which include audit service fees of RMB31 million (2018: RMB30 million).

12 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the directors', supervisors' and senior executives' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

		2019				
Name	Position	Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	Total remuneration before tax (5)=(1)+(2)+(3)+(4)
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,387	2,400	—	164	4,951
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,147	7,600	—	152	9,899
He Jia	Independent Non-executive Director	—	—	156	—	156
Liu Ke	Independent Non-executive Director	—	—	156	—	156
Zhou Zhonghui	Independent Non-executive Director	—	—	91	—	91
Rao Geping	Supervisor	—	—	100	—	100
Guo Zhao	Supervisor	—	—	100	—	100
Ma Yao	Member of the Executive Committee	1,546	8,250	—	122	9,918
Xue Jirui	Member of the Executive Committee	1,547	8,500	—	122	10,169
Yang Bing	Member of the Executive Committee	1,546	9,650	—	122	11,318
Li Chunbo	Member of the Executive Committee	1,547	7,500	—	122	9,169
Zou Yingguang	Member of the Executive Committee	1,547	5,000	—	122	6,669
Li Yongjin	Member of the Executive Committee	1,547	6,250	—	122	7,919
Li Jiong	Chief Financial Officer, Treasurer	1,547	6,500	—	122	8,169
Song Qunli	Chief Engineer, (Chief Information Officer)	1,427	2,250	—	116	3,793
Zhang hao	Chief Marketing Officer	1,597	7,300	—	49	8,946
Zhang Guoming	Compliance Officer, Chief Risk Management Officer	1,427	4,250	—	116	5,793
Ye Xinjiang	Senior Management Members	1,536	7,000	—	98	8,634
Jin Jianhua	Senior Management Members	1,546	7,550	—	122	9,218
Sun Yi	Senior Management Members	1,827	7,975	—	122	9,924
Gao Yuxiang	Senior Management Members	1,547	9,000	—	122	10,669
Ge Xiaobo	Former Chief Financial Officer, Former Member of the Executive Committee, and Former Chief Risk Management Officer	515	2,500	—	43	3,058
Tang Zhenyi	Former Member of the Executive Committee	607	321	—	29	957
Cai Jian	Former Chief Risk Management Officer	234	2,550	—	11	2,795
Zheng Jing	Former Secretary to the Board, Former Company Secretary	1,109	2,700	—	100	3,909
Kuang Tao	Former Non-executive Director	—	—	—	—	—
Chan, Charles Sheung Wai	Former Independent Non-executive Director	—	—	41	—	41
Liu Hao	Former Supervisor, Former Supervisor and Chairman of the Supervisory Committee	1,287	1,150	—	100	2,537
Lei Yong	Former Supervisor representing Employees	1,058	2,303	—	97	3,458
Yang Zhenyu	Former Supervisor representing Employees	880	1,560	—	89	2,529
		31,958	120,059	644	2,384	155,045

Note: Certain of these independent non-executive directors act as representative directors of the Company in the board of certain subsidiaries and they do not receive any directors' remuneration from these subsidiaries. Related amounts were received by the Company.

During the year ended 31 December 2019 and 2018, the Group's Non-executive Director Mr. Kuang Tao waived his remuneration arrangements.

During the years ended 31 December 2019 and 2018, no special emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. There were no other retirement benefits for directors or supervisors.

During the years ended 31 December 2019 and 2018, there were no consideration provided to third parties for making available directors' or supervisor's services.

During the years ended 31 December 2019 and 2018, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. In addition, the Group did not provide any the guarantees or securities to certain controlled body corporates and connected entities of the Directors or Supervisors in respect of their loan, quasi-loans or credit transactions.

		2018				
Name	Position	Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	Total remuneration before tax (5)=(1)+(2)+(3)+(4)
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,379	2,400	—	169	4,948
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,138	7,500	—	157	9,795
Kuang Tao	Non-executive Director	—	—	—	—	—
He Jia	Independent Non-executive Director	—	—	156	—	156
Liu Ke	Independent Non-executive Director	—	—	156	—	156
Chan, Charles Sheung Wai	Independent Non-executive Director	—	—	153	—	153
Li Fang	Former Supervisor and Chairman of the Supervisory Committee	258	—	—	21	279
Rao Geping	Supervisor	—	—	100	—	100
Guo Zhao	Supervisor	—	—	100	—	100
Lei Yong	Supervisor representing Employees	1,041	3,104	—	102	4,247
Yang Zhenyu	Supervisor representing Employees	865	1,262	—	94	2,221
Ge Xiaobo	Chief Financial Officer, Member of the Executive Committee, and Chief Risk Management Officer	1,539	14,002	—	127	15,668
Tang Zhenyi	Former Member of the Executive Committee	2,864	2,831	—	143	5,838
Ma Yao	Member of the Executive Committee	1,298	10,490	—	127	11,915
Xue Jirui	Member of the Executive Committee	1,539	9,100	—	127	10,766
Yang Bing	Member of the Executive Committee	1,538	7,574	—	127	9,239
Li Chunbo	Member of the Executive Committee	1,539	6,780	—	127	8,446
Zou Yingguang	Member of the Executive Committee	1,539	2,500	—	127	4,166
Li Yongjin	Member of the Executive Committee	1,421	5,550	—	116	7,087
Li Jiong	Treasurer	1,535	5,208	—	127	6,870
Song Qunli	Chief Engineer	1,419	2,100	—	118	3,637
Zhang Hao	Chief Marketing Officer	1,587	6,160	—	50	7,797
Cai Jian	Former Chief Risk Management Officer	1,385	1,750	—	56	3,191
Zhang Guoming	Compliance Officer	1,419	3,929	—	118	5,466
Zheng Jing	Secretary to the Board, Company Secretary	1,061	2,436	—	103	3,600
Sun Yi	Senior Management Members	743	—	—	54	797
Ye Xinjiang	Senior Management Members	255	—	—	16	271
		29,362	94,676	665	2,206	126,909

13 FIVE HIGHEST PAID EMPLOYEES

The Group's five highest paid employees during the year did not include directors and supervisors (2018: five). Details of the remuneration of the five (2018: five) non-director and non-supervisor highest paid employees for the year are as follows:

	2019	2018
Salaries, allowances and other benefits	**62,802**	27,956
Discretionary bonuses	**40,794**	73,283
Termination compensation	**—**	—
Total	**103,596**	101,239

The number of these individuals whose remuneration fell within the following bands is set out below:

	Number of employees	
	2019	2018
RMB13,000,001 to RMB14,000,000	**2**	—
RMB16,000,001 to RMB18,000,000	**1**	1
RMB18,000,001 to RMB20,000,000	**—**	2
RMB20,000,001 to RMB30,000,000	**1**	2
RMB30,000,001 to RMB40,000,000	**1**	—
Total	**5**	5

Note: During the year of 2019, the emoluments paid by the Group to these non-director and non-supervisor individuals were based on the services provided to the Group by these individuals.

14 EXPECTED CREDIT LOSSES

	2019	2018
Reverse repurchase agreements	**790,521**	1,622,553
Margin accounts	**359,728**	58,452
Financial assets at fair value through other comprehensive income (debt instruments)	**224,813**	116,328
Other assets	**516,518**	389,440
Total	**1,891,580**	2,186,773

15 IMPAIRMENT LOSSES ON OTHER ASSETS

	2019	2018
Impairment losses on goodwill (Note 22)	**528,479**	—
Impairment losses on investment property	**67,837**	—
Impairment losses on inventory	**68,476**	21,200
Others	**34,024**	2,605
Total	**698,816**	23,805

16 INCOME TAX EXPENSE

(a) Income tax

	2019	2018
Current income tax expense		
Mainland China	**4,605,569**	3,401,646
Outside Mainland China	**112,269**	204,536
Deferred income tax expense	**(371,638)**	(1,017,039)
Total	**4,346,200**	2,589,143

(b) Reconciliation between income tax and accounting profit

The PRC income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2019	2018
Profit before income tax	**16,994,636**	12,465,571
Tax at the PRC statutory income tax rate	**4,248,659**	3,116,393
Effects of different applicable rates of tax prevailing in various regions	**(18,171)**	76,517
Non-deductible expenses	**102,080**	197,666
Non-taxable income	**(391,267)**	(689,394)
Adjustments in respect of current and deferred income tax of prior years	**101,855**	(109,290)
Others	**303,044**	(2,749)
Tax expense at the Group's effective income tax rate	**4,346,200**	2,589,143

17 PROFIT ATTRIBUTABLE TO THE COMPANY

The consolidated profit attributable to the Company for the year ended 31 December 2019 amounted to RMB11,701 million (2018: RMB8,214 million), which has been dealt with in the financial statements of the Company (Note 59).

18 DIVIDENDS

	2019	2018
Dividends on ordinary shares proposed but not paid	**6,463,388**	4,240,918
Dividends on ordinary shares paid	**4,240,918**	4,846,763

Dividends on ordinary shares proposed for approval were RMB0.50 yuan per share for the year ended 31 December 2019 (2018: RMB0.35 yuan per share).

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in the general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

19 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	2019	2018
Earnings:		
Profit attributable to Owners of the Parent	**12,228,610**	9,389,896
Shares:		
Weighted average number of ordinary shares in issue (thousand)	**12,116,908**	12,116,908
Basic and diluted earnings per share (in RMB yuan)	**1.01**	0.77

Basic earnings per share was calculated by dividing profit for the year attributable to Owners of the Parent by the weighted average number of ordinary shares outstanding.

There were no dilutive shares during the year ended 31 December 2019 (2018: None).

20 PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
31 December 2019										
Cost										
31 December 2018	6,147,103	73,696	290,035	2,502,858	6,857	2,372,836	40,781	11,434,166	316,611	11,750,777
Increases	35,280	6,518	18,971	4	731	185,114	61	246,679	66,551	313,230
Decreases	(66,128)	(1,824)	(13,580)	(2,095)	(334)	(60,173)	(3,119)	(147,253)	(88,851)	(236,104)
Effect of exchange rate changes	3,091	1,125	1,572	38,729	—	21,382	252	66,151	—	66,151
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Accumulated depreciation										
31 December 2018	950,407	66,328	257,278	321,563	4,197	2,074,749	30,022	3,704,544	—	3,704,544
Increases	182,856	3,555	19,207	132,027	911	152,815	4,056	495,427	—	495,427
Decreases	(25,070)	(1,360)	(13,484)	(1,942)	(301)	(52,612)	(2,725)	(97,494)	—	(97,494)
Effect of exchange rate changes	2,041	1,030	1,352	5,533	—	19,294	218	29,468	—	29,468
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Allowances for impairment										
31 December 2018	—	—	—	—	—	—	—	—	—	—
Increases	—	—	106	—	—	237	—	343	—	343
Decreases	—	—	—	—	—	(10)	—	(10)	—	(10)
Effect of exchange rate changes	—	—	—	—	—	—	—	—	—	—
31 December 2019	—	—	106	—	—	247	—	353	—	353
Net carrying amount										
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756
31 December 2018	5,196,696	7,368	32,757	2,181,295	2,660	298,087	10,759	7,729,622	316,611	8,046,233

	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
31 December 2018										
Cost										
31 December 2017	6,099,997	71,944	290,326	2,392,744	6,355	2,307,822	83,338	11,252,526	361,592	11,614,118
Increases	50,605	3,644	20,222	313	879	155,799	3,449	234,911	104,101	339,012
Decreases	(7,338)	(3,644)	(22,163)	(2,315)	(377)	(138,756)	(48,330)	(222,923)	(149,082)	(372,005)
Effect of exchange rate changes	3,839	1,752	1,650	112,116	—	47,971	2,324	169,652	—	169,652
31 December 2018	6,147,103	73,696	290,035	2,502,858	6,857	2,372,836	40,781	11,434,166	316,611	11,750,777
Accumulated depreciation										
31 December 2017	774,961	59,616	250,177	224,981	3,796	1,967,590	68,438	3,349,559	—	3,349,559
Increases	178,961	7,964	26,310	87,426	767	196,891	7,183	505,502	—	505,502
Decreases	(6,896)	(2,968)	(20,667)	(2,270)	(366)	(133,619)	(47,788)	(214,574)	—	(214,574)
Effect of exchange rate changes	3,381	1,716	1,458	11,426	—	43,887	2,189	64,057	—	64,057
31 December 2018	950,407	66,328	257,278	321,563	4,197	2,074,749	30,022	3,704,544	—	3,704,544
Allowances for impairment										
31 December 2017	—	—	—	—	—	—	—	—	—	—
Increases	—	—	—	—	—	—	—	—	—	—
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	—	—	—	—	—
31 December 2018	—	—	—	—	—	—	—	—	—	—
Net carrying amount										
31 December 2018	5,196,696	7,368	32,757	2,181,295	2,660	298,087	10,759	7,729,622	316,611	8,046,233
31 December 2017	5,325,036	12,328	40,149	2,167,763	2,559	340,232	14,900	7,902,967	361,592	8,264,559

21 INVESTMENT PROPERTIES

31 December 2019	Properties and Buildings
Cost	
31 December 2018	**1,506,262**
Increases	**44,532**
Decreases	**23,828**
Effect of exchange rate changes	**23,322**
31 December 2019	**1,550,288**
Accumulated depreciation and amortisation	
31 December 2018	**173,754**
Increases	**51,928**
Decreases	**539**
Effect of exchange rate changes	**389**
31 December 2019	**225,532**
Allowances for impairment	
31 December 2018	**—**
Increases	**67,837**
Decreases	**—**
Effect of exchange rate changes	**2,186**
31 December 2019	**70,023**
Net carrying amount	
31 December 2019	**1,254,733**
31 December 2018	**1,332,508**

31 December 2018	Properties and Buildings
Cost	
31 December 2017	1,018,050
Increases	488,212
Decreases	—
31 December 2018	1,506,262
Accumulated depreciation and amortisation	
31 December 2017	146,496
Increases	27,258
Decreases	—
31 December 2018	173,754
Allowances for impairment	
31 December 2017	—
Increases	—
Decreases	—
31 December 2018	—
Net carrying amount	
31 December 2018	1,332,508
31 December 2017	871,554

22 GOODWILL

	31 December 2019	2018
Carrying amount at the beginning of the year:		
Cost	**10,884,922**	10,640,172
Accumulated impairment	**377,427**	359,235
Net carrying amount	**10,507,495**	10,280,937
Movements during the year:		
Additions and effect of exchange rate changes	**67,388**	244,750
Impairment and effect of exchange rate changes*	**552,059**	18,192
Carrying amount at the end of the year:		
Cost	**10,952,310**	10,884,922
Accumulated impairment	**929,486**	377,427
Net carrying amount	**10,022,824**	10,507,495

* Amount to RMB24 million was caused by foreign exchange fluctuation in goodwill accumulated impairment for the year ended 31 December 2019. (Year ended 31 December 2018: RMB18 million.)

	31 December 2019	2018
China Asset Management Co., Ltd.	**7,418,587**	7,418,587
CITIC Securities International Co., Ltd.	**2,273,059**	2,275,795
CITIC Futures Co., Ltd.	**193,826**	193,826
CITIC Securities (Shandong) Co., Ltd.	**88,675**	88,675
CITIC Securities Company Limited	**43,500**	43,500
Xin Jiang Equity Exchange Centre Limited	**4,542**	4,542
CITIC Securities Overseas Investment Company Limited	**635**	482,570
Total	**10,022,824**	10,507,495

As at 31 December 2019, the net carrying amount of the goodwill arising from CITIC Securities International Co., Ltd.'s acquisition of CLSA was RMB2,004 million (31 December 2018: RMB1,971 million).

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use ("VIU").

The fair value less costs of disposal approach was based on fair value of asset groups and costs of disposal. The VIU approach was performed by applying a discounted cash flow ("DCF") model based on operation plans of management and an adjusted discount rate. Cash flows beyond the forecast period have been extrapolated using a sustainable growth rate and a closing value. In 2019, discount rates used by the Group ranged from 11.00% to 16.00% (2018: 11.00% to 16.00%) and growth rates for the forecast period ranged from 2.00% to 21.11% (2018: 4.50% to 25.93%).

The recoverable amount of CLSA Premium Limited (formerly known as KVB Kunlun Financial Group Limited) was lower than the carrying amount, with a higher value in fair value less costs of disposal than VIU, and an impairment losses of RMB490 million (2018: Nil) was recognized. The recoverable amount of CITIC Securities Corporate Finance (HK) Limited was lower than its carrying amount and impairment losses was recognized as RMB38 million (2018: Nil).

23 LAND-USE RIGHTS AND INTANGIBLE ASSETS

	Intangible assets					
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	Total
31 December 2019						
Cost						
31 December 2018	**132,526**	**1,401,579**	**1,373,575**	**292,033**	**2,261,433**	**5,461,146**
Increases	**—**	**99,696**	**21,622**	**—**	**11,990**	**133,308**
Decreases	**(2,871)**	**(433)**	**—**	**—**	**—**	**(3,304)**
Effect of exchange rate changes	**1,015**	**11,206**	**20,470**	**4,789**	**—**	**37,480**
31 December 2019	**130,670**	**1,512,048**	**1,415,667**	**296,822**	**2,273,423**	**5,628,630**
Accumulated amortisation						
31 December 2018	**99,886**	**1,143,586**	**736,266**	**—**	**208,018**	**2,187,756**
Increases	**120**	**95,256**	**152,887**	**—**	**58,906**	**307,169**
Decreases	**(11)**	**(363)**	**—**	**—**	**—**	**(374)**
Effect of exchange rate changes	**510**	**10,450**	**12,909**	**—**	**—**	**23,869**
31 December 2019	**100,505**	**1,248,929**	**902,062**	**—**	**266,924**	**2,518,420**
Allowance for impairment						
31 December 2018	**1,496**	**2,471**	**—**	**—**	**—**	**3,967**
Increases	**—**	**33,681**	**—**	**—**	**—**	**33,681**
Decreases	**—**	**—**	**—**	**—**	**—**	**—**
Effect of exchange rate changes	**7**	**(73)**	**—**	**—**	**—**	**(66)**
31 December 2019	**1,503**	**36,079**	**—**	**—**	**—**	**37,582**
Net carrying amount						
31 December 2019	**28,662**	**227,040**	**513,605**	**296,822**	**2,006,499**	**3,072,628**
31 December 2018	**31,144**	**255,522**	**637,309**	**292,033**	**2,053,415**	**3,269,423**

	Intangible assets					
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	Total
31 December 2018						
Cost						
31 December 2017	127,522	1,280,764	1,271,237	277,976	2,261,433	5,218,932
Increases	2,715	93,289	44,389	—	—	140,393
Decreases	—	(1,023)	—	—	—	(1,023)
Effect of exchange rate changes	2,289	28,549	57,949	14,057	—	102,844
31 December 2018	132,526	1,401,579	1,373,575	292,033	2,261,433	5,461,146
Accumulated amortisation						
31 December 2017	98,347	964,750	557,658	—	149,339	1,770,094
Increases	120	153,170	147,620	—	58,679	359,589
Decreases	—	(819)	—	—	—	(819)
Effect of exchange rate changes	1,419	26,485	30,988	—	—	58,892
31 December 2018	99,886	1,143,586	736,266	—	208,018	2,187,756
Allowance for impairment						
31 December 2017	1,506	—	—	—	—	1,506
Increases	—	2,606	—	—	—	2,606
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	(10)	(135)	—	—	—	(145)
31 December 2018	1,496	2,471	—	—	—	3,967
Net carrying amount						
31 December 2018	31,144	255,522	637,309	292,033	2,053,415	3,269,423
31 December 2017	27,669	316,014	713,579	277,976	2,112,094	3,447,332

The Company and its wholly owned subsidiary GoldStone ZeXin Investment Management Co., Ltd. (hereinafter referred to as "GoldStone ZeXin") jointly bid for a piece of land-use right in Shenzhen in January 2014. GoldStone ZeXin is engaged in, among other business activities, real estate development. The Company and GoldStone ZeXin obtained the land-use right certificate in August 2015. GoldStone ZeXin obtained a bank loan in September 2015, which is secured over the land-use right held by the Company and GoldStone ZeXin and guaranteed by GoldStone Investment Co., Ltd., the immediate holding company of GoldStone ZeXin. The bank loan has been paid off as at 1 April 2019 but the pledge over the land-use right has yet to be released as at 31 December 2019.

The portion of the land-use right attributable to GoldStone ZeXin for real estate development is classified under Other Non-Current Assets (Note 30), and the portion attributable to the Company is classified under land-use rights.

24 INVESTMENTS IN SUBSIDIARIES

Company

	31 December 2019	2018
Unlisted shares, at cost	**33,943,279**	32,045,836

Particulars of the Company's principal subsidiaries are as follows:

(a) Principal subsidiaries acquired through establishment or investment

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest Direct	Indirect
GoldStone Investment Co., Ltd. (金石投資有限公司)	Mainland China	RMB3 billion	Direct investment, investment advisory and management	RMB1.7 billion	100%	—
CITIC Securities International Co., Ltd. (中信証券國際有限公司)	Hong Kong	Not applicable	Holding, investment	HK$6,516.05 million	100%	—
CITIC Securities Investment Ltd. (中信証券投資有限公司)	Mainland China	RMB14 billion	Financial product investment, securities investment, equity investment	RMB14 billion	100%	—
CITICS Global Absolute Return Fund	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	US$7,281,400	80.98%	19.02%
CITIC Securities Finance 2013 Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	US$1	—	100%
CITIC Securities Finance MTN Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	US$1	—	100%
CITIC Securities Regal Holding Limited	The British Virgin Islands	Not applicable	Holding company	US$1	—	100%
CITIC Securities Qingdao Training Centre (青島中信証券培訓中心)	Mainland China	RMB1 million	Business training	RMB1 million	70.00%	30.00%
CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd. (中信証券信息與量化服務（深圳）有限責任公司)	Mainland China	RMB10 million	Computer hardware and software technology development, technical consulting, technical services, system integration and sales, data processing (excluding restricted items)	RMB10 million	100%	—
CITIC Securities Overseas Investment Company Limited (中信証券海外投資有限公司)	Hong Kong	Not applicable	Holding, investment	HK$0.01 million	100%	—
Jintong Securities Co., Ltd. (金通證券有限責任公司)	Mainland China	RMB135 million	Securities brokerage	RMB35 million	100%	—
CITICS Investment Services Company Limited (中信中證投資服務有限責任公司)	Mainland China	RMB100 million	Investment management, advisory service, finance outsourcing service	RMB100 million	100%	—
Xin Jiang Equity Exchange Limited (新疆股權交易中心有限公司)	Mainland China	RMB110 million	Finance	RMB60 million	54.55%	—
Qingdao GoldStone Storm Investment Consulting Company Limited (青島金石暴風投資諮詢有限公司)	Mainland China	RMB50.1 million	Investment management, advisory services	RMB50.1 million	—	100%
Qingdao GoldStone Runhui Investment Management Company Limited (青島金石潤匯投資管理有限公司)	Mainland China	RMB10.1 million	Investment management, advisory services, investment with self-owned capital	RMB10.1 million	—	100%
Qingdao GoldStone Haorui Investment Company Limited (青島金石灝泱投資有限公司)	Mainland China	RMB805 million	Investment management, advisory services, investment with self-owned capital	RMB2,000 million	—	100%

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
Jinjin Investment (Tianjin) Co., Ltd. (金津投資（天津）有限公司)	Mainland China	RMB100 million	Investment	RMB500 million	—	100%
CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司)	Mainland China	RMB100 million	Investment	RMB100 million	—	100%
GoldStone ZeXin Investment Management Co., Ltd. (金石澤信投資管理有限公司)	Mainland China	RMB1,000 million	Investment management, investment advisory, investment consultancy, fiduciary management, equity investment, fund, real estate.	RMB1,000 million	—	100%
CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司)	Mainland China	RMB100 million	Investment management, advisory services	RMB100 million	—	100%
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金（深圳）合夥企業(有限合夥))	Mainland China	Not applicable	Investment, advisory services	RMB887.53 million	—	25.24%(i)
Qingdao GoldStone Blue Ocean Investment Management Co., Ltd. (青島金石藍海投資管理有限公司)	Mainland China	RMB5 million	Investment	RMB0.3 million	—	100%
GoldStone Boxin Investment Management Co., Ltd. (金石博信投資管理有限公司)	Mainland China	RMB500 million	Investment	—	—	100%
Three Gorges GoldStone Investment Management Co., Ltd. (三峽金石投資管理有限公司)	Mainland China	RMB100 million	Investment management	RMB60 million	—	60%
Anhui Xinan M&A Private Fund Management Co., Ltd (安徽信安併購私募基金管理有限公司)	Mainland China	RMB20 million	Investment management	RMB4 million	—	80%
Jinshi Fengrui Investment Management (Hangzhou) Co., Ltd (金石灃汭投資管理（杭州）有限公司)	Mainland China	RMB30 million	Investment management	—	—	100%
Goldstone Biology Entrepreneurship (Suzhou) Co., Ltd (金石生物創業投資（蘇州）有限公司)	Mainland China	RMB10 million	Investment management	RMB6 million	—	60%
Shenzhen Jinshi Rongzhi Holding Investment Co., Ltd (深圳金石戎智股權投資管理有限公司)	Mainland China	RMB10 million	Investment management	RMB6 million	—	60%
Anhui Transport Control Jinshi Private Fund Management Co., Ltd (安徽交控金石私募基金管理有限公司)	Mainland China	RMB30 million	Investment fund management	RMB10.5 million	—	70%
Qingdao Jindingxin Micro Financing Co., Ltd. (青島金鼎信小額貸款股份有限公司)	Mainland China	RMB300 million	Micro financing	RMB300 million	—	100%
CITIC Securities (Qingdao) Training Centre Hotel Management Co., Ltd. (中信証券（青島）培訓中心酒店管理有限公司)	Mainland China	RMB10 million	Catering, accommodation, convention, exhibition	RMB2 million	—	100%
CITIC Securities Capital Management Co., Ltd (中信中證資本管理有限公司)	Mainland China	RMB1,000 million	Investment and asset management	RMB1,000 million	—	100%
CITIC Futures International Co., Ltd. (中信期貨國際有限公司)	Hong Kong	RMB300 million	Futures brokerage	RMB300 million	—	100%
CITIC Wings Asset Management Co., Ltd. (中信盈時資產管理有限公司)	Mainland China	RMB200 million	Asset management	RMB100 million	—	100%
CITIC Securities Corporate Finance (HK) Limited	Hong Kong	Not applicable	Investment banking	HK$380 million	—	100%
CSI AMC Company Limited	Hong Kong	Not applicable	Investment service	HK$1	—	100%
CSI Principal Investment Holding Limited	The British Virgin Islands	US$50 thousand	Holding company	US$1	—	100%
CLSA Europe B.V.	Netherlands	EUR750 thousand	Investment banking	EUR750 thousand	—	100%
China Wealth Investment management Limited Company (上海華夏財富投資管理有限公司)	Mainland China	RMB20 million	Asset management	RMB20 million	—	62.20%
Xinjiang Micro Finance Service Co., Ltd. (新疆小微金融服務中心有限公司)	Mainland China	RMB1,820 thousand	Research and development of financial products, portfolio design, consulting services, etc.	RMB910 thousand	—	54.55%

(i) According to the investment contract, the Company believes that it has actual control over the entity.

(b) Principal subsidiaries acquired from business combination

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest Direct	Indirect
CITIC Securities (Shandong) Co., Ltd. (中信証券 (山東) 有限責任公司)	Mainland China	RMB2,500 million	Securities business	RMB1,151.94 million	100%	—
CITIC Futures Co., Ltd.(中信期貨有限公司)	Mainland China	RMB3,600 million	Futures brokerage, asset management, fund distribution	RMB3,949.36 million	100%	—
China Asset Management Co., Ltd. (華夏基金管理有限公司)	Mainland China	RMB238 million	Fund investment	RMB2,663.95 million	62.20%	—
Tianjin Jingzheng Property Services Co., Limited (天津京證物業服務有限公司)	Mainland China	RMB0.3 million	Property management and leasing service	RMB336.86 million	100%	—
Tianjin Shenzheng Property Services Co., Limited (天津深證物業服務有限公司)	Mainland China	RMB0.3 million	Property management and leasing service	RMB244.87 million	100%	—
Jinshang (Tianjin) Investment Management Co., Ltd. (金尚 (天津) 投資管理有限公司)	Mainland China	RMB12.5 million	Investment management, advisory service	RMB18.59 million	—	100%
China Asset Management (Hong Kong) Limited (華夏基金 (香港) 有限公司)	Hong Kong	HK$200 million	Asset management	HK$200 million	—	62.20%
China AMC Capital Management Limited (華夏資本管理有限公司)	Mainland China	RMB350 million	Asset management, financial advisory	RMB350 million	—	62.20%
CLSA B.V.(里昂證券)	Netherlands	Not applicable	Investment, holding	US$1,090.30 million	—	100%
CLSA Premium Limited *	Cayman Island	Not applicable	Leveraged foreign exchange transactions and other transactions, cash transactions, other services	HK$780.2 million	—	59.03%
CSI Capricornus Limited	The British Virgin Islands	US$50 thousand	Investment, holding	—	—	100%

* In October 2019, KVB Kunlun Financial Group Limited (昆侖國際金融集團有限公司) changed its name to CLSA Premium Limited.

(c) Net cash flows from disposal of subsidiaries

	2019	2018
Total consideration	**21,814**	—
Cash and cash equivalents received	**21,814**	—
Cash and cash equivalents in the subsidiaries disposed	**(100,337)**	—
Net cash (outflow)/inflow from disposal of subsidiaries	**(78,523)**	—

(d) Net cash flows from acquisition of subsidiaries

	2019	2018
Total consideration	—	(107,664)
Cash and cash equivalents paid	—	(107,664)
Cash and cash equivalents in the subsidiaries acquired	—	10,273
Net cash (outflow)/inflow from acquisition of subsidiaries	—	(97,391)

(e) Non-cash financing activities

The Group had no significant non-cash financing activities during the year ended 31 December 2019.

(f) Structured entities included in the consolidated financial statement

The Group acts as asset manager for or invested in a number of structured entities. Management makes significant judgment on whether the Group controls and therefore should consolidate these structured entities.

Management has determined that the Group had control of certain structured entities based on their assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities. 17 of the controlled structured entities have been consolidated as at 31 December 2019, of which 4 were consolidated by the Company and 13 were consolidated by the Company's wholly owned subsidiary CITIC Futures Co., Ltd. (16 of the controlled structured entities have been consolidated as at 31 December 2018, of which 5 were consolidated by the Company and 11 were consolidated by the Company's wholly owned subsidiary CITIC Futures Co., Ltd.).

The fair value and book value of identifiable assets and liabilities of the consolidated structured entities were as follows:

	Fair value as at 31 December 2019	**Book value as at 31 December 2019**
Current assets	**3,780,485**	**3,780,485**
Non-current assets	**7,685**	**7,685**
Total asset	**3,788,170**	**3,788,170**
Current liabilities	**95,227**	**95,227**
Non-current liabilities	**—**	**—**
Total liabilities	**95,227**	**95,227**

	Fair value as at 31 December 2018	Book value as at 31 December 2018
Current assets	3,863,294	3,863,294
Non-current assets	36,045	36,045
Total asset	3,899,339	3,899,339
Current liabilities	132,303	132,303
Non-current liabilities	—	—
Total liabilities	132,303	132,303

The operating results and cash flows of the consolidated structured entities for the year ended 31 December 2019 and 2018 included in the consolidated financial statements are as follows:

	2019	2018
Revenue	**145,550**	46,093
Profit for the year	**129,442**	26,940
Net increase in cash and cash equivalents	**1,246,686**	(515,746)

(g) Details of the Group's subsidiary with material non-controlling interests is set out below:

China Asset Management Co., Ltd.

	31 December	
	2019	2018
Percentage of equity interest held by non-controlling interests	**37.80%**	37.80%
Dividends paid to non-controlling interests	**141,294**	165,880
Ending balances of non-controlling interests	**3,381,013**	3,061,515
Profit for the year attributable to non-controlling interests	**453,965**	430,928

The following tables illustrate the summarised financial information of the above subsidiary:

	2019	2018
Revenue	**3,988,457**	3,754,771
Profit from continuing operations	**1,200,965**	1,140,022
Total comprehensive income for the year	**1,219,028**	1,170,929
Net cash flows from operating activities	**712,078**	438,550
Net cash flows from investing activities	**(66,110)**	(17,575)
Net cash flows used in financing activities	**(498,782)**	(438,836)
Net increase in cash and cash equivalents	**150,825**	8,361

	31 December	
	2019	2018
Current assets	**10,389,129**	9,470,685
Non-current assets	**1,255,955**	871,033
Current liabilities	**1,905,783**	1,678,386
Non-current liabilities	**794,822**	564,087

As at 31 December 2019, there were no significant restrictions on the ability of the Group to access or use the assets and settle the liabilities of the Group's subsidiaries (2018: Nil).

25 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2019	2018
Associates	**8,925,954**	8,638,309
Joint ventures	**75,129**	399,986
Total	**9,001,083**	9,038,295

(a) Particulars of the Group's principal associates and joint ventures are as follows:

Name	Place of incorporation /registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Associates					
CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司)	Mainland China	RMB1.8 billion	Investment fund management	35%	35%
Qingdao Blue Ocean Equity Exchange Limited (青島藍海股權交易中心有限責任公司)	Mainland China	RMB50 million	Equity trading	40%	40%
CSC Financial Co., Ltd. (中信建投證券股份有限公司)	Mainland China	RMB7,246.39 million	Securities brokerage, securities investment consulting	5.0069%	5.0069%
Beijing Agricultural Investment Fund (Limited Partnership) (北京農業產業投資基金（有限合夥）)	Mainland China	RMB620 million	Investment	32%	32%
Beijing GoldStone Agricultural Investment Fund Management Center (Limited Partnership) (北京金石農業投資基金管理中心（有限合夥）)	Mainland China	RMB30 million	Fund management	33%	33%
Shenzhen Qianhai Zhongzheng Urban Development And Management Co., Ltd (深圳市前海中證城市發展管理有限公司)	Mainland China	RMB50 million	Investment management	35%	35%
Zhongzheng Fund Management Co., Ltd (中證基金管理有限公司)	Mainland China	RMB110 million	Investment management	29%	29%
Xinrong Customer Services Club Co., Ltd. (深圳市信融客戶服務俱樂部有限公司)	Mainland China	RMB10 million	Financial services	25%	25%
Qianhai Infrastructure Investments Fund Management Co., Ltd. (深圳前海基礎設施投資基金管理有限公司)	Mainland China	RMB300 million	Fund management	11.67%	11.67%[(i)]
Taifu GoldStone (Tianjin) Fund Management Co., Ltd. (泰富金石（天津）基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
Suning GoldStone (Tianjin) Fund Management Co., Ltd. (蘇寧金石（天津）基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
Xi'an Future Aerospace Industry Co., Ltd. (西安明日宇航工業有限責任公司)	Mainland China	RMB50 million	Aerospace components and ground equipment manufacturing, sheet metal components manufacturing	35%	35%
Sailing Capital International (Shanghai) Co., Ltd (賽領國際投資基金（上海）有限公司)	Mainland China	RMB8,010 million	investment and loan fund	11.10%	11.10%[(i)]
Sailing Capital Management (Shanghai) Co., Ltd (賽領資本管理有限公司)	Mainland China	RMB280.5 million	Equity investment management	9.09%	9.09%[(i)]
CITIC POLY (Tianjin) Private Equity Fund Management Co., Ltd. (信保（天津）股權投資基金管理有限公司)	Mainland China	RMB100 million	Entrusted management of equity investment	33%	33%
Tibet Xinsheng equity investment partnership (limited partnership) (西藏信昇股權投資合夥企業（有限合夥）)	Mainland China	RMB1,821.83 million	Private equity investment	14.64%	14.64%
CITIC PE Holdings Limited	The British Virgin Islands	HKD171.6 million	Investment holding	35%	Not applicable

Name	Place of incorporation /registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Aria Investment Partners III,L.P.	Cayman Islands	Not applicable	Direct investment fund	15.35%	11.39%(i)
Aria Investment Partners IV, L.P.	Cayman Islands	Not applicable	Direct investment fund	39.24%	39.14%
Aria Investment Partners V, L.P.	Cayman Islands	Not applicable	Direct investment fund	45.53%	31.25%
Clean Resources Asia Growth Fund L.P.	Cayman Islands	Not applicable	Direct investment fund	17.59%	17.59%(i)
Fudo Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	6.13%	6.13%(i)
Fudo Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	5%	5%(i)
Sunrise Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	23.99%	23.99%
Sunrise Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	6.25%	6.25%(i)
CLSA Aviation Private Equity Fund I	Korea	US$58.28 million	Direct investment fund	6.86%	6.86%(i)
CLSA Aviation Private Equity Fund II	Korea	US$60.24 million	Direct investment fund	0.1%	0.08%(i)
CLSA Aviation II Investments (Cayman) Limited	Cayman Islands	US$50 thousand	Direct investment fund	12.39%	12.39%(i)
CT CLSA Holdings Limited	Sri Lanka	LKR500 Million	Investment holding	25%	25%
Pan Asia Realty Ltd.	Cayman Islands	USD1.7 million	Asset management	20%	20%
Holisol Logistics Private Ltd.	Cayman Islands	USD1	Asset management	20.31%	20.31%
CLSA Infrastructure Private Equity Fund	Korea	Not applicable	Asset management	0.2%	0.14%(i)
CSOBOR Fund, L.P.	Cayman Islands	USD52 million	Asset management	29.03%	33.33%
CSI Partners Limited	The British Virgin Islands	USD50 thousand	Investment holding	33.00%	33.00%
Alfalah Securities (Private) Limited	Pakistan	Not applicable	Investment banking and securities brokerage	24.90%	24.90%
Pine Tree Special Opportunity FMC LLC	Cayman Islands	Not applicable	Investment holding	50.00%	50.00%
Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Cayman Islands	USD4	Asset management	43.80%	43.80%
Joint ventures:					
CITIC Standard and Poor's Information Service (Beijing) Co., Ltd. (中信標普指數信息服務（北京）有限公司)	Mainland China	RMB8.027 million	Financial services	50%	50%
Double Nitrogen Fund. GP Limited.	Cayman Islands	USD100	Investment management	48%	50%(ii)
Sino-Ocean Land Logistics Investment Management Limited	Cayman Islands	USD0.05 million	Investment management	50%	33.33%
CSOBOR Fund GP, Limited	Cayman Islands	USD52 million	Investment management	49%	33.33%
Platinum Property Management Limited	United Kingdom	GBP 100	Asset management	50%	Not applicable
Merchant Property Limited	Guernsey	Not applicable	Property investment	50%	50%
Kingvest Limited	Cayman Islands	JPY5,000 million	Asset management	44.85%	45.00%
Lending Ark Asia Secured Private Debt Holding Limited	Cayman Islands	USD4	Asset management	50%	50%

(i) The Group has a significant influence over these funds as it acts as the fund manager of these funds.

(ii) The Group has joint control over this entity with other parties through contractual arrangement.

(b) The following table illustrates the summarised financial information of the Group's material associates:

(i) CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The unaudited financial information is as follows:

	31 December	
	2019	2018
Current assets	**4,711,306**	4,971,620
Non-current assets	**18,692**	15,646
Current liabilities	**153,882**	409,984
Non-current liabilities	**202,563**	179,357

	2019	2018
Revenue	**834,363**	700,689
Profit from continuing operations	**609,722**	343,875
Total comprehensive income	**609,722**	343,875

(ii) CSC Financial Co., Ltd., as a major associate of the Group, is primarily engaged in securities brokerage and investment consulting, and is accounted for using the equity method. The financial information is as follows (in RMB millions):

	31 December	
	2019	2018
	(unaudited)	(audited)
Assets	**285,670**	195,082

	2019	2018
	(unaudited)	(audited)
Net profit attributable to equity holders of the Company	**5,502**	3,087

(iii) Sailing Capital International (Shanghai) Co., Ltd., as a major associate of the Group, is primarily engaged in investment, investment management and consulting, and is accounted for using the equity method. The unaudited financial information is as follows:

	31 December	
	2019	2018
Current assets	**9,395,659**	10,458,827
Current liabilities	**11,969**	4,406
Non-current liabilities	**271,588**	306,637

	2019	2018
Revenue	**59,942**	496,595
Profit from continuing operations	**18,943**	340,167
Total comprehensive income	**18,943**	340,167

(c) The following table illustrates the aggregate unaudited financial information of the Group's associates and joint ventures that are not individually material.

	2019	2018
Profit from continuing operations	**360,185**	409,297
Other comprehensive income	**3,611**	(282)
Total comprehensive income	**363,797**	409,015

(d) As at 31 December 2019, there was no capital commitment to the associates and joint ventures (31 December 2018: Nil).

(e) There were no significant restrictions on the ability of the Group's associates and joint ventures to transfer funds to the Group in form of cash dividends or to repay any liability owed to the Group as at 31 December 2019 and 31 December 2018.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2019	
	Current	**Non-current**
Debt instruments (Mandatory)	**23,684,063**	**—**
Equity instruments (Designated)		
CSF No.1 investment [(i)]	**—**	**16,074,056**
Others	**—**	**205,313**
	—	**16,279,369**
Total	**23,684,063**	**16,279,369**
Loss allowance	**262,920**	**—**
Analyzed into:		
Listed	**23,654,041**	**—**
Unlisted	**30,022**	**16,279,369**
	23,684,063	**16,279,369**

	31 December 2018	
	Current	Non-current
Debt instruments (Mandatory)	36,327,828	—
Equity instruments (Designated)		
CSF No.1 investment [(i)]	—	15,310,637
Others	—	221,778
	—	15,532,415
Total	36,327,828	15,532,415
Loss allowance	145,846	—
Analyzed into:		
Listed	36,327,828	—
Unlisted	—	15,532,415
	36,327,828	15,532,415

(i) The balance represented the investment portfolio, operating by China Securities Finance Corporation Limited ("CSF"). Under the investment agreement, the Company and other joint investors share the income/loss based on contribution proportion. The Company manages these financial assets for purposes other than to generate investment returns.

As at 31 December 2019, based on the investment report provided by CSF, the cost of the Company's investment managed by CSF was RMB15,675 million (31 December 2018: RMB15,675 million), while the fair value was RMB16,074 million (31 December 2018: RMB15,311 million).

27 REFUNDABLE DEPOSITS

	31 December 2019	2018
Trading deposits	**1,110,269**	930,376
Credit deposits	**283,297**	157,765
Performance bonds	**66,371**	24,636
Total	**1,459,937**	1,112,777

28 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2018	**18,341**	**293,692**	**894,017**	**2,807,438**	**209,538**	**4,223,026**
Credited/(debited) to the statement of profit or loss	**1,269**	**(52,993)**	**351,407**	**605,376**	**204,520**	**1,109,579**
Credited/(debited) to other comprehensive income	**4,298**	**(86,406)**	**3,672**	**(686)**	**(11,994)**	**(91,116)**
At 31 December 2019	**23,908**	**154,293**	**1,249,096**	**3,412,128**	**402,064**	**5,241,489**

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2017	28,421	30,301	633,116	2,531,678	161,436	3,384,952
Changes in accounting policy	—	288,289	(237,824)	79,184	—	129,649
At 1 January 2018	28,421	318,590	395,292	2,610,862	161,436	3,514,601
Credited/(debited) to the statement of profit or loss	1,584	(115,602)	498,725	205,877	27,404	617,988
Credited/(debited) to other comprehensive income	(11,664)	90,704	—	(9,301)	20,698	90,437
At 31 December 2018	18,341	293,692	894,017	2,807,438	209,538	4,223,026

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2018	**303,037**	**974,266**	**690,305**	**1,967,608**
Debited/(credited) to the statement of profit or loss	**(42,843)**	**684,302**	**96,482**	**737,941**
Debited/(credited) to other comprehensive income	**4,132**	**133,898**	**416**	**138,446**
At 31 December 2019	**264,326**	**1,792,466**	**787,203**	**2,843,995**

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2017	353,036	1,454,756	824,419	2,632,211
Changes in accounting policy	—	103,677	—	103,677
At 1 January 2018	353,036	1,558,433	824,419	2,735,888
Debited/(credited) to the statement of profit or loss	(63,569)	(199,271)	(136,211)	(399,051)
Debited/(credited) to other comprehensive income	13,570	(384,896)	2,097	(369,229)
At 31 December 2018	303,037	974,266	690,305	1,967,608

29 RIGHT-OF-USE ASSETS

31 December 2019	Properties and Buildings	Transportation Vehicles	Electronic Devices	Others	Total
Cost					
31 December 2018					
Changes in accounting policy	1,922,509	1,708	39	1,154	1,925,410
1 January 2019	1,922,509	1,708	39	1,154	1,925,410
Increases	329,488	26	707	268	330,489
Decreases	75,435	—	—	72	75,507
Effect of exchange rate change	13,807	28	9	—	13,844
31 December 2019	2,190,369	1,762	755	1,350	2,194,236
Accumulated depreciation					
31 December 2018					
Changes in accounting policy	—	—	—	—	—
1 January 2019	—	—	—	—	—
Increases	599,804	502	184	247	600,737
Decreases	10,263	—	—	22	10,285
Effect of exchange rate change	2,876	16	7	—	2,899
31 December 2019	592,417	518	191	225	593,351
Allowances for impairment					
31 December 2018					
Changes in accounting policy	—	—	—	—	—
1 January 2019	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
31 December 2019	—	—	—	—	—
Net carrying amount					
31 December 2019	1,597,952	1,244	564	1,125	1,600,885
31 December 2018					

30 OTHER NON-CURRENT ASSETS

	31 December 2019	2018
Project investment (Note 23)	**1,731,135**	1,715,612
Receivables and others	**455,654**	2,333,571
Total	**2,186,789**	4,049,183

31 MARGIN ACCOUNTS

	31 December 2019	2018
Margin accounts	**71,446,330**	57,514,449
Less: loss allowance	**772,485**	316,635
Total	**70,673,845**	57,197,814

Margin accounts are funds that the Group lends to its customers for margin financing business.

As at 31 December 2019, the Group received collateral with fair value amounted to RMB261,259 million (31 December 2018: RMB169,406 million), in connection with its margin financing business.

32 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019 Current	Non-current
Mandatory		
Debt instruments	**214,989,531**	**40,000**
Equity instrument	**79,601,887**	**14,558,580**
Others	**34,470,280**	**5,126,775**
	329,061,698	**19,725,355**
Designated		
Equity instruments (i)	**84,815**	**6,402,501**
Others	**—**	**73,938**
	84,815	**6,476,439**
Total	**329,146,513**	**26,201,794**
Analyzed into:		
Mandatory		
Listed	**269,252,947**	**1,939,174**
Unlisted	**59,808,751**	**17,786,181**
	329,061,698	**19,725,355**
Designated		
Listed	**84,815**	**5,733,872**
Unlisted	**—**	**742,567**
	84,815	**6,476,439**
Total	**329,146,513**	**26,201,794**

(i) As of 31 December 2019, financial assets at fair value through profit or loss of RMB134,392 million (31 December 2018: RMB93,369 million) were collateralized for reverse repurchase agreements, amount due to CSF and securities lending transactions.

	31 December 2018	
	Current	Non-current
Mandatory		
Debt instruments	149,131,770	40,000
Equity instruments (i)	44,351,654	18,285,180
Others	30,743,767	3,693,509
	224,227,191	22,018,689
Designated		
Equity instruments	647,889	543,305
Total	224,875,080	22,561,994
Analyzed into:		
Mandatory		
Listed	179,862,349	1,170,684
Unlisted	44,364,842	20,848,005
	224,227,191	22,018,689
Designated		
Listed	81,341	543,305
Unlisted	566,548	—
	647,889	543,305
Total	224,875,080	22,561,994

33 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2019		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	**1,172,493,937**	**3,413,912**	**3,709,853**
Currency derivatives	**46,715,883**	**437,723**	**193,179**
Equity derivatives	**185,283,203**	**3,144,735**	**9,590,424**
Credit derivatives	**14,830,280**	**138,696**	**224,716**
Others	**40,957,155**	**216,007**	**273,578**
Total	**1,460,280,458**	**7,351,073**	**13,991,750**

	31 December 2018		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	796,920,216	4,891,535	4,989,224
Currency derivatives	63,666,183	439,709	366,690
Equity derivatives	98,130,524	5,632,099	3,384,686
Credit derivatives	28,759,234	292,442	312,918
Others	14,289,289	132,317	258,381
Total	1,001,765,446	11,388,102	9,311,899

Under the "Daily Mark-to-Market and Settlement Arrangement", the Group's future contracts were settled daily and the amount of mark-to-market gain or loss of those unexpired future contracts is reflected in profit or loss and not included in derivative financial instruments above. The corresponding payments or receipts are reflected in "cash and bank balances". As at 31 December 2019, the fair value of those unexpired daily settled future contracts was RMB37 million (31 December 2018: RMB-143 million).

34 REVERSE REPURCHASE AGREEMENTS

	31 December 2019	2018
Analysed by collateral:		
Stocks	**40,488,704**	38,599,288
Debts	**21,387,258**	30,633,645
Others	**—**	103,354
	61,875,962	69,336,287
Less: loss allowance	**3,045,909**	1,965,846
Total	**58,830,053**	67,370,441
Analysed by business		
Stock repo	**4,911**	140,882
Pledged repo[(i)]	**52,831,453**	56,140,512
Debt securities outright repo	**9,039,598**	12,951,539
Others	**—**	103,354
	61,875,962	69,336,287
Less: loss allowance	**3,045,909**	1,965,846
Total	**58,830,053**	67,370,441
Analysed by counterparty:		
Banks	**1,078,684**	6,548,276
Non-bank financial institutions	**4,034,164**	5,845,492
Others	**56,763,114**	56,942,519
	61,875,962	69,336,287
Less: loss allowance	**3,045,909**	1,965,846
Total	**58,830,053**	67,370,441

(i) As at 31 December 2019, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB40,489 million (31 December 2018: RMB38,478 million) was attributable to stock-pledged repo.

As at 31 December 2019, the Group's financial assets arising from financing businesses included margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets") totalled RMB111,935 million with credit impairment loss allowances of RMB3,818 million. This comprised margin accounts and repo of RMB71,446 million and RMB40,489 million; with credit impairment loss allowances of RMB772 million and RMB3,046 million, respectively; and related expected impairment losses charged to profit and loss account for the year ended 31 December 2019 was RMB360 million and RMB791 million, respectively.

As at 31 December 2019, the Group received collateral amounted to RMB142,218 million (31 December 2018: RMB108,898 million), in connection with its reverse repurchase agreements.

As part of the reverse repurchase agreements, the Group received securities allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

As at 31 December 2019, the amount of the above collateral allowed to be re-pledged was RMB10,807 million (31 December 2018: RMB9,501 million), and the amount of the collateral re-pledged was RMB7,483 million (31 December 2018: RMB7,984 million).

35 OTHER CURRENT ASSETS

	31 December 2019	2018
Accounts due from brokers	**10,405,015**	4,769,314
Brokerage accounts due from clients	**9,655,059**	13,932,585
Settlement deposits receivable	**4,897,035**	2,637,540
Interest receivable	**141,633**	95,678
Deferred expenses	**79,995**	213,981
Dividends receivable	**659**	2,443
Bulk commodity trading inventory and others	**9,795,260**	10,260,416
Subtotal	**34,974,656**	31,911,957
Less: loss allowance	**1,771,751**	1,656,563
Total	**33,202,905**	30,255,394

36 CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised 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 customer brokerage deposits (Note 38). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Client Money) Rules" together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant authorities.

37 CASH AND BANK BALANCES

	31 December 2019	2018
Cash on hand	**306**	369
Deposits in banks	**64,442,153**	52,226,236
Total	**64,442,459**	52,226,605

As at 31 December 2019, the Group had restricted funds of RMB4,818 million (31 December 2018: RMB4,310 million).

38 CUSTOMER BROKERAGE DEPOSITS

	31 December 2019	2018
Customer brokerage deposits	**123,351,754**	97,773,997

Customer brokerage deposits represent the amounts received from and repayable to clients arising from the ordinary course of the Group's securities brokerage activities. For more details, please refer to Note 36 "Cash held on behalf of customers".

39 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2019	
	Current	**Non-current**
Financial liabilities held for trading		
Debt instruments	**11,072,465**	**—**
Equity investments	**1,054,678**	**—**
Subtotal	**12,127,143**	**—**
Financial liabilities designated as at fair value through profit or loss		
Structured notes	**31,855,240**	**6,445,859**
Minority interests of consolidated structured entities	**335,408**	**—**
Others	**—**	**6,953,349**
Subtotal	**32,190,648**	**13,399,208**
Total	**44,317,791**	**13,399,208**

As at 31 December 2019 and 31 December 2018, there were no significant fair value changes related to the changes in the credit risk of the Group.

	31 December 2018	
	Current	Non-current
Financial liabilities held for trading		
Debt instruments	5,994,425	—
Equity investments	1,457,589	—
Subtotal	7,452,014	—
Financial liabilities designated as at fair value through profit or loss		
Structured notes	30,983,153	3,357,565
Minority interests of consolidated structured entities	402,854	—
Others	42,213	5,408,040
Subtotal	31,428,220	8,765,605
Total	38,880,234	8,765,605

40 REPURCHASE AGREEMENTS

	31 December 2019	2018
Analysed by collateral:		
Equity	**5,234,802**	1,410,646
Debts	**132,736,829**	98,234,574
Gold	**11,454,423**	1,649,094
Others	**25,021,839**	20,374,713
Total	**174,447,893**	121,669,027
Analysed by counterparty:		
Banks	**56,977,106**	37,463,246
Non-bank financial institutions	**11,983,359**	6,427,323
Others	**105,487,428**	77,778,458
Total	**174,447,893**	121,669,027

As at 31 December 2019, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB196,335 million (31 December 2018: RMB129,076 million).

41 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2019	2018
Due to banks	**25,116,285**	16,312,467
Due to China Securities Finance Corporation Limited (Note 32)	**5,018,507**	3,002,400
Due to non-bank financial institution	**3,001,403**	—
Total	**33,136,195**	19,314,867

42 TAXES PAYABLE

	31 December 2019	2018
Enterprise income tax	**2,322,868**	2,353,702
Individual income tax	**311,670**	225,683
Value added tax	**190,435**	253,143
Others	**59,832**	40,470
Total	**2,884,805**	2,872,998

43 SHORT-TERM LOANS

	31 December 2019	2018
Analysed by nature:		
Credit loans	**6,813,690**	4,915,067
Collateralised loans	**591,215**	741,643
Total	**7,404,905**	5,656,710
Analysed by maturity:		
Maturity within one year	**7,404,905**	5,656,710

As at 31 December 2019, the annual interest rates on the short-term loans were in the range of 2.00% to 5.66% (31 December 2018: 1.70% to 5.70%). As at 31 December 2019, the book value of the collateral was RMB2,137 million (31 December 2018: RMB2,202 million) (Note 32).

44 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

2019

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending balance
18 CITIC CP009	22/10/2018	18/01/2019	3.30%	5,031,953	7,828	5,039,781	—
18 CITIC CP010BC	13/11/2018	12/02/2019	3.20%	3,012,678	11,256	3,023,934	—
18 CITIC CP011	07/12/2018	08/03/2019	3.15%	2,004,096	11,611	2,015,707	—
18 CS 05	30/10/2018	18/04/2019	3.50%	1,508,990	15,463	1,524,453	—
18 CS 06	30/10/2018	27/07/2019	3.70%	1,509,512	31,542	1,541,054	—
19 CITIC CP001	18/01/2019	19/04/2019	2.95%	—	2,015,388	2,015,388	—
19 CITIC CP002	22/02/2019	24/05/2019	2.71%	—	3,020,723	3,020,723	—
19 CITIC CP003	08/03/2019	06/06/2019	2.79%	—	3,021,033	3,021,033	—
19 CITIC CP004	18/04/2019	17/07/2019	3.00%	—	3,022,590	3,022,590	—
19 CITIC CP005	17/05/2019	15/08/2019	2.99%	—	3,022,455	3,022,455	—
19 CITIC CP006BC	10/06/2019	06/09/2019	3.07%	—	2,015,056	2,015,056	—
19 CITIC CP007	27/06/2019	25/09/2019	2.60%	—	2,013,012	2,013,012	—
19 CITIC CP008	12/07/2019	10/10/2019	2.70%	—	3,020,227	3,020,227	—
19 CITIC CP009	19/09/2019	18/12/2019	2.75%	—	5,035,350	5,035,350	—
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	—	6,037,196	1,112	6,036,084
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	—	5,018,915	1,493	5,017,422
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	—	3,004,856	502	3,004,354
CITICSMTNECP01	09/01/2019	24/12/2019	0.00%	—	1,372,796	1,372,796	—
CITICSMTNECP02	10/01/2019	24/12/2019	0.00%	—	2,059,194	2,059,194	—
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	—	690,727	—	690,727
Structured notes	11/01/2018 ~31/12/2019	02/01/2019 ~29/06/2020	0.50%~5.00%	4,992,116	18,354,756	17,958,166	5,388,706
Total				18,059,345	62,801,974	60,724,026	20,137,293

2018

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Decrease	Ending balance
17 CITIC 01	11/08/2017	11/08/2018	4.60%	4,580,936	126,632	4,707,568	—
17 CITIC 02	12/09/2017	12/09/2018	4.84%	6,088,066	203,131	6,291,197	—
18 CITIC CP001	19/01/2018	20/04/2018	4.70%	—	2,048,078	2,048,078	—
18 CITIC CP002	07/02/2018	09/05/2018	4.60%	—	3,069,831	3,069,831	—
18 CITIC CP003	05/03/2018	04/06/2018	4.60%	—	4,047,704	4,047,704	—
18 CITIC CP004	04/04/2018	04/07/2018	4.11%	—	4,042,854	4,042,854	—
18 CITIC CP005BC	08/06/2018	07/09/2018	4.38%	—	4,045,035	4,045,035	—
18 CITIC CP006BC	12/07/2018	11/10/2018	3.50%	—	3,027,198	3,027,198	—
18 CITIC CP007BC	07/08/2018	06/11/2018	2.68%	—	4,028,081	4,028,081	—
18 CITIC CP008	13/09/2018	13/12/2018	2.83%	—	4,028,823	4,028,823	—
18 CITIC CP009	22/10/2018	18/01/2019	3.30%	—	5,032,690	737	5,031,953
18 CITIC CP010BC	13/11/2018	12/02/2019	3.20%	—	3,013,132	454	3,012,678
18 CITIC CP011	07/12/2018	08/03/2019	3.15%	—	2,004,398	302	2,004,096
18 CS 05	30/10/2018	18/04/2019	3.50%	—	1,509,104	114	1,508,990
18 CS 06	30/10/2018	27/07/2019	3.70%	—	1,509,599	87	1,509,512
Structured notes	04/01/2017 ~28/12/2018	02/01/2018 ~22/07/2019	2.15%~5.45%	22,868,837	34,987,510	52,864,231	4,992,116
Total				33,537,839	76,723,800	92,202,294	18,059,345

As at 31 December 2019, short-term financing instruments payable comprised of unsecured short-term corporate bonds and structured notes with an original tenor of less than one year.

As at 31 December 2019, there was no default related to any short-term financing instruments payable issued (31 December 2018: Nil).

45 LEASE LIABILITIES

	31 December 2019	
	Current	Non-current
Lease liabilities	**463,904**	1,102,999

As at 31 December 2019, the cash flows of lease contracts signed by the Group but lease not yet commenced are shown as follows:

	31 December 2019
Lease term:	
Within one year	**32,160**
One to two years	**22,253**
Two to five years	**14,626**
More than five years	**—**
	69,039

46 OTHER CURRENT LIABILITIES

	31 December 2019	2018
Settlement deposits payable	**6,237,013**	8,500,252
Salaries, bonuses and allowances payable	**14,608,234**	12,093,994
Debt instruments issued due within one year and others (Notes 47 (a)(iii)(v)(vii)(ix)(xi)(xiii)(xiv)(xvii)(xviii))	**36,590,145**	29,071,008
Amounts due to brokers	**7,472,215**	7,207,833
Interest payable	**125,140**	19,999
Accrued liabilities	**22,738**	6,485
Fee and commissions payable	**332,080**	321,895
Funds payable to securities holders	**167,109**	166,720
Funds payable to securities issuers	**272,990**	147,507
Dividends payable	**2,049**	2,049
Contract liabilities	**938,146**	357,438
Client deposits payable	**26,774,447**	19,841,515
Others	**4,064,242**	4,276,747
Total	**97,606,548**	82,013,442

47 DEBT INSTRUMENTS ISSUED

By category	31 December 2019	2018
Bonds and medium term notes issued (a)	**88,599,822**	85,960,063
Structured notes issued (b)	**821,011**	2,097,307
	89,420,833	88,057,370

By maturity	31 December 2019	2018
Maturity within five years	**86,855,004**	85,491,624
Maturity over five years	**2,565,829**	2,565,746
	89,420,833	88,057,370

As at 31 December 2019, there was no default related to any issued debt instruments (31 December 2018: Nil).

(a) Bonds and medium term notes issued

		31 December 2019	2018
Item			
06 CITICS Bond	(i)	**1,537,449**	1,537,551
13 CITICS 02	(ii)	**12,333,113**	12,329,935
15 CITICS 01	(iii)	**—**	5,631,152
15 CITICS 02	(iv)	**2,565,829**	2,565,746
CITIC SEC N2204	(v)	**3,496,051**	3,433,549
CITIC SEC N2004	(v)	**—**	2,064,771
CITIC SEC N2112	(v)	**2,090,043**	2,052,435
CITIC SEC N2410	(v)	**1,387,427**	—
CITIC SEC N2210	(v)	**3,478,227**	—
16 CITICS G2	(vi)	**2,510,351**	2,510,317
17 CITICS C1	(vii)	**—**	2,061,510
17 CITICS C2	(viii)	**2,373,727**	2,373,696
17 CITICS C3	(ix)	**—**	807,368
17 CITICS C4	(x)	**4,946,992**	4,946,919
17 CITICS G1	(xi)	**—**	10,365,438
17 CITICS G2	(xii)	**2,076,607**	2,076,580
17 CITICS G4	(xiii)	**—**	2,407,353
18 CITICS 01	(xiv)	**—**	4,972,303
18 CITICS 02	(xv)	**2,582,155**	2,582,070
18 CITICS G1	(xvi)	**1,766,481**	1,764,755
18 CS 03	(xvii)	**—**	3,083,239
18 CS 04	(xviii)	**—**	4,092,277
18 CS C1	(xix)	**5,039,265**	5,036,061
18 CS C2	(xx)	**4,021,546**	4,019,026
18 CS G1	(xxi)	**2,459,406**	2,457,000
18 CS G2	(xxii)	**616,076**	616,487
19 CS 01	(xxiii)	**2,788,068**	—
19 CS 02	(xxiv)	**3,093,375**	—
19 CS 03	(xxv)	**3,086,309**	—
19 CS 04	(xxvi)	**1,532,929**	—
19 CS C1	(xxvii)	**2,568,003**	—
19 CS C2	(xxviii)	**3,066,622**	—
19 CS 05	(xxix)	**5,017,983**	—
19 CS G2	(xxx)	**1,011,635**	—
19 CS G1	(xxxi)	**2,020,777**	—
19 CITICS Financial Bond 01	(xxxii)	**9,133,376**	—
KVBFG-Convertible Bond	(xxxiii)	**—**	172,525
Carrying amount		**88,599,822**	85,960,063

(i) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB1.50 billion from 25 May to 2 June 2006, which was guaranteed by CITIC Corporation Limited. The coupon rate of the bond is 4.25% and the maturity date is 31 May 2021.

(ii) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12.00 billion from 7 June 2013 to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.

(iii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB5.50 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 4.60% and the maturity date is 25 June 2020. As at 31 December 2019, the bonds were presented as debt instruments issued due within one year and others (Note 46).

(iv) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.

(v) Pursuant to the resolution of re-Authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, CITIC Securities Finance MTN Co., Ltd. established a USD3.00 billion (or other equivalents) Medium Term Note Programme on 17 October 2014. During the year of 2014, CITIC Securities Finance MTN Co., Ltd. had its first drawdown under the Programme to issue notes with a face value of USD0.65 billion. During the year of 2015, CITIC Securities Finance MTN Co., Ltd. had eight drawdowns under the Programme to issue notes with an aggregate face value of USD439.68 million, which were at maturity and paid off in the year. CITIC Securities Finance MTN Co., Ltd. had two further drawdowns under the Programme to issue notes with a face value of USD0.50 billion and USD0.30 billion on 11 April 2017. From 18 April 2018 to 10 December 2018, CITIC Securities Finance MTN Co., Ltd. had five additional drawdowns under the Programme to issue notes with an aggregate face value of USD729.20 million, of which USD429 million were at maturity and paid off in the year. In 2019, CITIC Securities Finance MTN Co., Ltd. had two additional drawdowns under the Programme to issue notes with a face value of USD500 million and USD200 million, and settled USD850 million of notes in this period. These Medium Term Notes are guaranteed by the Company with no counter-guarantee arrangement. As at 31 December 2019, certain of the outstanding notes under this programme were presented as debt instruments issued due within one year and others (Note 46).

(vi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.50 billion from 16 November 2016 to 17 November 2016. The coupon rate of the bond is 3.38% with the maturity date on 17 November 2021.

(vii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.00 billion on 24 May 2017. The coupon rate of the bond is 5.10% and the maturity date is 25 May 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(viii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB2.30 billion on 24 May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022.

(ix) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB0.80 billion on 25 October 2017. The coupon rate of the bond is 5.05% and the maturity date is 26 October 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(x) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB4.90 billion on 25 October 2017. The coupon rate of the bond is 5.25% and the maturity date is 26 October 2022.

(xi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB10.00 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.20% and the maturity date is 17 February 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(xii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022.

(xiii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.40 billion from 27 November 2017 to 28 November 2017. The coupon rate of the bond is 5.33% and the maturity date is 28 November 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(xiv) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB4.80 billion from 13 April 2018 to 16 April 2018. The coupon rate of the bond is 5.05% and the maturity date is 16 April 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(xv) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.50 billion from 9 May 2018 to 10 May 2018. The coupon rate of the bond is 5.09% and the maturity date is 10 May 2021.

(xvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB1.70 billion from 16 March 2018 to 20 March 2018. The coupon rate of the bond is 5.14% and the maturity date is 20 March 2021.

(xvii) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB3.00 billion from 14 June 2018 to 15 June 2018. The coupon rate of the bond is 5.10% and the maturity date is 15 June 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(xviii) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB4.00 billion from 6 July 2018 to 9 July 2018. The coupon rate of the bond is 4.80% and the maturity date is 9 July 2020. As at 31 December 2019, the bond was presented as debt instruments issued due within one year and others (Note 46).

(xix) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion from 17 October 2018 to 19 October 2018. The coupon rate of the bond is 4.48% and the maturity date is 19 October 2021.

(xx) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB4.00 billion from 5 November 2018 to 7 November 2018. The coupon rate of the bond is 4.40% and the maturity date is 7 November 2021.

(xxi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.40 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.80% and the maturity date is 15 June 2021.

(xxii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB0.60 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.90% and the maturity date is 15 June 2023.

(xxiii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.70 billion from 27 February 2019 to 28 February 2019. The coupon rate of the bond is 3.90% and the maturity date is 28 February 2022.

(xxiv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 20 March 2019 to 21 March 2019. The coupon rate of the bond is 3.98% and the maturity date is 21 March 2022.

(xxv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 25 April 2019 to 30 April 2019. The coupon rate of the bond is 4.28% and the maturity date is 30 April 2022.

(xxvi) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB1.50 billion from 11 June 2019 to 14 June 2019. The coupon rate of the bond is 4.00% and the maturity date is 14 June 2022.

(xxvii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.50 billion from 17 April 2019 to 23 April 2019. The coupon rate of the bond is 4.20% and the maturity date is 23 April 2022.

(xxviii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 28 May 2019 to 3 June 2019. The coupon rate of the bond is 4.10% and the maturity date is 3 June 2022.

(xxix) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion from 21 November 2019 to 26 November 2019. The coupon rate of the bond is 3.75% and the maturity date is 26 November 2022.

(xxx) According to the "Application of CITIC Securities Co., Ltd. for the Public Issuance of Corporate Bonds to Qualified Investors" (CSRC License [2018] No. 1442), from 4 September 2019 to 10 September 2019, the Company issued 5-year unguaranteed bond, the corporate bonds with a total annual face value of RMB1.00 billion have a maturity date of 10 September 2024 and a coupon rate of 3.78%.

(xxxi) According to the "Application of CITIC Securities Co., Ltd. for the Public Issuance of Corporate Bonds to Qualified Investors" (CSRC License [2018] No. 1442), from 4 September 2019 to 10 September 2019. The Company issued 3-year unguaranteed bond, the corporate bonds with a total annual face value of RMB2.00 billion have a maturity date of 10 September 2022 and a coupon rate of 3.39%.

(xxxii) Pursuant to the People's Bank of China`s Permission Approval" (Bank Market Licences [2019] No. 108), the company issued 3-year unguaranteed financial bond. The financial bond with a total face value of RMB9.00 billion, a maturity date of 25 July 2022 and a coupon rate of 3.58%.

(xxxiii) CLSA Premium Limited (formerly known as KVB Kunlun Financial Group Ltd., "KVBFG") redeemed all the bonds at par value up on the exercise of early redemption rights by the bond holders.

(b) Structured notes issued

As at 31 December 2019, the structured notes issued by the Group amounted to RMB821 million (31 December 2018: RMB2,097 million) were with maturity dates over one year and coupon rates ranging from 3.00% to 4.80% (31 December 2018: 2.90% to 4.80%).

48 LONG-TERM LOANS

	31 December 2019	2018
Analysed by nature:		
Credit loans	—	7,802
Collateralised loans	**383,334**	945,427
Total	**383,334**	953,229
Analysed by maturity:		
Maturity within five years	**383,334**	953,229

As at 31 December 2019, the interest rates on the long-term loans were in the range of 2.95% to 10.00% (31 December 2018: 2.00% to 10.00%). As at 31 December 2019, the book value of the collateral was RMB404 million (31 December 2018: RMB4,144 million)

49 OTHER NON-CURRENT LIABILITIES

	31 December 2019	2018
Regulatory risk provision payables	**895,544**	561,030
Others	**483,886**	443,860
Total	**1,379,430**	1,004,890

50 ISSUED SHARE CAPITAL

	31 December			
	2019		2018	
Ordinary Shares	Number of shares (Thousand)	Nominal value	Number of shares (Thousand)	Nominal value
Registered, issued and fully paid:				
A shares of RMB1 each	**9,838,580**	**9,838,580**	9,838,580	9,838,580
H shares of RMB1 each	**2,278,328**	**2,278,328**	2,278,328	2,278,328
Total	**12,116,908**	**12,116,908**	12,116,908	12,116,908

51 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

(a) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalisation is not less than 25% of the registered capital immediately before capitalisation.

The Company did not appropriate any statutory surplus reserve for the year ended 31 December 2019, as such reserve balance has reached 50% of its registered capital.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards, to its discretionary surplus reserve upon approval by the General Shareholders' Meeting. Subject to the approval of General Shareholders' Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

(c) General reserves

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves may be used to offset accumulated losses of the Company but shall not be declared as dividends or converted into share capital. General reserves also include reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside of Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. These regulatory reserves are not available for distribution.

(d) Investment revaluation reserve

Investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

(e) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

(f) Distributable profits

The Company's distributable profits are based on the retained earnings of the Company as determined under China Accounting Standards and IFRSs, whichever is lower.

52 CASH AND CASH EQUIVALENTS

	31 December 2019	2018
Cash and bank balances	**64,442,459**	52,226,605
Less:Restricted funds (Note 37)	**4,817,801**	4,310,403
Interest receivable	**203,176**	340,898
Cash and cash equivalents	**59,421,482**	47,575,304

53 INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in these unconsolidated structured entities are set out as below:

Structured entities sponsored by the Group:

Unconsolidated structured entities sponsored by the Group mainly include investment funds and asset management plans sponsored by the Group. The nature and objective of the structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

In addition, the Group also held certain interests in structured entities sponsored by the Group.

In 2019, the Group obtained management fee, commission and performance fee amounting to RMB3,805 million during the year ended 31 December 2019 from the unconsolidated structured entities sponsored by the Group, for which the Group held no investment as at 31 December 2019 (2018: RMB3,394 million).

The maximum exposure and the book value of relevant balance sheet items of the Group arising from these unconsolidated structured entities sponsored by the Group were set out as below:

	31 December 2019	
	Carrying amount	**Maximum exposure**
Financial assets at fair value through profit or loss (Mandatory)	**9,619,944**	**9,619,944**

	31 December 2018	
	Carrying amount	**Maximum exposure**
Financial assets at fair value through profit or loss (Mandatory)	8,528,951	8,528,951

Structured entities sponsored by third party financial institutions:

The maximum exposure and the book value of relevant balance sheet items of the Group arising from the interest held of directly invested structured entities that are sponsored by third party financial institutions were set out as below:

	31 December 2019	
	Carrying amount	**Maximum exposure**
Financial assets at fair value through profit or loss (Mandatory)	**36,002,806**	**36,002,806**

	31 December 2018	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	13,772,597	13,772,597

54 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require counterparties to return a portion of the collateral or be required to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. A financial liability is recognised for cash received.

Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, 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. If the securities increase or decrease in value, the Group may in certain circumstances require customers to return a portion of the collateral or to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2019		31 December 2018	
	Carrying amount of transferred assets	**Carrying amount of related liabilities**	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	**1,362,163**	**1,297,034**	3,661,525	3,500,018
Securities lending	**798,791**	**—**	537,652	—
Total	**2,160,954**	**1,297,034**	4,199,177	3,500,018

55 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	31 December	
	2019	2018
Contracted, but not provided for	**264,239**	217,721

The above-mentioned capital commitments are mainly in respect of the construction of properties and purchase of equipment of the Group.

(b) Operating lease commitments

(i) Operating lease commitments — as a lessor

At the end of the reporting year, the future minimum lease receivables of the Group as lessor under significant irrevocable operating lease arrangements are summarized below.

	31 December	
	2019	2018
Within one year	**331,919**	263,361
After one year but not more than two years	**291,071**	248,364
After two years but not more than three years	**276,909**	224,472
After three years but not more than four years	**268,101**	220,817
After four years but not more than five years	**263,592**	218,381
After five years	**442,545**	544,966
Total	**1,874,137**	1,720,361

(c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2019, the Group was not involved in any material legal, or arbitration that if adversely determine, would materially and adversely affect the Group's financial position or results of operations.

56 RELATED PARTY DISCLOSURES

(1) Largest equity holder of the Company

Name of the shareholder	Relationship	Enterprise type	Place of registration and operations	Legal representative	Principal activities	Registered share capital	Voting rights	Uniform Social Credit Code
CITIC Corporation Limited	Largest equity holder	State-controlled	Beijing	Zhenming Chang	Financial, industrial and other services	RMB139 billion	16.50%	911100007178317092

The largest shareholder of the Company is CITIC Corporation Limited. As at 31 December 2019, it holds 16.50% equity interests in the Company. As at 11 March 2020, it holds 15.47% equity interests in the Company.

(2) Related party transactions

(a) Largest equity holder of the Company – CITIC Corporation Limited

Transactions during the year

	2019	2018
Income from providing services	**10,613**	1,672
Interest expense	**2,806**	—

Related party transactions

As of 31 December 2019, the Company's largest shareholder did not hold the income certificate issued by the Company (31 December 2018: RMB1 billion)

Guarantees between related parties

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion which was guaranteed by CITIC Corporation Limited. As at 31 December 2019, the total guarantees provided by CITIC Corporation Limited amounted to RMB1.5 billion (31 December 2018: RMB1.5 billion).

(b) Subsidiaries

Transactions during the year

	2019	2018
Interest income	**634,175**	584,183
Investment income	**105,482**	(9,778)
Income from providing services	**17,319**	30,250
Leasing income	**3,521**	4,667
Interest expense	**360,232**	204,446
Expense from receiving services	**1,353**	3,508

Balances at the end of the year

	31 December	
	2019	2018
Other current assets	**23,916,845**	17,998,262
Financial assets at fair value through other comprehensive income	**8,790,776**	8,611,224
Reverse repurchase agreements	**—**	2,537,087
Deposits for investments — Stock index futures	**2,175,866**	1,286,579
Derivative financial assets	**3,508,423**	396,908
Refundable deposits	**1,871,471**	1,031,560
Financial assets at fair value through profit or loss (Mandatory)	**62,145**	18,010
Property, plant and equipment	**744**	744
Land use rights and intangible assets	**184**	184
Other current liabilities	**7,113,526**	9,529,725
Debt instruments issued	**980,361**	2,501,725
Derivative financial liabilities	**646,594**	2,496,232
Repurchase agreements	**—**	300,132
Due to banks and other financial institutions	**220,014**	—
Customer brokerage deposits	**78,530**	190,034
Short-term financing instruments payable	**140,684**	132,252

Significant balances and transactions between the Parent and subsidiaries set out above have been eliminated in the consolidated financial statements.

As at 31 December 2019, the collective assets management plans managed by the Company and held by the Company and its subsidiaries amounted to RMB603 million (31 December 2018: RMB593 million).

(c) Subsidiaries and joint ventures of the largest equity holder of the Parent

Transactions during the year

	2019	2018
Interest income	**606,610**	508,849
Income from providing services	**142,674**	183,201
Leasing income	**27,916**	28,565
Investment income	**80,972**	(61,897)
Expense from receiving services	**151,850**	241,734
Interest expense	**55,068**	183,737

Balances at the end of the year

	31 December 2019	2018
Cash held on behalf of customers (i)	**19,175,149**	16,215,702
Cash and bank balances (i)	**1,935,786**	3,670,752
Other current assets	**69,703**	548,524
Other current liabilities	**18,125**	21,426

(i) Represented deposits placed with financial institution, subsidiaries of the largest equity holder of the Company.

As of 31 December 2019, the subsidiaries and joint ventures of the Company's largest shareholder held RMB15 million in income certificates issued by the Company (31 December 2018: RMB4,000 million).

As of 31 December 2019, the subsidiaries and joint ventures of the Company's largest shareholder have transferred shares of RMB451 million to the Company.

(d) Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries

Transactions during the year

	2019	2018
Income from providing services	**65,014**	19,978
Leasing income	**2,209**	1,529
Expense from receiving services	**3,803**	3,387
Interest expense	**1,197**	4

As of 31 December 2019, the controlling equity holder and ultimate parent of the largest equity holder of the company and its subsidiaries held RMB3.5 billion in structured notes issued by the Company (31 December 2018: Nil).

Balances at the end of the year

	31 December 2019	2018
Other current assets	**16,009**	1,157
Other current liabilities	**68**	425

(e) Associates

Transactions during the year

	2019	2018
Leasing income	**2,493**	4,432
Income from providing services	**1**	1
Interest expense	**—**	344
Income from accepting services	**1,028**	—

Balances at the end of the year

	31 December 2019	2018
Other current liabilities	**716**	994

(f) Joint ventures

Transactions during the year

	2019	2018
Leasing income	**35**	198

	2019	2018
Equity investment	**62,748**	—

	2019	2018
Other current liabilities	**—**	17

(3) The related transactions as a lessee are as follows

Incurred lease income

	31 December 2019	2018
Subsidiaries (i)	**373,826**	371,924
Subsidiaries and joint ventures of the largest equity holder of the Company	**16,033**	9,756
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**37,094**	34,949

(i) Transactions between parent and subsidiaries have been offset in consolidated financial statements

(4) The impact of transactions by the Group as lessee

Interest expense

	2019
Subsidiaries and joint ventures of the largest equity holder of the Company	**1,218**
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**359**
Total	**1,577**

Right-of-use assets depreciation

	2019
Subsidiaries and joint ventures of the largest equity holder of the Company	**6,643**
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**4,925**
Total	**11,568**

Lease expense

	2019
Subsidiaries and joint ventures of the largest equity holder of the Company	**3,016**
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**17,247**
Total	**20,263**

Right-of-use assets

	2019
Subsidiaries and joint ventures of the largest equity holder of the Company	**31,528**
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**71,352**
Total	**102,880**

Lease liabilities

	2019
Subsidiaries and joint ventures of the largest equity holder of the Company	**28,580**
Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries	**70,065**
Total	**98,645**

57 FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

Level 2: Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the financial asset or financial liability, either directly or indirectly.

Level 3: Valuation techniques using inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments recorded at fair value

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt securities	**66,361,963**	**148,395,345**	**272,223**	**215,029,531**
— Equity investments	**74,860,614**	**6,470,501**	**12,829,352**	**94,160,467**
— Others	**6,753,957**	**30,799,995**	**2,043,103**	**39,597,055**
Subtotal	**147,976,534**	**185,665,841**	**15,144,678**	**348,787,053**
Financial assets at fair value through profit or loss (Designated)				
— Equity investments	**—**	**5,818,687**	**742,567**	**6,561,254**
Derivative financial assets	**278,357**	**7,072,716**	**—**	**7,351,073**
Financial assets at fair value through other comprehensive income				
— Debt securities	**5,089,193**	**18,594,870**	**—**	**23,684,063**
— Equity investments	**—**	**16,074,056**	**205,313**	**16,279,369**
Subtotal	**5,089,193**	**34,668,926**	**205,313**	**39,963,432**
Total	**153,344,084**	**233,226,170**	**16,092,558**	**402,662,812**
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	**8,701,593**	**3,421,281**	**4,269**	**12,127,143**
— Financial liabilities designated as at fair value through profit or loss	**—**	**38,636,507**	**6,953,349**	**45,589,856**
Subtotal	**8,701,593**	**42,057,788**	**6,957,618**	**57,716,999**
Derivative financial liabilities	**204,448**	**13,787,302**	**—**	**13,991,750**
Total	**8,906,041**	**55,845,090**	**6,957,618**	**71,708,749**

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt securities	85,748,137	63,376,771	46,862	149,171,770
— Equity investments	41,108,163	4,316,967	17,211,704	62,636,834
— Others	22,083,786	10,905,166	1,448,324	34,437,276
Subtotal	148,940,086	78,598,904	18,706,890	246,245,880
Financial assets at fair value through profit or loss (Designated)				
— Equity investments	—	624,646	566,548	1,191,194
Derivative financial assets	1,409,844	9,978,258	—	11,388,102
Financial assets at fair value through other comprehensive income				
— Debt securities	6,495,577	29,832,251	—	36,327,828
— Equity investments	—	15,310,637	221,778	15,532,415
Subtotal	6,495,577	45,142,888	221,778	51,860,243
Total	156,845,507	134,344,696	19,495,216	310,685,419
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	7,452,014	—	—	7,452,014
— Financial liabilities designated as at fair value through profit or loss	42,212	34,725,389	5,426,224	40,193,825
Subtotal	7,494,226	34,725,389	5,426,224	47,645,839
Derivative financial liabilities	515,420	8,796,479	—	9,311,899
Total	8,009,646	43,521,868	5,426,224	56,957,738

(b) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorized within Level 2

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is available on China bond pricing system on the valuation date is measured using the latest valuation results published by China bond pricing system.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is not available on China bond pricing system, equity instruments at fair value through profit or loss, listed equity instruments with disposal restriction in a specific period, the fair value is determined by valuation technique. The inputs of those valuation techniques include risk-free interest rate, implied volatility curve, RMB denominated swap yield curve, etc., which are all observable.

For equity instruments at fair value through other comprehensive income, the fair value is determined by the equity investment account report provided by third party.

For forward contracts in derivative financial instruments, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. Fair value of swap contracts under derivative financial instruments is calculated based on the difference between the quoted prices or discounted cash flows of underlying financial instruments and the fixed income agreed in the contracts. For option contracts in derivative financial instruments, the fair value is calculated by using the option pricing model.

During the year ended 31 December 2019, there were no changes of valuation techniques for level 2.

(c) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorized within Level 3

For unlisted equity investments, stocks instruments without quoted prices in active markets, fund investments, trusts, financial liabilities, etc., the Group adopts significant judgements and applies counterparties' quotations and valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, and the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discounts, volatility and risk adjusted discount rate and price to book ratios, etc. The fair value of the financial instruments classified under level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

During the period ended 31 December 2019, there were no changes of valuation techniques for level 3.

(d) Movements in Level 3 financial instruments measured at fair value

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

	As at 1 January 2019	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2019
Financial assets:										
Financial assets at fair value through profit or loss (Mandatory)										
— Debt instruments	46,862	(6,894)	2,112	—	—	—	230,143	—	—	272,223
— Equity instruments	17,211,704	(382,336)	2,234	1,750,184	2,292,531	—	158,139	—	3,618,042	12,829,352
— Others	1,448,324	(62,128)	16,075	1,127,458	252,491	—	161,984	—	396,119	2,043,103
Financial assets at fair value through profit or loss (Designated)	566,548	60,296	—	116,479	756	—	—	—	—	742,567
Financial assets at fair value through other comprehensive income	221,778	—	(16,465)	—	—	—	—	—	—	205,313
Financial liabilities:										
Financial liabilities at fair value through profit or loss										
— Financial liabilities designated as at fair value through profit or loss	5,426,224	1,805,166	—	—	278,041	—	—	—	—	6,953,349
— Financial liabilities held for trading	—	—	—	4,269	—	—	—	—	—	4,269

	As at 1 January 2018	Total gains/ (losses) recorded in profit or loss	Total losses recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2018
Financial assets:										
Financial assets at fair value through profit or loss (Mandatory)										
— Debt instruments	169,059	26,602	—	6,635	155,434	—	—	—	—	46,862
— Equity instruments	19,947,871	953,071	4,935	1,843,502	3,867,359	—	99,595	632,933	1,136,978	17,211,704
— Others	—	—	—	3,651,607	2,599,402	396,119	—	—	—	1,448,324
Financial assets at fair value through profit or loss (Designated)	—	—	—	566,548	—	—	—	—	—	566,548
Financial assets at fair value through other comprehensive income	—	—	(109,754)	331,532	—	—	—	—	—	221,778
Financial liabilities:										
Financial liabilities at fair value through profit or loss										
— Financial liabilities designated as at fair value through profit or loss	5,143,392	466,695	—	40,000	223,863	—	—	—	—	5,426,224
— Financial liabilities held for trading	8,954	116	—	—	9,070	—	—	—	—	—

The amount of realized investment income recognized in profit or loss from Level 3 financial instruments held by the Group was RMB421 million in 2019 (2018: RMB270 million).

(e) Transfers between Level 1 and Level 2

In 2019, the amount of financial assets at fair value through profit or loss held by the Group transferred from Level 1 to Level 2 was RMB51 million (2018:RMB112 million)and the amount of financial assets at fair value through profit or loss from Level 2 to Level 1 was RMB806 million (2018: RMB25 million).

(f) Financial instruments not measured at fair value

At the end of the reporting year, the following financial assets and liabilities of the Group are not measured at fair value:

(i) For refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions, short-term financing instruments payable and lease liabilities, these financial instruments' fair values approximate to their carrying amounts.

(ii) The recorded amounts and fair values of debt instruments issued are summarized below.

	Carrying amount		Fair value	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
Debt instruments issued	**89,420,833**	88,057,370	**91,052,004**	89,307,628

58 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

The Company always believes that effective risk management and internal control are critical to its successful operation. The Company has implemented comprehensive risk management and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management. The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has now incorporated internal control and risk management as essential elements in the Company's decision-making processes.

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all the staff, and is committed to building risk management as its core competitiveness.

Structure of Risk Management

The major organizational framework of the risk management of the Company consists of the Risk Management Committee under the Board, the professional committees under the Operation Management, the relevant internal control departments and business departments/business lines. The relatively comprehensive three-level risk management system enables a network of collective decision making among the respective committees, and close cooperation between internal control departments and business departments/business lines, and manages risks through review, decision, execution and supervision. At the division and business line level, the Company has established three lines of defence in risk management, that is, business departments/business lines to assume the primary responsibility for risk management, internal control departments, including the Risk Management Department and the Compliance Department, to conduct professional management of all types of risks and the Audit Department to take charge of post-supervision and evaluation.

Level 1: The Board

The Risk Management Committee of the Board supervises the overall risk management of the Company with the aim of controlling risks within an acceptable scope and ensures smooth implementation of effective risk management schemes over risks related to operating activities; prepares overall risk management policies for the Board's review; formulates strategic structure and resources to be allocated for the Company's risk management purposes and keeps them in line with the internal risk management policies of the Company; sets boundaries for major risk indicators; performs supervision and review on the risk management policies and makes recommendation to the Board.

Level 2: Operation Management

The Company has established the Assets and Liabilities Management Committee. Within the authority delegated by the Board and the Operation Management of the Company, the committee makes decisions on and reviews major issues and related systems involving application of the Company's proprietary capital. For the purpose of ensuring the Company's capital security, the committee optimizes assets allocation and improves the efficiency of the capital application via a scientific, standardized and prudent approach under strict control and management over risk exposures.

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and reviews on capital commitment of the underwriting business within the authority delegated by the Board and the Operation Management of the Company. All corporate finance business involving application of capital of the Company is subject to the approval by the Capital Commitment Committee to ensure an acceptable level of risk exposure of the corporate finance activities and security of capital of the Company.

The Company has established the Risk Management Committee. This committee reports to the Risk Management Committee of the Board and the Operation Management of the Company, and is responsible for monitoring and managing the daily risks of the Company within its designated authority, deciding on and approving material matters related to risk management and relevant system and setting limits for risk. The Risk Management Committee comprises a risk management sub-working group and a reputation risk management sub-working group. The risk management sub-working group is the main body responsible for the daily monitoring and management of the financial risks over the Company's proprietary investment business and facilitating the execution of the decisions made by the Risk Management Committee of the Company. With regular working meeting, the risk management sub-working group has set up specific working groups led by specific risk management control experts with the involvement of related business departments/business lines separately in accordance with market risks, credit risks, liquidity risks and operational risks to respond to pending matters from daily monitoring or decisions made by the higher authorities in a timely manner through the establishment of coordination on implementation level. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

The Company has appointed the Chief Risk Officer to be responsible for coordinating the overall risk management work.

The Company has established the Product Committee. Under the authority of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews the launch or sales of products and provides related service, and is the decision-making body of the appropriateness management for the launch of financial products of the Company. The Risk Evaluation Group and the Suitability Management Group were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk grading on products or services, as well as supervising the management of product terms. The Suitability Management Group is responsible for formulating the criteria for investor classification and principles and procedures for appropriate matching of investors, supervising departments to implement investor suitability management work, organizing suitability training and suitability self-examination and rectification at the company level, and supervising the establishment and improvement of investor appropriateness evaluation database and other work related to suitability management.

Level 3: Division/Business Units

At the division and business line level, the Company has segregated the roles and responsibilities of the front office, middle office and back office to ensure the establishment of a system of "checks and balances", forming three lines of defence in risk management jointly built by business departments/business lines, internal control departments including the Risk Management Department and the Compliance Department, as well as the Audit Department.

Being the Company's first line of defence in risk management, front-office business departments/business lines of the Company bear the first-line responsibility for risk management. These departments are responsible for the establishment of business management systems and risk management systems for various businesses and perform supervision, assessment and reporting on business risks and contain such risks within the approved limits.

Internal control departments such as Risk Management Department and Compliance Department of the Company are the second line of defence in risk management, of which:

The Risk Management Department of the Company performs risk identification, measurement, analysis, monitoring, reporting and management. The department analyzes and assesses the overall risks of the Company and each of its business lines and recommends on optimized allocation of risk resources; assists the Risk Management Committee of the Company in the preparation of risk management indicators such as risk limits, as well as supervision and reporting on the execution of the risk limits; establishes and improves the timely reporting and feedback mechanism among front office, the Risk Management Department and the Operation Management, and regularly discloses the general risk portfolio of the Company to the Operation Management and makes recommendations on risk management; establishes a comprehensive stress test mechanism as a basis for major decision making and daily operational adjustment and fulfillment of regulatory requirements; performs pre-risk assessment and control over new products and businesses.

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance system of the Company, provides compliance advice and make inquiry to the Operation Management, departments/ business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the departments/business lines and branches of the Company to assess, develop, modify and improve internal management systems and business processes based on changes in laws, regulations and guidelines; performs compliance pre-reviews on internal management systems, important decisions, new products, new businesses and key business activities launched by the Company; fulfills the regular and non-regular obligations of reporting to regulatory authorities; organizes and performs money laundering risk control in accordance with the anti-money laundering system of the Company, etc.

The Legal Department of the Company is responsible for oversight of the legal risks of the Company and its relevant businesses.

The Office of the Board of the Company promotes the management over the reputation risk of the Company in conjunction with the General Manager's Office, Risk Management Department, Compliance Department, Human Resources Department, Legal Department, Information Technology Centre, Audit Department and other relevant departments.

The Information Technology Centre of the Company is responsible for managing the IT risks of the Company.

The Audit Department of the Company is the third line of defence in risk management and has the overall responsibility for internal audit, planning and implementing internal audit of all departments/business lines of the Company, its subsidiaries and branches, monitoring the implementation of internal control systems, preventing various moral and policy risks, and assisting the Company with the investigation of emergency events.

Other internal control departments exercise their respective risk management functions within the scope of their responsibilities.

(a) Credit risk

Credit risk refers to the risk of an economic loss caused by the failure of customers, counterparties or issuers of debt financing instruments (also referred to as financiers) to perform their contractual obligations.

Credit risks of the Group mostly arise from four aspects: firstly, the credit risks relating to the brokerage business in respect of securities trading and futures trading on behalf of clients are primarily attributed to no adequate trading deposit from clients, which is regulated to pay in advance, as the Group have the responsibility to settle on behalf of clients when the clients do not have sufficient funds to pay for transactions, or short of funds due to other factors on the settlement date; secondly, the credit risks relating to the financing businesses in respect of margin financing, securities lending, stock repo, and stock-pledged repo, are primarily attributed to operational misconducts including fraudulent credit information, failure to repay debts in full in a timely manner, violation of contracts and regulatory requirements, insufficient liquidity due to legal disputes over collateral assets; thirdly, credit risks relating to credit investment are primarily due to counter party defaults, or credit issuer defaults to pay principal and interest on due dates or a decline in the credit worthiness of issuers; and fourthly, the credit risks relating to the OTC derivative transactions in respect of interest rate swap, equity swap, OTC option and forwards, etc. are primarily attributed to the counterparties' failure to perform their payment obligations in accordance with contracts at maturity.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, assesses its credit risks by means of stress testing and sensitivity analysis, and manages credit risks based on the testing results through credit system. Meanwhile, the Company monitor its credit risks through information management systems in real time, keeps track of the credit risks of the business products and counterparties, provides analysis and warning reports, and adjust its credit exposure limits timely.

Securities brokerage transactions in Mainland China are required to be settled in full trading deposit, which helps to control the settlement risks associated with the brokerage business.

Control over credit risks for the financing businesses is managed primarily through risk management education programmes for clients, credit due diligence and verification of clients, credit limits, risk assessment on collateralized (pledged) securities, daily mark to market of exposure, issuing risk notification to clients, forced position liquidation and legal recourse.

For credit investment, in respect of private equity investment, the Company has established the product entrance level and investment caps, uses methods of risk assessment, risk notification and legal recourse to managed its credit risks, and in respect of public offering investments, the Company has developed certain investment restrictions based on the credit ratings of counterparties through the credit system.

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions, the main credit risks are attributed to the counterparties' failure to perform payments obligation on time, their failure to make up the trading deposits timely when the losses occurred and discrepancy in valuation of products between the Company and the counterparties. The Company monitors and control credit risk exposure of counterparties with certain proportions for the trading deposits and within established limits by adopting mark-to-market practices of derivatives transactions, and margin call for related collateral as well as forced position liquidating procedures, and carries out legal recourse upon the remaining credit exposure after forced liquidation.

Expected credit loss (ECL) measurement

The measurement of the ECL allowance for debt instruments, including investments in financial assets measured at amortized cost and FVOCI is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Company has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial assets as summarized below:

— A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Company;

— If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;

— If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For Stages 1 and 2, the ECL is measured on a 12-month (12M) and Lifetime basis, repectively, using the risk parameter modelling approach that incorporated key parameters, including Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Loss Ratio ("LR") taking into consideration of forward looking factors. For credit-impaired financial assets classified under Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration of forward looking factors.

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Company sets differentiated collateral to loan ratios (generally no less than 150%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

— Stock-pledged repo exposures with collateral to loan ratios above the pre-determined margin call thresholds; or those with such ratios fell below the pre-determined margin call thresholds but above the force liquidation thresholds are considered to be with no significant increase in credit risks and are classified under Stage 1.

— Stock-pledged repo exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days are considered to be with significant increase in credit risks and are classified under Stage 2.

— Stock-pledged repo exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are considered to be credit-impaired and non-performing. These exposures are classified under Stage 3.

Measuring ECL — inputs, assumptions and estimation techniques

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios for each type of product.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets"), ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the appropriate external and internal credit ratings are taken into consideration.

— LGD represents the Company's expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on assessed publicly available information.

— EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

— LR represents the Company's expectation of the likelihood of default and extent of loss on exposure. The Company uses historical loss rates and assesses their appropriateness. The Company determines LR based on factors including: the coverage ratio of related loan to underlying collateral value and the volatility of such collateral's valuation, the realized value of collateral upon forced liquidation taking account the estimated volatility over the realization period. LR applied by the Company on its Financing Assets under the 3 stages as at 31 December 2019 were as follows:

  Stage 1: 0.3% to 0.5% according to different collateral ratios

  Stage 2: No less than 10%

  Stage 3: Discounted cash flow on individual exposure

The criteria of significant increase in credit risk ("SICR")

The Company evaluates the financial instruments at each financial statement date after considering whether a SICR has occurred since initial recognition. An ECL allowance for financial assets is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Company considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

The Company considers debt securities investments to have experienced a SICR if the latest internal ratings of issuers of debt securities or the debt securities themselves underwent two levels of downward migration or more, compared to their ratings on initial recognition; or if the latest external ratings of the debt securities or the issuers of the debt securities were under investment grade. As at 31 December 2019 and 31 December 2018, the majority of the debt securities investments of the Company have been rated as investment grade or above and there was no SICR.

Taking into consideration of the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Company set a force liquidation level for each obligor of Financing Assets. The Company considers Financing Assets to have experienced a SICR if margin calls are triggered when the threshold of relevant collateral to loan ratios are below a force liquidation level. As at 31 December 2019 and 31 December 2018, over 89.00% of the Financing Assets had loans to collateral ratios above the pre-determined force liquidation level, which did not experience any SICR.

A backstop is applied to all relevant financial assets and they are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

The financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company has not used the low credit risk exemption as at 31 December 2019.

Definition of credit-impaired assets

The Company assesses whether a financial instrument is credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes quantitative criteria and qualitative criteria. The Company defines a financial instrument as credit-impaired, which is fully aligned with the definition of "in default", when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For Financing Assets, a forced liquidation of a client's position is triggered based on a pre-determined threshold of collateral to loan ratios and the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the Company relating to the debtor, issuer, borrower or counterparty's financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

Forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

For debt securities investments, the Company has performed historical data analysis and identified the key economic variables impacting credit risk and ECL. Key economic variables mainly include the growth rate of Domestic GDP, output growth of industries and the growth rate of fixed assets investment index. The impact of these economic variables on the PD, LGD and EAD has been determined by performing historical statistical regression analysis to forecast the expected changes in these variables on default rates and on the components of PD, LGD and EAD.

For Financing Assets, based on the analysis of the characteristics of these products, the Company has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolio include Volatility of Shanghai Composite Index and Shenzhen Composite Index. The Company makes forward looking adjustments to the ECL of Financing Assets by analyzing the impacts of these economic variables on the LR.

The growth rate of domestic GDP applied in its forward looking scenarios ranged from 5.4% to 6.6%.

In addition to the base economic scenario, the Company's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at 31 December 2019 and 31 December 2018, the Company concluded that three scenarios appropriately captured the non-linearities of key economic variables for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weight of base scenario employed by the Company was more than the sum of that of optimistic scenario and pessimistic scenario.

The Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

For Financing Assets, management considers the impact of forward-looking macro-economic information movement on consolidated financial statements as insignificant, taking consideration of its risk characteristics and credit-risk management methodology.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

Sensitivity analysis

The allowance for credit losses could be sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the assessment of significant increase in credit risk and the measurement of ECLs.

As mentioned above, the Company adopts three scenarios for all portfolios, being the optimistic scenario, base scenario and pessimistic scenario. A sensitivity analysis was applied to these scenarios as follows as at 31 December 2019 and the results were as follows:

(i) The incremental impact on the ECL allowance of applying the probability weighted scenarios was no more than a 5% deviation from the base ECL scenario;

(ii) The decremental impact of shifting 10% of the weighting from the base case scenario to the optimistic scenario was no more than 5% of the ECL allowance;

(iii) The incremental impact of shifting 10% of the weighting from the base case scenario to the pessimistic scenario was no more than 5% of the ECL allowance.

Meanwhile, the Company also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 31 December 2019 and 31 December 2018, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL recognized in financial statements would be less than 5.00% of the ECL allowance.

Collateral and other credit enhancements

The Company employs a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral through funds advanced or guarantees. The Company determines the type and amount of collaterals according to the credit risk evaluation of counterparties. The collaterals under margin accounts and reverse repurchase agreements are primarily stocks, debt securities, funds etc. Management tests the market value of collaterals periodically, and makes margin calls according to related agreements. It also monitors the market value fluctuation of collaterals when reviewing the measurement of the loss allowance.

Credit risk exposure analysis

The Company considered the credit risk of the Financing Assets was relatively low, as more than 89.00% of Financing Assets' ratio to underlying collateral value was over force liquidation level as at 31 December 2019 and 31 December 2018. High threshold of Financing Assets to collateral ratios indicates that probability of default is low. As at 31 December 2019 and 31 December 2018, all debt securities investments of the Company were rated at investment grade or above.

The maximum credit risk exposure of the Group after impairment allowance without taking account of any collateral and other credit enhancements is presented below:

	31 December	
	2019	2018
Financial assets at fair value through other comprehensive income (debt instruments)	**23,684,063**	36,327,828
Refundable deposits	**1,459,937**	1,112,777
Margin accounts	**70,673,845**	57,197,814
Financial assets at fair value through profit or loss	**267,154,763**	198,554,732
Derivative financial assets	**7,351,073**	11,388,102
Reverse repurchase agreements	**58,830,053**	67,370,441
Cash held on behalf of customers	**118,401,385**	92,420,971
Bank balances	**64,442,153**	52,226,237
Others	**30,588,606**	31,406,920
Total maximum credit risk exposure	**642,585,878**	548,005,822

Risk concentrations

The breakdown of the Group's maximum credit risk exposure, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarized below.

	By geographical area		
31 December 2019	**Mainland China**	**Outside Mainland China**	**Total**
Financial assets at fair value through other comprehensive income (debt instruments)	**23,621,708**	**62,355**	**23,684,063**
Refundable deposits	**1,175,482**	**284,455**	**1,459,937**
Margin accounts	**66,911,664**	**3,762,181**	**70,673,845**
Financial assets at fair value through profit or loss	**230,531,753**	**36,623,010**	**267,154,763**
Derivative financial assets	**4,786,262**	**2,564,811**	**7,351,073**
Reverse repurchase agreements	**54,412,054**	**4,417,999**	**58,830,053**
Cash held on behalf of customers	**108,064,121**	**10,337,264**	**118,401,385**
Bank balances	**53,144,202**	**11,297,951**	**64,442,153**
Others	**3,844,299**	**26,744,307**	**30,588,606**
Total maximum credit risk exposure	**546,491,545**	**96,094,333**	**642,585,878**

31 December 2018	By geographical area Mainland China	Outside Mainland China	Total
Financial assets at fair value through other comprehensive income (debt instruments)	35,920,840	406,988	36,327,828
Refundable deposits	927,206	185,571	1,112,777
Margin accounts	53,784,988	3,412,826	57,197,814
Financial assets at fair value through profit or loss	167,236,233	31,318,499	198,554,732
Derivative financial assets	7,808,614	3,579,488	11,388,102
Reverse repurchase agreements	63,605,150	3,765,291	67,370,441
Cash held on behalf of customers	84,710,249	7,710,722	92,420,971
Bank balances	37,569,452	14,656,785	52,226,237
Others	5,622,522	25,784,398	31,406,920
Total maximum credit risk exposure	457,185,254	90,820,568	548,005,822

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

	31 December 2019 Stage of ECL			
Loss allowance	**Stage I 12-month ECL**	**Stage II Lifetime ECL**	**Stage III Lifetime ECL**	**Total**
Reverse repurchase agreements				
Amortized cost	**52,446,116**	**4,437,151**	**4,992,695**	**61,875,962**
Loss allowance	**102,601**	**385,210**	**2,558,098**	**3,045,909**
Book value	**52,343,515**	**4,051,941**	**2,434,597**	**58,830,053**
Margin accounts				
Amortized cost	**68,012,054**	**2,985,179**	**449,097**	**71,446,330**
Loss allowance	**198,450**	**303,772**	**270,263**	**772,485**
Book value	**67,813,604**	**2,681,407**	**178,834**	**70,673,845**
Financial assets at fair value through other comprehensive income (debt instruments)				
Fair value	**23,684,063**	**—**	**—**	**23,684,063**
Loss allowance	**218,920**	**—**	**44,000**	**262,920**
Others				
Amortized cost	**30,340,167**	**31,750**	**1,764,013**	**32,135,930**
Loss allowance	**119,702**	**5,596**	**1,646,217**	**1,771,515**
Book value	**30,220,465**	**26,154**	**117,796**	**30,364,415**

	31 December 2018			
	Stage of ECL			
	Stage I	Stage II	Stage III	Total
Loss allowance	12-month ECL	Lifetime ECL		
Reverse repurchase agreements				
Amortized cost	57,212,408	6,978,908	5,144,971	69,336,287
Loss allowance	104,741	563,073	1,298,032	1,965,846
Book value	57,107,667	6,415,835	3,846,939	67,370,441
Margin accounts				
Amortized cost	56,815,700	220,530	478,219	57,514,449
Loss allowance	173,771	22,462	120,402	316,635
Book value	56,641,929	198,068	357,817	57,197,814
Financial assets at fair value through other comprehensive income (debt instruments)				
Fair value	36,327,828	—	—	36,327,828
Loss allowance	101,846	—	44,000	145,846
Others				
Amortized cost	25,508,720	4,682,353	2,453,625	32,644,698
Loss allowance	47,228	4,588	1,595,131	1,646,947
Book value	25,461,492	4,677,765	858,494	30,997,751

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

(i) Credit loss allowance for reverse repurchase agreements

	Stage of ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL (Credit-impaired)**	
1 January 2019	**104,741**	**563,073**	**1,298,032**	**1,965,846**
Increasals (i)	**84,446**	**256,003**	**1,042,520**	**1,382,969**
Reverses	**(232,998)**	**(105,569)**	**(253,881)**	**(592,448)**
Write-offs	**—**	**—**	**—**	**—**
Transfers between stages				
— Increase	**146,412**	**—**	**181,885**	**328,297**
— Decrease	**—**	**(328,297)**	**—**	**(328,297)**
Others changes	**—**	**—**	**289,542**	**289,542**
31 December 2019	**102,601**	**385,210**	**2,558,098**	**3,045,909**

(i) The significant changes affecting the repurchase of financial assets for resale agreements including the default of individual counterparties of reverse repurchase agreements and the decline in the value of collateral, resulting in the company's credit risk exposure cannot be fully covered, The credit loss allowance increased by RMB1,383 million (2018: RMB1,893 million).

	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2018	252,956	—	326,288	579,244
Increases	—	873,221	1,019,280	1,892,501
Reversals	(165,473)	(93,966)	(10,509)	(269,948)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	51,682	18,717	243,386	313,785
— Decrease	(34,424)	(227,679)	(51,682)	(313,785)
Other changes	—	(7,220)	(228,731)	(235,951)
31 December 2018	104,741	563,073	1,298,032	1,965,846

Analyzed loss allowance for reverse repurchase agreements:

	31 December 2019 Stage of ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Book value	**31,053,948**	**4,437,151**	**4,992,694**	**40,483,793**
Loss allowance	**102,586**	**385,210**	**2,558,097**	**3,045,893**
Collateral	**99,682,241**	**9,886,868**	**3,877,720**	**113,446,829**

	31 December 2018 Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
Book value	26,365,688	6,967,769	5,144,969	38,478,426
Loss allowance	104,341	563,074	1,298,030	1,965,445
Collateral	62,863,002	9,867,088	5,631,431	78,361,521

(ii) Credit loss allowance for margin accounts

	Stage of ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL (Credit-impaired)**	
1 January 2019	**173,771**	**22,462**	**120,402**	**316,635**
Increases	**35,652**	**298,782**	**132,813**	**467,247**
Reversals	**(23,866)**	**(4,115)**	**(79,538)**	**(107,519)**
Write-offs	**—**	**—**	**—**	**—**
Transfers between stages				
— Increase	**22,464**	**9,102**	**7**	**31,573**
— Decrease	**(9,109)**	**(22,459)**	**—**	**(31,568)**
Other changes	**(462)**	**—**	**96,579**	**96,117**
31 December 2019	**198,450**	**303,772**	**270,263**	**772,485**

As in the year of 2019, the reason for the increase of the impairment of margin accounts is that a SICR has been witnessed in the conterparties, which resulted in an increase of RMB467 million impairment (2018: RMB265 million).

As of 31 December 2019, the fair value of the underlying collateral of the margin accounts exposure under stage 3 was RMB200 million (31 December 2018: RMB359 million).

	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2018	219,564	338	92,545	312,447
Increases	—	93,072	171,493	264,565
Reversals	(46,283)	(31,735)	(128,095)	(206,113)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	1,949	15	1,472	3,436
— Decrease	(1,487)	(289)	(1,660)	(3,436)
Other changes	28	(38,939)	(15,353)	(54,264)
31 December 2018	173,771	22,462	120,402	316,635

(iii) Credit loss allowance for financial assets at fair value through other comprehensive income

	Stage of ECL			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	12-month ECL	**Lifetime ECL**	**Lifetime ECL (Credit-impaired)**	
1 January 2019	**101,846**	**—**	**44,000**	**145,846**
Increases	**281,457**	**—**	**—**	**281,457**
Reversals	**(56,644)**	**—**	**—**	**(56,644)**
Write-offs	**(107,739)**	**—**	**—**	**(107,739)**
Transfers between stages				
— Increase	**—**	**—**	**—**	**—**
— Decrease	**—**	**—**	**—**	**—**
31 December 2019	**218,920**	**—**	**44,000**	**262,920**

	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2018	15,367	—	111,944	127,311
Increases	126,931	—	—	126,931
Reversals	(10,603)	—	—	(10,603)
Write-offs	(29,849)	—	(67,944)	(97,793)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
31 December 2018	101,846	—	44,000	145,846

(iv) Credit loss allowance for other financial assets measured at amortized cost

	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	**47,228**	**4,588**	**1,595,131**	**1,646,947**
Increases	**87,034**	**1,650**	**701,376**	**790,060**
Reversals	**(1,672)**	**(642)**	**(271,228)**	**(273,542)**
Write-offs	**(14,498)**	**—**	**(86)**	**(14,584)**
Transfers between stages				
— Increase	**—**	**—**	**—**	**—**
— Decrease	**—**	**—**	**—**	**—**
Other changes	**1,610**	**—**	**(378,976)**	**(377,366)**
31 December 2019	**119,702**	**5,596**	**1,646,217**	**1,771,515**

	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2018	73,040	3,472	836,678	913,190
Increases	11,383	1,690	438,347	451,420
Reversals	(39,945)	(402)	(21,633)	(61,980)
Write-offs	(39)	—	—	(39)
Transfers between stages				
— Increase	179	7	—	186
— Decrease	(7)	(179)	—	(186)
Other changes	2,617	—	341,739	344,356
31 December 2018	47,228	4,588	1,595,131	1,646,947

(b) Liquidity risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long term working capital through public or private offering of corporate bonds, subordinated bonds, income vouchers and the like to enable the Company to maintain its overall liquidity at a relatively secured level.

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a future time span on a daily basis. It measures the solvency of the Company via analysis of matching between assets and liabilities within specified point in time and time period and indicators such as funding gap ratio. The Risk Management Department releases a liquidity risk report on a daily basis and reports on the status of the Company's assets and liabilities, quota management and other situations. The Company also sets threshold values for internal and external liquidity risk indicators, and once exceeded, the Risk Management Department will warn the Risk Management Committee, the management and relevant departments of such risks of the Company through relevant systems, and appropriate actions will be taken by the relevant competent departments to adjust the liquidity risks exposed to a level within the permitted ranges. The Company has also established a liquidity reserve pool system with sufficient high-liquidity assets to meet its emergency liquidity needs.

The maturity profile of the Group's financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows:

	31 December 2019						
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative financial liabilities:							
Customer brokerage deposits	**123,351,754**	**—**	**—**	**—**	**—**	**—**	**123,351,754**
Financial liabilities at fair value through profit or loss	**2,278,299**	**17,668,920**	**24,928,377**	**3,171,642**	**2,716,412**	**6,953,349**	**57,716,999**
Repurchase agreements	**—**	**156,678,477**	**16,346,125**	**1,616,693**	**—**	**—**	**174,641,295**
Due to banks and other financial institutions	**—**	**28,119,932**	**5,082,153**	**—**	**—**	**—**	**33,202,085**
Short-term loans	**12,453**	**7,402,171**	**7,431**	**—**	**—**	**—**	**7,422,055**
Short-term financing instruments payable	**—**	**19,404,896**	**797,555**	**—**	**—**	**—**	**20,202,451**
Debt instruments issued	**—**	**400,080**	**3,302,796**	**92,851,590**	**2,627,500**	**—**	**99,181,966**
Long-term loans	**—**	**4,547**	**13,640**	**401,521**	**—**	**—**	**419,708**
Leases	**5,116**	**143,044**	**511,017**	**1,029,808**	**91,602**	**—**	**1,780,587**
Others	**34,626,839**	**17,810,869**	**26,968,789**	**399,439**	**—**	**663,431**	**80,529,367**
Total	**160,274,461**	**247,692,936**	**77,957,883**	**99,470,693**	**5,435,514**	**7,616,780**	**598,448,267**
Cash flows from derivative financial liabilities settled on a net basis	**1,249**	**2,233,517**	**5,367,383**	**3,583,404**	**2,904,608**	**—**	**14,090,161**
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Contractual amounts payable	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	**—**	**—**	**—**	**—**	**—**	**—**

	31 December 2018						
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	Total
Non-derivative financial liabilities:							
Customer brokerage deposits	97,773,997	—	—	—	—	—	97,773,997
Financial liabilities at fair value through profit or loss	2,112,461	12,390,485	22,144,598	3,909,907	1,680,348	5,426,224	47,664,023
Repurchase agreements	—	115,941,168	5,004,961	895,743	—	—	121,841,872
Due to banks and other financial institutions	—	19,317,809	—	—	—	—	19,317,809
Short-term loans	15,498	5,643,888	7,311	—	—	—	5,666,697
Short-term financing instruments payable	—	14,292,170	3,870,171	—	—	—	18,162,341
Debt instruments issued	—	593,030	2,909,944	91,594,896	2,755,000	—	97,852,870
Long-term loans	—	—	—	1,016,862	—	—	1,016,862
Others	30,072,455	9,681,555	28,685,165	331,088	—	496,610	69,266,873
Total	129,974,411	177,860,105	62,622,150	97,748,496	4,435,348	5,922,834	478,563,344
Cash flows from derivative financial liabilities settled on a net basis	926	2,335,581	3,041,218	3,550,519	674,951	383,748	9,986,943
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	(292,032)	—	—	—	—	(292,032)
Contractual amounts payable	—	293,910	—	—	—	68,922	362,832
	—	1,878	—	—	—	68,922	70,800

(c) Market risk

Market risks represent potential losses due to movement in market prices of financial positions held. Financial positions held are derived from the proprietary investment, market-making business and other investment activities. Movements in the financial positions held primarily originated from instructions received from the customers and the relevant strategies of proprietary investment.

Market risks primarily include equity price risk, interest rate risk, commodity price risk and foreign exchange rate risk. Among which, equity price risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. Interest rate risk primarily arises from movements in the yield curve of fixed income investment, fluctuation in interest rates and credit spreads. Commodity price risk arises from adverse price movements of various commodities. Exchange rate risk represents exposures arising from changes in non-local currency rates.

The Company has established a top-down risk limit management system, which allocates the overall risk of the Company to different business departments/business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

The Company assesses, monitors and manages its overall market risks in a comprehensive manner through a risk management department, which is independent of the business departments/business lines, and its assessments and testing results are reported to the respective business departments/business lines, the Operation Management and the Risk Management Committee of the Company. In implementing market risk management, the front-office business departments/business lines, with direct responsibility for market risks and as the frontline risk management team, dynamically manage the market risks arising from its securities holdings, and actively take measures including reducing risk exposures or risk hedging when the exposures are relatively high. The relevant monitoring personnel from the Risk Management Department will continuously cooperate and communicate directly with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

The Risk Management Department estimates possible losses arising from market risks through a series of measurements, including possible losses under normal market volatility and extreme market conditions. Under normal volatilities, the Risk Management Department measures the possible losses of the Company in the short term mainly via VaR and sensitivity analysis. Meanwhile, in extreme situations, the department measures the possible losses of the Company via stress test. The risk report sets out the market risk portfolios and its changes in each of the business departments/business lines. The report will be delivered on a daily, weekly, monthly or quarterly basis to the responsible officers of the business departments/business lines and the Operation Management of the Company.

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company with full position upon the concurrence of different events under a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

The Company sets limits for its respective business departments/business lines to control fluctuations in profit or loss and market exposures. The risk limits are monitored by the Risk Management Department on a daily basis. When risk level is approaching or exceeds the threshold values, the Risk Management Department will warn the relevant management officers in advance, discuss with the respective business management officers, and in accordance with the opinion reached through discussions, the business departments/business lines will reduce the exposures to the risk limits, or may apply for a temporary or permanent upgrade in the limits, subject to approval by the corresponding authorized personnel or organization.

The Company continues to modify the risk limits system, defines a unified limit management measures and a hierarchical authorization mechanism, and on the basis of such authorization mechanism, reorganizes the measures for the management of the system with different levels of risk limit indicators for the Company, its respective business departments/business lines and investment accounts.

In respect of foreign assets, in order to ensure the availability of funds required for foreign business expansion, the Company implemented centralized management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account on a daily basis. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

(i) VaR

VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation is based on the historical data of the Group's VaR (confidence level of 95% and a holding period of one trading day).

The Group's VaR analysis by risk categories is summarised as follows:

	31 December	
	2019	2018
Stock price-sensitive financial instruments	**351,305**	112,832
Interest rate-sensitive financial instruments	**42,955**	67,718
Exchange rate-sensitive financial instruments	**76,617**	57,956
Total portfolio VaR	**340,650**	134,931

(ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and total equity when interest rates fluctuate reasonably and possibly.

Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

Sensitivity of revenue

	2019	2018
Change in basis points		
+25 basis points	**(766,919)**	(384,536)
-25 basis points	**786,581**	399,489

Sensitivity of equity

	December 31 2019	2018
Change in basis points		
+25 basis points	**(38,371)**	(43,963)
-25 basis points	**38,732**	44,257

(iii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

Sensitivity of revenue

Currency	Change in currency rate	2019	2018
USD	-3%	**(137,942)**	371,041
HKD	-3%	**(135,605)**	(566,045)

Sensitivity of equity

Currency	Change in currency rate	December 31 2019	2018
USD	-3%	**(242,153)**	(263,404)
HKD	-3%	**4,494**	(15,323)

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarize the Group's exposure to foreign currency exchange rate risk as at 31 December 2019 and 31 December 2018. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

	As at 31 December 2019				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net on-balance sheet position	**141,648,226**	**10,162,233**	**5,951,937**	**7,687,396**	**165,449,792**

	As at 31 December 2018				
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	Total
Net on-balance sheet position	132,905,115	(6,131,863)	20,670,185	9,388,059	156,831,496

(iv) Price risk

Price risk is the risk that the fair value of equity instruments decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of equity instruments at fair value through profit or loss will impact the Group's profit; and market price fluctuations of equity instruments classified as financial assets at fair value through other comprehensive income will impact shareholders' equity for the Group.

As at 31 December 2019, the equity investment accounted for approximately 14.77% of the total assets (as at 31 December 2018: 12.15%).

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	Notes	31 December 2019	2018
Non-current assets			
Property, plant and equipment		**645,567**	707,818
Investment properties		**93,080**	62,602
Goodwill		**43,500**	43,500
Land-use rights and intangible assets		**2,132,649**	2,189,249
Investments in subsidiaries	24	**33,943,279**	32,045,836
Investments in associates		**4,182,089**	4,250,177
Financial assets at fair value through other comprehensive income		**16,074,056**	15,310,637
Financial assets at fair value through profit or loss (Mandatory)		**899,176**	1,369,064
Refundable deposits		**3,003,340**	1,857,724
Deferred income tax assets		**3,788,660**	2,858,718
Right-of-use assets		**664,421**	
Other non-current assets		**158,350**	192,090
Total non-current assets		**65,628,167**	60,887,415

	Notes	31 December 2019	2018
Current assets			
Fee and commission receivables		**763,291**	651,408
Margin accounts		**61,454,455**	49,999,921
Financial assets at fair value through other comprehensive income		**32,372,611**	44,826,556
Financial assets as at fair value through profit or loss (Mandatory)		**247,559,516**	160,298,222
Derivative financial assets		**8,274,928**	8,131,769
Reverse repurchase agreements		**54,405,254**	65,975,750
Other current assets		**25,037,080**	20,722,071
Cash held on behalf of customers		**63,782,093**	51,493,673
Cash and bank balances		**43,938,922**	30,201,951
Total current assets		**537,588,150**	432,301,321
Current liabilities			
Customer brokerage deposits		**62,930,349**	49,397,670
Derivative financial liabilities		**11,172,070**	9,065,465
Financial liabilities at fair value through profit or loss		**10,672,620**	6,159,079
Repurchase agreements		**156,570,217**	108,219,463
Due to banks and other financial institutions		**33,356,210**	20,025,301
Tax payable		**2,312,425**	1,988,388
Short-term financing instrument payables		**19,587,250**	18,191,597
Lease liabilities		**197,640**	
Other current liabilities		**83,984,645**	67,874,191
Total current liabilities		**380,783,426**	280,921,154
Net current assets		**156,804,724**	151,380,167
Total assets less current liabilities		**222,432,891**	212,267,582
Non-current liabilities			
Debt instruments issued		**79,949,446**	82,835,816
Deferred income tax liabilities		**2,101,916**	1,673,992
Financial liabilities at fair value through profit or loss		**6,445,859**	2,281,912
Lease liabilities		**378,064**	
Total non-current liabilities		**88,875,285**	86,791,720
Net assets		**133,557,606**	125,475,862
Equity			
Issued share capital	50	**12,116,908**	12,116,908
Reserves		**84,596,312**	81,513,819
Retained earnings		**36,844,386**	31,845,135
Total equity		**133,557,606**	125,475,862

	Notes	Share Capital	Reserves					Retained earnings	Total
			Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Sub-total		
At 1 January 2019		**12,116,908**	**54,411,316**	**6,263,770**	**20,401,816**	**436,917**	**81,513,819**	**31,845,135**	**125,475,862**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**11,701,200**	**11,701,200**
Other comprehensive income		**—**	**—**	**—**	**—**	**621,462**	**621,462**	**—**	**621,462**
Total comprehensive income		**—**	**—**	**—**	**—**	**621,462**	**621,462**	**11,701,200**	**12,322,662**
Dividend — 2018	18	**—**	**—**	**—**	**—**	**—**	**—**	**(4,240,918)**	**(4,240,918)**
Appropriation to surplus reserves		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Appropriation to general reserves		**—**	**—**	**—**	**2,461,031**	**—**	**2,461,031**	**(2,461,031)**	**—**
Capital increase by equity holders — Others		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 31 December 2019		**12,116,908**	**54,411,316**	**6,263,770**	**22,862,847**	**1,058,379**	**84,596,312**	**36,844,386**	**133,557,606**

	Notes	Share Capital	Reserves					Retained earnings	Total
			Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Sub-total		
At 31 December 2017		12,116,908	54,435,353	6,263,770	18,744,385	1,313,673	80,757,181	30,342,490	123,216,579
Changes in accounting policy		—	—	—	—	237,324	237,324	(207,554)	29,770
At 1 January 2018		12,116,908	54,435,353	6,263,770	18,744,385	1,550,997	80,994,505	30,134,936	123,246,349
Profit for the year		—	—	—	—	—	—	8,214,393	8,214,393
Other comprehensive income		—	—	—	—	(1,114,080)	(1,114,080)	—	(1,114,080)
Total comprehensive income		—	—	—	—	(1,114,080)	(1,114,080)	8,214,393	7,100,313
Dividend — 2017	18	—	—	—	—	—	—	(4,846,763)	(4,846,763)
Appropriation to surplus reserves		—	—	—	—	—	—	—	—
Appropriation to general reserves		—	—	—	1,657,431	—	1,657,431	(1,657,431)	—
Capital increase by equity holders — Others		—	(24,037)	—	—	—	(24,037)	—	(24,037)
At 31 December 2018		12,116,908	54,411,316	6,263,770	20,401,816	436,917	81,513,819	31,845,135	125,475,862

61 EVENTS AFTER THE REPORTING PERIOD

Issuance of short-term Financing Bond

From January to March 2020, the Company adopted the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the Shareholders' General Meeting of 2017 and relevant authorizations, "Notice of the People's Bank of China's Financial Market Department on CITIC Securities Co., Ltd.'s Relevant Matters Regarding the Maximum Outstanding Repayment Balance of Short-term Financing Bonds" (Yinshichang [2019] No. 126), issued the first five tranches of short-term financing bonds in 2020 in the aggregate amount of RMB21 billion, all with maturity days of 90 days and bear interest in the range of 2.16% to 2.78% per annum.

Issuance of corporate bonds

In accordance with the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the 2017 Annual Shareholders' General Meeting; and the related regulatory approvals including the "CSRC License [2020] No. 64" issued by the CSRC on 8 January 2020, the Company was approved to publicly issue corporate bonds in China that do not exceed RMB15 billion in total in face value to qualified investors. The Company completed the first public issuance of such corporate bonds on 21 February 2020 in the amount of RMB5 billion in two tranches with maturity terms and coupon rates of 3 years and 5 years; and 3.02% and 3.31%, respectively. The Company completed the public issuance of the second tranche of such corporate bonds on 10 March 2020 in the amount of 4.2 billion in two tranches with maturity terms and coupon rates of 3 years and 5 years; and 2.95% and 3.20%, respectively.

Proposed profit distribution after the reporting period

According to the board resolution passed in the Board of Directors' meeting of the Company held on 19 March 2020, the Company made the following resolution based on the profit for the year ended 31 December 2019: appropriation of a total of RMB1,170.12 million to the general risk reserve; (ii) appropriation of a total of RMB1,170.12 million to the transaction risk reserve; (iii) appropriation of a total of RMB3.49 million to the provisions of risk; (iv) No statutory surplus reserve to be appropriated because the accumulated amount had reached 50% of the registered capital of the Company; (v) proposed cash dividend for the year ended 31 December 2019 of RMB5.00 yuan for every 10 shares (pre-tax), totaled approximately RMB6,463.39 million (pre-tax). This proposed dividend is subject to the approval of the General Meeting of Shareholders of the Company.

Issuance of shares for the acquisition of 100% equity share of Guangzhou Securities Co., Ltd. ("Guangzhou Securities" or the "target company")

Pursuant to the resolutions of the 34th meeting of the 6th Board of Directors held on 9 January 2019 and the first extraordinary general meeting of shareholders held on 27 May 2019, the Company planned to issue 809,867,629 ordinary A shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. ("Yuexiu Financial Holdings") and its wholly-owned subsidiary Guangzhou Yuexiu Financial Holding Limited ("Financial Holding Co., Ltd.") to acquire 100% equity share in Guangzhou Securities with the 99.03% equity share in Guangzhou Futures and 24.01% equity share in Golden Eagle Fund held by Guangzhou Securities crafted out from this acquisition.

Business registration for the transfer of the shares in Guangzhou Securities to the Group has been completed on 10 January 2020 and Guangzhou Securities changed its name to CITIC Securities South China Company Limited.

As at 31 January 2020, the Company has obtained all the necessary approvals for this acquisition, including the "Approval for CITIC Securities Co., Ltd. to issue shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. for asset acquisition (zjxk [2019] No. 2871)" issued by CSRC and the related acquisition cost was the fair value of the issued shares of Company of RMB12.17 billion with the goodwill recoginized of RMB968 million.

Private placement of the Company's ordinary A shares

The Company issued in total 809,867,629 ordinary A shares to Yuexiu Financial Holding and Financial Holding Co., Ltd. for the acquisition of Guangzhou Securities. The total share capital of the Company increased to RMB12,926,776,029.00 after such issuance. The increase in capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with the capital verification report (PwC Zhongtian YZ (2020) No. 0134).

On 11 March 2020, the Company has completed the registration and listing procedures in China Securities Depository and Clearing Co., Ltd. Shanghai Branch for the placement of ordinary A shares. The newly placed ordinary A shares is subject to a sales restriction period of 48 months from the date of the issuance. After the issuance, the total share capital of the Company was increased to 12,926,776,029 shares, still meeting the listing conditions of the Company Law, the Securities Law, the listing rules and other laws and regulations. The largest shareholder of the Company is still CITIC Group, and there is no controlling shareholder or actual controlling person.

Impact assessment on epidemic situation of COVID-19

Since the outbreak of pandemic COVID-19 in January 2020, the Company effectively implements the requirements of the "Notice on Further Strengthening Financial Support for Prevention and Control of New Coronavirus Infectious Pneumonia" issued by the People's Bank of China, the Ministry of Finance, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange, and strengthens the financial support and control for epidemic prevention.

COVID-19 will affect the global economy outlook and the operations of enterprises. The degree of impact will depend on the situation, duration of the pandemic virus as well as implementation of related prevention and controls and various regulatory policies. The Company will continue to pay close attention to the development of the situation, evaluate and actively respond to its impact on the Company's financial position and operating results.

62 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 March 2020.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Financial statements with the signatures of the head of the Company, the Chief Financial Officer and the head of the accounting department and chopped with the official chop of the Company.

The original copy of the audit report with signatures and seals of the accounting firm and CPAs.

The original copies of the documents and announcements of the Company published during the Reporting Period in the media designated by the CSRC for information disclosures.

Annual reports posted on other stock exchanges.

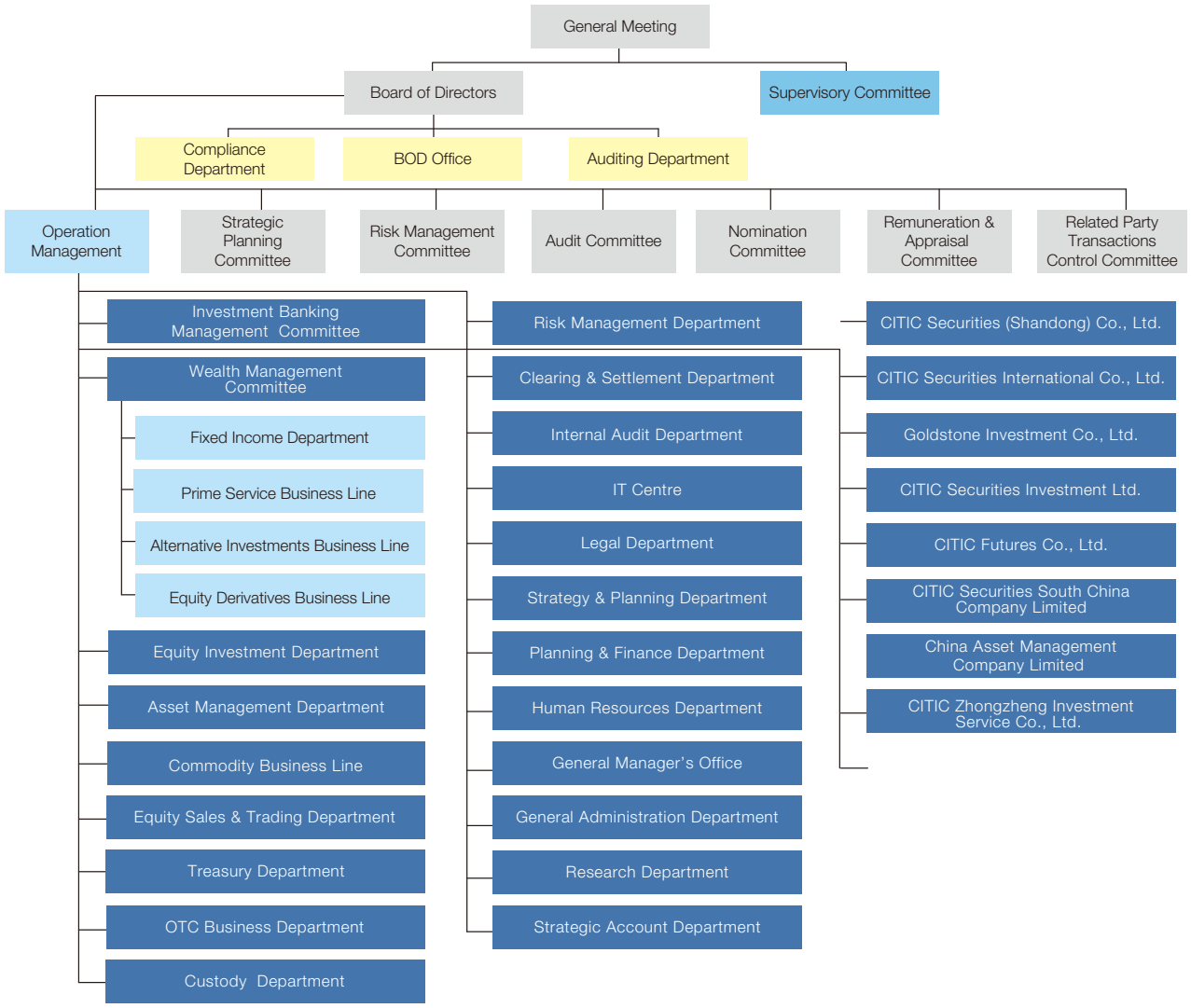
The Articles of Associations of the Company.

By order of the Board
CITIC Securities Company Limited
ZHANG Youjun
Chairman

Beijing, the PRC
19 March 2020

As at the date of publication of this announcement, the executive Directors of the Company are Mr. ZHANG Youjun and Mr. YANG Minghui; and the independent non-executive Directors are Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui.

APPENDIX 1: ORGANIZATION CHART



Note 1: The Investment Banking Management Committee comprised the Financial Industry Team, the Energy and Chemical Industry Team, the Infrastructure and Real Estate Industry Team, the Equipment Manufacture Industry Team, the Telecom, Internet, Media and Entertainment Industry Team, the Healthcare Industry Team, the Consumer Industry Team, the Integrated Industry Team (Beijing), the Integrated Industry Team (Shanghai), the Integrated Industry Team (Shenzhen), Investment Banking (Zhejiang) Branch, Investment Banking (Shandong) Branch, Investment Banking (Jiangsu) Branch, Investment Banking (Guangdong) Branch, Investment Banking (Hubei) Branch, Investment Banking (Hunan) Branch, Investment Banking (Henan) Branch, Investment Banking (Sichuan) Branch, Investment Banking (Fujian) Branch, Investment Banking (Shaanxi) Branch, the Bonds Underwriting Business Line, the Asset Securitization Business Line, the Merger & Acquisition Business Line, the Equity Capital Market Department, the Debt Capital Market Department, the Quality Control Team, the Human Resource Development Center, the Operation Department and other departments/business lines. The Wealth Management Committee comprised departments such as the Retail Account Department, the Wealth Management Department, the Financial Product Department, the Investment Advisory Department, the Financial Technology Department and the Operation Management Department, as well as branches such as Beijing Branch, Shanghai Branch, Jiangsu Branch, Anhui Branch, Hubei Branch, Hunan Branch, Guangdong Branch, Shenzhen Branch, Northeast Branch, Zhejiang Branch, Fujian Branch, Jiangxi Branch, Yunnan Branch, Shaanxi Branch, Sichuan Branch, Tianjin Branch, Inner Mongolia Branch, Shanxi Branch and Hebei Branch.

Note 2: In January 2020, the Company had a new first-tier subsidiary, CITIC Securities South China Company Limited. Only some first-tier subsidiaries of the Company are presented on the above.

APPENDIX 2: INDEX OF INFORMATION DISCLOSURE

Information disclosures made by the Company on the website of the SSE (http://www.sse.com.cn) and in China Securities Journal, Shanghai Securities News and Securities Times during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2019-1-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2018 Announcement on the Progress of Proposed Acquisition of Assets by Issuance of Shares and Continued Suspension of Trading
2	2019-1-10	Announcement on the Financial Data for December 2018 Explanation of the Board on Whether Fluctuation of the Company's Stock Price Meets Relevant Standards of Article 5 of the Notice on Regulating Information Disclosure of Listed Companies and Acts of All Related Parties Review Opinions of HUAXI Securities Co., Ltd. on Whether Fluctuation of CITIC Securities Company Limited's Stock Price Meets Relevant Standards of Article 5 of the Notice on Regulating Information Disclosure of Listed Companies and Acts of All Related Parties Explanation of the Board on the Transaction Complying with Article 4 of the Provisions on Several Issues concerning Regulating the Material Asset Restructurings of Listed Companies Explanation of the Board on the Completeness and Compliance of the Legal Procedures for the Reorganization and the Validity of the Legal Documents Submitted Announcement on the Resolutions Passed at the 15th Meeting of the Sixth Session of the Supervisory Committee Indicative Announcement on Disclosure of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Resumption of Trading of the Company Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Summary) Announcement on the Resolutions Passed at the 34th Meeting of the Sixth Session of the Board Independent Opinions of the Independent Non-executive Directors on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Letter of Commitment Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser Based on Full Due Diligence and Internal Review Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Prior Approval Opinions of the Independent Non-executive Directors on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions
3	2019-1-16	Announcement on Receipt of the Letter of Enquiry from the Shanghai Stock Exchange
4	2019-1-21	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 1)
5	2019-1-22	Announcement on the Explanation of Amendments to the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Summary of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Revised Version) Announcement on Reply to the Letter of Enquiry from the Shanghai Stock Exchange Special Review Opinions of HUAXI Securities Co., Ltd. on the Letter of Enquiry Regarding Information Disclosure of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited from the Shanghai Stock Exchange the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Revised Version)
6	2019-1-24	Announcement on the Preliminary Financial Data for the Year 2018 Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
7	2019-2-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2019
8	2019-2-11	Announcement on 2019 Interest Payment for the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors

No.	Date of Publication	Subject Matter
9	2019-2-14	Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares Announcement on the Financial Data for January 2019
10	2019-2-19	Announcement on the Resolutions Passed at the 36th Meeting of the Sixth Session of the Board
11	2019-2-25	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 2)
12	2019-2-28	Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
13	2019-3-1	Announcement on the Results of the Issuance of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 1)
14	2019-3-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2019
15	2019-3-5	Explanation of the Board on the Transaction Complying with Article 4 of the Provisions on Several Issues Concerning Regulating the Material Asset Restructurings of Listed Companies Explanation of the Board on the Independence of the Appraisal Institution, the Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Methods to Appraisal Objectives and the Fairness of the Appraisal Price Explanation on Acquisition and Disposal of Assets within 12 Months prior to the Acquisition of Assets by Issuance of Shares Independent Opinions of the Independent Directors on the Independence of the Appraisal Institution, the Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Methods to Appraisal Objectives and the Fairness of the Appraisal Price in this Reorganization Announcement on the Resolutions Passed at the 16th Meeting of the Sixth Session of the Supervisory Committee Explanation of the Board on the Transaction Complying with Articles 11 and 43 of the Measures for the Administration of the Material Asset Restructurings of Listed Companies Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Industry Policy and Transaction Type of the Transactions of CITIC Securities Company Limited Announcement on the Resolutions Passed at the 37th Meeting of the Sixth Session of the Board Explanation of the Board on the Completeness and Compliance of the Legal Procedures for the Reorganization and the Validity of the Legal Documents Submitted Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) Legal Opinions of King & Wood Mallesons on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) Pro Forma Financial Statements and Audit Reports of Guangzhou Securities Company Limited (Excluding the Equity Interest in Guangzhou Futures Co., Ltd. and Golden Eagle Fund Management Co., Ltd.) for the Year 2016 and 2017 and the Eleven Months Ended 30 November 2018 Announcement on the Proposed Provision of Guarantee for Guangzhou Securities Company Limited Review Opinions of the Supervisory Committee on the Employee Stock Ownership Plan Review Opinions of HUAXI Securities Co., Ltd. on Acquisition and Disposal of Assets within 12 Months prior to the Acquisition of Assets by Issuance of Shares by CITIC Securities Company Limited Letter of Commitment Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser Based on Full Due Diligence and Internal Review Condensed Report on Changes in Equity

No.	Date of Publication	Subject Matter
		Review Opinions of HUAXI Securities Co., Ltd. on the Transaction Complying with the Relevant Requirements of the Opinion on Strengthening the Integrity and Risk Prevention and Control of Securities Companies in Engaging Third Parties in Investment Banking Business Explanation on the Confidential Measures and System Adopted in the Transaction Prior Approval Opinions of the Independent Non-executive Directors on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Special Review Opinions of HUAXI Securities Co., Ltd. on the Reasonableness of the Estimation of CITIC Securities Company Limited on Dilution of Immediate Return due to the Acquisition of Assets by Issuance of Shares and Remedial Measures Taken in This Respect and Other Commitments Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 37th Meeting of the Sixth Session of the Board of the Company Employee Stock Ownership Plan (Draft) (March 2019) Summary of the Employee Stock Ownership Plan (Draft) (March 2019) Announcement on Dilution of Immediate Return and Remedial Measures Taken in This Respect under the Acquisition of Assets by Issuance of Shares Explanation on the Differences between the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) and the Proposal the No. 3 Professional Opinion Schedule by Financial Adviser to Listed Companies in Merging and Acquisition and Reorganization — Acquisition of Assets by Issuance of Shares issued by HUAXI Securities Co., Ltd. on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Pro Forma Consolidated Financial Statements and Review Reports for the Year 2017 and the Eleven Months Ended 30 November 2018 The Asset Valuation Report on the 100% Equity Interest in Guangzhou Securities (Excluding 99.03% Equity Interest in Guangzhou Futures and 24.01% Equity Interest in Golden Eagle) Held as to 32.765% and 67.235% by Yuexiu Financial Holdings and Financial Holdings Limited respectively to be Acquired by Issuance of Shares
16	2019-3-6	Announcement on Resignation from a Member of the Executive Committee of the Company and Other Positions Held in the Company Tendered by Mr. TANG Zhenyi
17	2019-3-7	Announcement on the Financial Data for February 2019 Announcement on Approval of Mr. JIN Jianhua's and Mr. GAO Yuxiang's Qualifications of the Senior Management of Securities Company
18	2019-3-8	Announcement on the Listing of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 1) on the SSE
19	2019-3-9	H Share Announcement — Notification of Board Meeting
20	2019-3-11	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 3)
21	2019-3-13	Announcement on 2019 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
22	2019-3-15	Condensed Report on Changes in Equity (Revised Version) Announcement on the Resolutions Passed at the 17th Meeting of the Sixth Session of the Supervisory Committee Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
23	2019-3-19	Notice of the 2019 First Extraordinary General Meeting Documents of the 2019 First Extraordinary General Meeting
24	2019-3-22	Announcement on the Resolutions Passed at the 38th Meeting of the Sixth Session of the Board Announcement on Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2019 Report of the Audit Committee of the Board on the Performance of Duties in 2018 Announcement on Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 2) Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties of CITIC Securities Company Limited (for the Year Ended 31 December 2018)

No.	Date of Publication	Subject Matter
		Announcement on the Resolutions Passed at the 18th Meeting of the Sixth Session of the Supervisory Committee Audit Report on the Internal Control Summary of the 2018 Annual Report Comprehensive Risk Management System Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 38th Meeting of the Sixth Session of the Board of the Company 2018 Social Responsibility Report Duty Performance Report of Independent Non-executive Directors for 2018 2018 Assessment Report on the Internal Control 2018 Annual Report 2018 Financial Statements and Audit Report
25	2019-3-26	Announcement on Postponement and Change of Venue of the 2019 First Extraordinary General Meeting Documents of the 2019 First Extraordinary General Meeting
26	2019-4-1	Announcement on the Listing of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 2) on the SSE
27	2019-4-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2019
28	2019-04-9	Announcement on the Resolutions Passed at the 39th Meeting of the Sixth Session of the Board Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2018 Corporate Bonds (Tranche 5) (Type 1) Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)
29	2019-4-10	Announcement on the Financial Data for March 2019
30	2019-4-13	H Share Announcement — Notification of Board Meeting
31	2019-4-18	The Second Notice of the 2019 First Extraordinary General Meeting
32	2019-4-19	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 4) 2018 Trustee Report for the 2013 Corporate Bonds (Tranche 1) (10-year)
33	2019-4-23	Announcement on Follow-up Rating Results for Corporate Bonds 2019 Follow-up Rating Report for the 2013 Corporate Bonds (Tranche 1) 2019 Follow-up Rating Report for the 2017 Corporate Bonds (Tranche 2) and the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors 2019 Follow-up Rating Report for the 2018 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors 2019 Follow-up Rating Report for the 2016 and 2017 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors 2019 Follow-up Rating Report for the 2015 Corporate Bonds
34	2019-4-24	Announcement on the Results of Issuance of Non-public Issuance of the 2019 Subordinated Bonds (Tranche 1)
35	2019-4-26	Announcement on Approval on the Amendments to the Articles of Association and the Articles of Association
36	2019-4-29	Announcement on Obtaining the Business Qualification as Lead Market Maker of Funds Listed on the Shanghai Stock Exchange
37	2019-04-30	Announcement of the Board on Further Postponement and Change of Meeting Venue of the 2019 First Extraordinary General Meeting Announcement on the 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2) 2019 First Quarterly Report
38	2019-5-1	Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 3)
39	2019-5-7	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2019
40	2019-5-8	Announcement on the Listing of the Non-Public Issuance of the 2019 Subordinated Bonds (Tranche 1) on the SSE
41	2019-5-9	Announcement on the Financial Data for April 2019

No.	Date of Publication	Subject Matter
42	2019-5-10	Documents of the 2018 Annual General Meeting Notice of the 2018 Annual General Meeting Announcement on the Listing of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 3) on the SSE
43	2019-5-11	Announcement on Receipt of Reply from the CSRC in Relation to the Conduction of Market Making Business of Treasure Bond Futures
44	2019-5-20	Announcement on the 2019 Interest Payment for the Non-publicly Issued 2017 Subordinated Bonds (Tranche 1) Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 5)
45	2019-5-28	Legal Opinions of the 2019 First Extraordinary General Meeting Supplementary Legal Opinions (I) of King & Wood Mallesons on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Announcement on the Resolutions Passed at the 2019 First Extraordinary General Meeting
46	2019-5-31	Announcement on 2019 Interest Payment for the 2013 Corporate Bonds (Tranche 1) (10-year)
47	2019-6-4	Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Subordinated Bonds (Tranche 2) H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2019
48	2019-6-5	Announcement on Receipt of Notification Letter of Administrative License Application Correction from the CSRC
49	2019-6-7	Announcement on the 2019 Interest Payment for the 2018 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors Announcement on the 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 3) Announcement on the Financial Data for May 2019
50	2019-6-11	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 6) (Bond Connect) the Second Notice of the 2018 Annual General Meeting
51	2019-6-17	Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 4)
52	2019-6-18	Announcement on the 2019 Interest Payment for the 2015 Corporate Bonds
53	2019-6-22	Announcement on Obtaining of Notice Regarding the Issuance of Short-term Commercial Paper from the People's Bank of China
54	2019-6-26	Announcement on Receipt of Regulatory Opinions on the Issuance of Financial Bonds from the CSRC 2018 Trustee Report for the 2015 Corporate Bonds 2018 Trustee Report for the 2017 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors 2018 Trustee Report for the 2018 Corporate Bonds (Tranche 1) and (Tranche 2) Publicly Issued to Qualified Investors
55	2019-6-28	Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 7) 2018 Trustee Report for the 2016 and the 2017 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
56	2019-6-29	Legal Opinions of the 2018 Annual General Meeting Announcement on the Resolutions Passed at the 2018 Annual General Meeting
57	2019-7-2	Announcement on the 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 4)
58	2019-7-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2019
59	2019-7-9	Announcement on Completion of the Acquisition of the Entire Equity Interest of CITIC Futures Company Limited Announcement on Obtaining of Administrative Permission on the Issuance of Financial Bonds from The People's Bank of China Announcement on Receipt of the Notice on Acceptance of the Application for Administrative Permission from the CSRC Announcement on the Financial Data for June 2019

No.	Date of Publication	Subject Matter
60	2019-7-10	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
61	2019-7-13	Announcement on the Preliminary Financial Data for the Half Year of 2019 Announcement — Key Financial Data of China AMC for the Half Year of 2019 (Unaudited)
62	2019-7-15	Announcement on Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 8)
63	2019-7-19	Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2018 Corporate Bonds (Tranche 5) (Type 2)
64	2019-7-25	Announcement in Relation to the Receipt of Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC
65	2019-7-25	Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC
66	2019-7-26	Announcement on Results of the Issuance of the 2019 Financial Bonds (Tranche 1) Announcement on the Implementation of Bonus Dividends for A Shares in 2018
67	2019-7-31	Announcement on the Resolutions Passed at the 43rd Meeting of the Sixth Session of the Board
68	2019-8-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 July 2019
69	2019-8-7	Announcement on the Financial Data for July 2019
70	2019-8-9	H Share Announcement — Notification of Board Meeting
71	2019-8-23	Announcement on the Resolutions Passed at the 44th Meeting of the Sixth Session of the Board Summary of the 2019 Interim Report 2019 Interim Report
72	2019-8-31	Announcement on Attending the 2019 Online Investors Collective Reception Day for Listed Companies in Shenzhen Announcement in Relation to Extension of Deadline for Reply to Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC
73	2019-9-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 August 2019
74	2019-9-4	Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 2) Announcement on Public Issuance of the 2019 Corporate Bonds (Tranche 1) to Qualified Investors Prospectus on Public Issuance of the 2019 Corporate Bonds (Tranche 1) to Qualified Investors Summary of the Prospectus on Public Issuance of the 2019 Corporate Bonds (Tranche 1) to Qualified Investors Credit Rating Report on the 2019 Corporate Bonds (Tranche 1) publicly issued to Qualified Investors
75	2019-9-6	Announcement on the Financial Data for August 2019 Announcement on Obtaining the Operation Qualification of Settlement and Sale of Foreign Exchange Business Announcement on the Coupon Interest Rate of the 2019 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
76	2019-9-11	Announcement on the Results of Public Issuance of the 2019 Corporate Bonds (Tranche 1) to Qualified Investors
77	2019-9-12	Announcement on Amendments to the Articles of Association of the Company
78	2019-9-19	Announcement on the Listing of the Publicly Issued 2019 Corporate Bonds (Tranche 1) (Type 2) to Qualified Investors on the SSE Announcement on the Listing of the Publicly Issued 2019 Corporate Bonds (Tranche 1) (Type 1) to Qualified Investors on the SSE
79	2019-9-20	Announcement on Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 9)
80	2019-10-1	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 September 2019
81	2019-10-12	H Share Announcement — US$3,000,000,000 Medium Term Note Programme
82	2019-10-15	Announcement on the Financial Data for September 2019 Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Subordinated Bonds (Tranche 1)

No.	Date of Publication	Subject Matter
83	2019-10-16	Announcement on the Reply to Feedback of the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Reply Report on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) Review Opinions of HUAXI Securities Co., Ltd. on the Reply Report from CITIC Securities Company Limited on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) Special Statement from PwC Regarding the Response of CITIC Securities to Related Questions Needed Vetting by Accountant in Feedback on the Review Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Report Issued by HUAXI Securities as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited (Revised Version) Reply Report of Allied Appraisal on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Supplementary Legal Opinions (II) of King & Wood Mallesons on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities
84	2019-10-17	Notification of Board Meeting
85	2019-10-19	Announcement on Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 10)
86	2019-10-22	Announcement on 2019 Interest Payment for the Non-publicly Issued 2017 Subordinated Bonds (Tranche 2)
87	2019-10-24	Review Opinions of HUAXI Securities Co., Ltd. on the Reply Report from CITIC Securities Company Limited on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) (Revised Version) Holding Announcement on Receipt of Notice regarding the Vetting of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Merger and Reorganisation Vetting Committee of the CSRC Announcement on Amendments to the Reply to Feedback of the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited (Revised Version) Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Reply Report on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) (Revised Version) Special Statement from PwC Regarding the Response of CITIC Securities to Related Questions Needed Vetting by Accountant in Feedback on the Review
88	2019-10-25	Announcement on Drawdown under the Medium Term Note Programme by Indirect Wholly-owned Subsidiary and Guarantee Provided by the Company
89	2019-10-30	Announcement on Suspension of Trading in Relation to the Vetting of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC
90	2019-10-31	2019 Third Quarterly Report Announcement on the Unconditional Approval of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC and the Resumption of Trading in Shares of the Company
91	2019-11-1	Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Subordinated Bonds (Tranche 2)
92	2019-11-2	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 October 2019
93	2019-11-7	Announcement on the Financial Data for October 2019

No.	Date of Publication	Subject Matter
94	2019-11-8	Announcement on 2019 Interest Payment and Delisting of the Publicly Issued 2016 Corporate Bonds (Tranche 1) (Type 1) to the Qualified Investors
95	2019-11-12	Announcement on 2019 Interest Payment of the Publicly Issued 2016 Corporate Bonds (Tranche 1) (Type 2) to the Qualified Investors
96	2019-11-14	Announcement on Related Party/Continuing Connected Transactions in the Ordinary Course of Business Announcement on the Resolutions Passed at the 22nd Meeting of the Sixth Session of the Supervisory Committee Announcement on the Resolutions Passed at the 46th Meeting of the Sixth Session of the Board Prior approval and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 46th Meeting of the Sixth Session of the Board of the Company Statement of the Nominator of Independent Director Statement of the Candidate for Independent Director
97	2019-11-16	Documents of the 2019 Second Extraordinary General Meeting Notice of the 2019 Second Extraordinary General Meeting
98	2019-11-20	Announcement on Principal and Interest Payment and Delisting of the Publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 1) to Qualified Investors Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 11)
99	2019-11-22	Announcement on 2019 Interest Payment for the Publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 2) to Qualified Investors
100	2019-11-26	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
101	2019-11-27	Announcement on the Results of the Issuance of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 5)
102	2019-11-29	Pro Forma Financial Statements and Audit Reports of Guangzhou Securities for the Years of 2017 and 2018 and the Nine Months Ended 30 September 2019 Asset Valuation Report on the 100% Equity Interest in Guangzhou Securities Company Limited Announcement on Updating the Financial and Valuation Data in the Relevant Documents in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Pro Forma Consolidated Financial Statements and Review Report for the Year of 2018 and the Nine Months Ended 30 September 2019 Report Issued by HUAXI Securities as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities (Revised Version)
103	2019-11-30	Announcement on Election of Employee Representative Supervisors of the Seventh Session of the Supervisory Committee
104	2019-12-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2019
105	2019-12-6	Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2017 Corporate Bonds (Tranche 3) Announcement on the Financial Data for November 2019
106	2019-12-11	Interim Report on the First Trustee of 2019 Corporate Bonds
107	2019-12-14	Announcement on Withdrawal of One Specific Sub-Resolution of the 2019 Second Extraordinary General Meeting Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 12) Second Notice of Convening the 2019 Second Extraordinary General Meeting

No.	Date of Publication	Subject Matter
108	2019-12-27	Announcement on Obtaining Approval of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company from the CSRC Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions Announcement on the Explanation of Amendments to the Report in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited

Note: The dates set out in the above table are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE. Each of these announcements was published on the HKExnews website of HKEx in the morning of the above date or in the evening on the immediately preceding date.

Information disclosures made by the Company on the HKExnews website of HKEx (http://www.hkexnews.hk) during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2019-1-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2018
		Overseas Regulatory Announcement — Announcement on the Progress of Proposed Acquisition of Assets by Issuance of Shares and Continued Suspension of Trading
2	2019-01-09	Announcement on the Financial Data for December 2018
		Announcement — Proposed Acquisition of Assets by Issuance of Shares
		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 15th Meeting of the Sixth Session of the Supervisory Committee
		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 34th Meeting of the Sixth Session of the Board
		Overseas Regulatory Announcement — Announcement on the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Summary)
		Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
		Overseas Regulatory Announcement — Explanation of the Board on the Completeness and Compliance of the Legal Procedures for the Reorganization and the Validity of the Legal Documents Submitted
		Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. on Whether Fluctuation of the Company's Stock Price Meets Relevant Standards of Article 5 of the Notice on Regulating Information Disclosure of Listed Companies and Acts of All Related Parties
		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions
		Overseas Regulatory Announcement — Letter of Commitment Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser Based on Full Due Diligence and Internal Review
		Overseas Regulatory Announcement — Indicative Announcement on Disclosure of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Resumption of Trading of the Company
		Overseas Regulatory Announcement — Explanation of the Board on the Transaction Complying with Article 4 of the Provisions on Several Issues concerning Regulating the Material Asset Restructurings of Listed Companies
		Overseas Regulatory Announcement — Explanation of the Board on Whether Fluctuation of Stock Price Meets Relevant Standards of Article 5 of the Notice on Regulating Information Disclosure of Listed Companies and Acts of All Related Parties
		Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions
		Overseas Regulatory Announcement — Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions
3	2019-1-15	Announcement on Receipt of the Letter of Enquiry from the Shanghai Stock Exchange
4	2019-1-20	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 1)
5	2019-1-21	Announcement on Reply to the Letter of Enquiry from the Shanghai Stock Exchange
		Overseas Regulatory Announcement — Announcement on Reply to the Letter of Enquiry from the Shanghai Stock Exchange
		Overseas Regulatory Announcement — Announcement on the Explanation of Amendments to the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions
		Overseas Regulatory Announcement — Summary of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Revised Version)
		Overseas Regulatory Announcement — The Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Revised Version)

No.	Date of Publication	Subject Matter
		Overseas Regulatory Announcement — Special Review Opinions of HUAXI Securities Co., Ltd. on the Letter of Enquiry regarding Information Disclosure of the Proposal in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited from the Shanghai Stock Exchange
6	2019-1-23	Preliminary Financial Data for the Year 2018 Overseas Regulatory Announcement — Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
7	2019-2-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2019
8	2019-2-10	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the 2017 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
9	2019-2-13	Announcement on the Financial Data for January 2019 Overseas Regulatory Announcement — Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
10	2019-2-18	Change of Chief Risk Officer
11	2019-2-24	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 2)
12	2019-2-27	Overseas Regulatory Announcement — Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares
13	2019-2-28	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 1)
14	2019-3-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2019
15	2019-3-4	Proposed Adoption of the Employee Stock Ownership Plan Proposed Change of Independent Non-executive Director Disclosable Transaction — Proposed Acquisition of Assets by Issuance of Shares Overseas Regulatory Announcement — Employee Stock Ownership Plan (Draft) Overseas Regulatory Announcement — Employee Stock Ownership Plan (Draft) and Its Summary Overseas Regulatory Announcement — the Review Opinions of the Supervisory Committee on the Employee Stock Ownership Plan Overseas Regulatory Announcement — Explanation on Acquisition and Disposal of Assets within 12 Months prior to the Acquisition of Assets by Issuance of Shares Overseas Regulatory Announcement — Announcement on Dilution of Immediate Return and Remedial Measures Taken in This Respect under the Acquisition of Assets by Issuance of Shares Overseas Regulatory Announcement — Explanation on the Differences between the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) and the Proposal Overseas Regulatory Announcement — Explanation on the Confidential Measures and System Adopted in the Transaction Overseas Regulatory Announcement — Explanation of the Board on the Completeness and Compliance of the Legal Procedures for the Reorganization and the Validity of the Legal Documents Submitted Overseas Regulatory Announcement — Explanation of the Board on the Independence of the Appraisal Institution, the Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Methods to Appraisal Objectives and the Fairness of the Appraisal Price Overseas Regulatory Announcement — Independent Opinions of the Independent Directors on the Independence of the Appraisal Institution, the Reasonableness of the Appraisal Assumptions, the Relevance of Appraisal Methods to Appraisal Objectives and the Fairness of the Appraisal Price in this Reorganization Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 37th Meeting of the Sixth Session of the Board Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 16th Meeting of the Sixth Session of the Supervisory Committee Overseas Regulatory Announcement — Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) Overseas Regulatory Announcement — the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft)

No.	Date of Publication	Subject Matter
16	2019-3-5	Overseas Regulatory Announcement — the Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — the No. 3 Professional Opinion Schedule by Financial Adviser to Listed Companies in Merging and Acquisition and Reorganization — Acquisition of Assets by Issuance of Shares issued by HUAXI Securities Co., Ltd. on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — Letter of Commitment Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser Based on Full Due Diligence and Internal Review Overseas Regulatory Announcement — the Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Industry Policy and Transaction Type of the Transaction of the Company Overseas Regulatory Announcement — the Review Opinions of HUAXI Securities Co., Ltd. on the Transaction Complying with the Relevant Requirements of the Opinion on Strengthening the Integrity and Risk Prevention and Control of Securities Companies in Engaging Third Parties in Investment Banking Business Overseas Regulatory Announcement — the Review Opinions of HUAXI Securities Co., Ltd. on Acquisition and Disposal of Assets within 12 Months prior to the Acquisition of Assets by Issuance of Shares of the Company Overseas Regulatory Announcement — the Special Review Opinions of HUAXI Securities Co., Ltd. on the Reasonableness of the Estimation of the Company on Dilution of Immediate Return due to the Acquisition of Assets by Issuance of Shares and Remedial Measures Taken in This Respect and Other Commitments Overseas Regulatory Announcement — the Pro Forma Consolidated Financial Statements and Review Reports for the Year 2017 and the Eleven Months Ended 30 November 2018 Overseas Regulatory Announcement — the Legal Opinions of King & Wood Mallesons on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — the Pro Forma Financial Statements and Audit Reports of Guangzhou Securities Company Limited (excluding the equity interest in Guangzhou Futures and Golden Eagle) for the Year 2016 and 2017 and the Eleven Months ended 30 November 2018 Overseas Regulatory Announcement — the Asset Valuation Report on the 100% Equity Interest in Guangzhou Securities Company Limited (Excluding 99.03% Equity Interest in Guangzhou Futures Co., Ltd. and 24.01% Equity Interest in Golden Eagle Fund Management Co., Ltd.) Held as to 32.765% and 67.235% by Guangzhou Yuexiu Financial Holdings Group Co., Ltd. and Guangzhou Yuexiu Financial Holdings Group Limited respectively to be Acquired by Issuance of Shares Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Matters Related to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 37th Meeting of the Sixth Session of the Board of the Company Overseas Regulatory Announcement — Condensed Report on Changes in Equity Overseas Regulatory Announcement — Explanation of the Board on the Transaction Complying with Article 4 of the Provisions on Several Issues concerning Regulating the Material Asset Restructurings of Listed Companies Overseas Regulatory Announcement — Explanation of the Board on the Transaction Complying with Articles 11 and 43 of the Measures for the Administration of the Material Asset Restructurings of Listed Companies Overseas Regulatory Announcement — Announcement on the Proposed Provision of Guarantee for Guangzhou Securities Company Limited Resignation of Senior Managers
17	2019-3-6	Approval on the Qualification of Senior Management by the Regulatory Authority Announcement on the Financial Data for February 2019
18	2019-3-8	Notification of Board Meeting
19	2019-3-10	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 3)

No.	Date of Publication	Subject Matter
20	2019-3-12	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to the Qualified Investors
21	2019-3-14	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 17th Meeting of the Sixth Session of the Supervisory Committee Approval on the Qualification and Appointment of the Chairman of the Supervisory Committee
22	2019-3-15	Overseas Regulatory Announcement — Announcement on the Progress of Matters Relating to the Proposed Acquisition of Assets by Issuance of Shares Overseas Regulatory Announcement — Condensed Report on Changes in Equity (Revised Version)
23	2019-3-18	Proposed Acquisition of Assets by Issuance of Shares; Proposed Change of Independent Non-Executive Director; and Notice of the 2019 First Extraordinary General Meeting; Notice of the 2019 First Extraordinary General Meeting; Proxy Form; Reply Slip
24	2019-3-21	Overseas Regulatory Announcement — 2018 Audit Report on the Internal Control Overseas Regulatory Announcement — the 2018 Assessment Report on the Internal Control Overseas Regulatory Announcement — Duty Performance Report of Independent Non-executive Directors for 2018 Overseas Regulatory Announcement — Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties Overseas Regulatory Announcement — Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 38th Meeting of the Sixth Session of the Board of the Company Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 2) Overseas Regulatory Announcement — Announcement on Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary and Usual Course of Business in 2019 Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 18th Meeting of the Sixth Session of the Supervisory Committee Overseas Regulatory Announcement — the Comprehensive Risk Management System of CITIC Securities Company Limited Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 38th Meeting of the Sixth Session of the Board Overseas Regulatory Announcement — Report of the Audit Committee of the Board on the Performance of Duties in 2018 2018 Social Responsibility Report 2018 Annual Results Announcement
25	2019-3-25	Postponement and Change of Venue of the 2019 First Extraordinary General Meeting; and Extension of Book Closure Period
26	2019-4-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2019
27	2019-4-8	Change in Senior Management Announcement on the Resolutions Passed at the 39th Meeting of the Sixth Session of the Board Announcement on Principal and Interest Payment and Delisting of the Non-public Issuance of 2018 Corporate Bonds (Tranche 5) (Type 1) Announcement on the 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)
28	2019-4-9	Announcement on the Financial Data for March 2019
29	2019-4-12	Notification of Board Meeting
30	2019-4-17	2018 Annual Report The Second Notice of the 2019 First Extraordinary General Meeting
31	2019-4-18	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 4)
32	2019-4-23	Overseas Regulatory Announcement — Announcement on Follow-up Rating Results for "13 CITICS 02", "15 CITICS 01", "15 CITICS 02", "16 CITICS G1", "16 CITICS G2", "17 CITICS G1", "17 CITICS G2", "17 CITICS G3", "17 CITICS G4", "18 CITICS G1", "18 CS G1" and "18 CS G2" Corporate Bonds

No.	Date of Publication	Subject Matter
		Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Subordinated Bonds (Tranche 1)
33	2019-4-25	Approval by Shenzhen Securities Regulatory Bureau on the Amendments to the Articles of Association; Articles of Association
34	2019-4-28	Obtaining the Business Qualification as Lead Market Maker of Funds Listed on the Shanghai Stock Exchange
35	2019-4-29	2019 First Quarterly Results Announcement Further Postponement and Change of Meeting Venue of the 2019 First Extraordinary General Meeting; and Extension of Book Closure Period Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2)
36	2019-4-30	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 3)
37	2019-5-6	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2019
38	2019-5-8	Announcement on the Financial Data for April 2019
39	2019-5-9	The 2018 Work Report of the Board, the 2018 Work Report of the Supervisory Committee, the 2018 Annual Report, the 2018 Profit Distribution Plan, the Resolution on the Re-appointment of Accounting Firms, the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2019, the Resolution on the General Mandate to Issue Additional A Shares and/or H Shares, the Resolution on Considering the Total Remuneration of the Directors and the Supervisor for 2018, the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2019 and the Notice of Annual General Meeting; Notice of Annual General Meeting; Proxy Form; Reply Slip
40	2019-5-10	Receipt of Reply from the CSRC in Relation to the Conduction of Market Making Business of Treasure Bond Futures
41	2019-5-19	Overseas Regulatory Announcement — Announcement on the 2019 Interest Payment for the Non-publicly Issued 2017 Subordinated Bonds (Tranche 1) Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 5)
42	2019-5-27	Poll Results of the 2019 First Extraordinary General Meeting; and Change of Independent Non-Executive Director List of Directors and Their Roles and Functions
43	2019-5-30	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the 2013 Corporate Bonds (Tranche 1) (10-year)
44	2019-6-3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2019 Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Subordinated Bonds (Tranche 2)
45	2019-6-4	Overseas Regulatory Announcement — Announcement on Receipt of Notification Letter of Administrative License Application Correction from the CSRC
46	2019-6-6	Announcement on the Financial Data for May 2019 Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the 2018 Corporate Bonds (Tranche 2) Publicly Issued to the Qualified Investors Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 3)
47	2019-6-10	The Second Notice of the 2018 Annual General Meeting Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 6) (Bond Connect)
48	2019-6-16	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-public Issuance of the 2019 Corporate Bonds (Tranche 4)
49	2019-6-17	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the 2015 Corporate Bonds
50	2019-6-21	Overseas Regulatory Announcement — Announcement on Obtaining of Notice Regarding the Issuance of Short-term Commercial Paper from the People's Bank of China
51	2019-6-25	Overseas Regulatory Announcement — Announcement on Receipt of Regulatory Opinions on the Issuance of Financial Bonds from the CSRC

No.	Date of Publication	Subject Matter
52	2019-6-27	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 7)
53	2019-6-28	Poll Results of the 2018 AGM; and Payment of the 2018 Final Dividend
54	2019-7-01	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 4)
55	2019-7-02	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2019
56	2019-7-08	Announcement on the Financial Data for June 2019 Announcement on Completion of Acquisition of 6.53% Equity Interest in CITIC Futures Overseas Regulatory Announcement — Announcement on Receipt of the Notice on Acceptance of the Application for Administrative Permission from the CSRC Overseas Regulatory Announcement — Announcement on Obtaining of Administrative Permission on the Issuance of Financial Bonds from The People's Bank of China
57	2019-7-09	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
58	2019-7-12	Preliminary Financial Data for the First Half of 2019 Key Financial Data of ChinaAMC for the Half Year of 2019
59	2019-7-14	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 8)
60	2019-7-18	Overseas Regulatory Announcement — Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2018 Corporate Bonds (Tranche 5) (Type 2)
61	2019-7-24	Announcement in Relation to the Receipt of Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Overseas Regulatory Announcement — Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC
62	2019-7-25	Further Announcement on Payment of the 2018 Final Dividend Overseas Regulatory Announcement — Announcement on Results of the Issuance of the 2019 Financial Bonds (Tranche 1)
63	2019-7-30	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 43rd Meeting of the Sixth Session of the Board
64	2019-8-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 July 2019
65	2019-8-6	Announcement on the Financial Data for July 2019
66	2019-8-8	Notification of Board Meeting
67	2019-8-22	2019 Interim Results Announcement Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 44th Meeting of the Sixth Session of the Board
68	2019-8-30	Overseas Regulatory Announcement — Announcement on Attending the 2019 Online Investors Collective Reception Day for Listed Companies in Shenzhen Announcement in Relation to Extension of Deadline for Reply to Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC
69	2019-9-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 August 2019
70	2019-9-3	Overseas Regulatory Announcement — Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 2)
71	2019-9-5	Announcement on the Financial Data for August 2019 Obtaining the Operation Qualification of Settlement and Sale of Foreign Exchange Business
72	2019-9-11	Overseas Regulatory Announcement — Announcement on Amendments to the Articles of Association of the Company
73	2019-9-19	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 9)
74	2019-9-26	2019 Interim Report
75	2019-9-30	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 September 2019
76	2019-10-11	Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC SECURITIES FINANCE MTN CO., LTD. — US$3,000,000,000 Medium Term Note Programme
77	2019-10-14	Announcement on the Financial Data for September 2019 Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Subordinated Bonds (Tranche 1)

No.	Date of Publication	Subject Matter
78	2019-10-15	Announcement on the Reply to Feedback of the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Overseas Regulatory Announcement — Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited (Revised Version) Overseas Regulatory Announcement – Special Statement from PwC Regarding the Response of CITIC Securities Company Limited to Related Questions Needed Vetting by Accountant in Feedback on the Review Overseas Regulatory Announcement — Supplementary Legal Opinions (II) of King & Wood Mallesons on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. on the Reply Report from CITIC Securities Company Limited on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) Overseas Regulatory Announcement — Reply Report on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) of the Company Overseas Regulatory Announcement — Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Overseas Regulatory Announcement — Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Overseas Regulatory Announcement — Reply Report of Allied Appraisal Co., Ltd. on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359)
79	2019-10-16	Notification of Board Meeting
80	2019-10-18	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 10)
81	2019-10-21	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2017 Subordinated Bonds (Tranche 2)
82	2019-10-23	Announcement on Amendments to the Reply to Feedback of the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC Overseas Regulatory Announcement — Reply Report on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) (Revised Version) Overseas Regulatory Announcement — Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Overseas Regulatory Announcement — Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. on the Reply Report from CITIC Securities Company Limited on the Notice Regarding First Feedback on the Review of Administrative Permission Items from CSRC (No. 191359) (Revised Version) Announcement in Relation to the Receipt of Notice Regarding the Vetting of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC Overseas Regulatory Announcement — Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited (Revised Version) Overseas Regulatory Announcement — Special Statement from PwC Regarding the Response of CITIC Securities to Related Questions Needed Vetting by Accountant in Feedback on the Review
83	2019-10-24	Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC SECURITIES FINANCE MTN CO., LTD. — US$500,000,000 2.750 per cent. Guaranteed Notes due 2022; US$200,000,000 2.875 per cent. Guaranteed Notes due 2024
84	2019-10-29	Announcement on Suspension of Trading in A Shares in Relation to the Vetting of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC

No.	Date of Publication	Subject Matter
85	2019-10-30	2019 Third Quarterly Results Announcement on the Unconditional Approval of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC and the Resumption of Trading in A Shares of the Company
86	2019-10-31	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Non-publicly Issued 2018 Subordinated Bonds (Tranche 2)
87	2019-11-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 October 2019
88	2019-11-6	Announcement on the Financial Data for October 2019
89	2019-11-7	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment and Delisting of the Publicly Issued 2016 Corporate Bonds (Tranche 1) (Type 1) to the Qualified Investors
90	2019-11-11	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment of the Publicly Issued 2016 Corporate Bonds (Tranche 1) (Type 2) to the Qualified Investors
91	2019-11-13	Proposed Appointments of Directors of the Seventh Session of the Board and Proposed Appointments of Non-employee Representative Supervisors of the Seventh Session of the Supervisory Committee Proposed Amendments to the Articles of Association Renewal of Continuing Connected Transactions Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 46th Meeting of the Sixth Session of the Board Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 22nd Meeting of the Sixth Session of the Supervisory Committee Overseas Regulatory Announcement — Prior Approval and Independent Opinions of the Independent Non-executive Directors of the Sixth Session of the Board on Relevant Matters at the 46th Meeting of the Sixth Session of the Board of the Company Overseas Regulatory Announcement — Statement of Candidates for Independent Directors Mr. LIU Ke, Mr. LIU Shouying, Mr. HE Jia and Mr. ZHOU Zhonghui Overseas Regulatory Announcement — Statement of Nominator of Independent Director
92	2019-11-15	Notice of 2019 Second Extraordinary General Meeting, Reply Slip, Proxy Form, Proposed Appointments of Directors of the Seventh Session of the Board and Circular: (1)Proposed Appointments of Directors of the Seventh Session of the Board; (2) Proposed Appointment of Non-employee Representative Supervisors of the Seventh Session of the Supervisory Committee; (3) Proposed Amendments to the Articles of Association; (4) Continuing Connected Transactions –Proposed Renewal of the Securities and Financial Products Transactions and Services Framework Agreement; and (5) Notice of 2019 Second Extraordinary General Meeting
93	2019-11-19	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 11) of the company Announcement on Principal and Interest Payment and Delisting of the Publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 1) to Qualified Investors
94	2019-11-21	Overseas Regulatory Announcement — Announcement on 2019 Interest Payment for the Publicly Issued 2017 Corporate Bonds (Tranche 2) (Type 2) to Qualified Investors
95	2019-11-25	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
96	2019-11-26	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the Non-Public Issuance of the 2019 Corporate Bonds (Tranche 5)
97	2019-11-28	Announcement on Updating the Financial and Valuation Data in the Relevant Documents in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — Asset Valuation Report Overseas Regulatory Announcement — Pro Forma Consolidated Financial Statements and Review Report for the Year of 2018 and the Nine Months Ended 30 September 2019 Overseas Regulatory Announcement — Pro Forma Financial Statements and Audit Reports of Guangzhou Securities Company Limited (Excluding Equity Interest in Guangzhou Futures Co., Ltd. and Golden Eagle Fund Management Co., Ltd.) for the Years of 2017 and 2018 and the Nine Months Ended 30 September 2019

No.	Date of Publication	Subject Matter
		Overseas Regulatory Announcement — Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited (Revised Version) Overseas Regulatory Announcement — Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version) Overseas Regulatory Announcement — Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions (Draft) (Revised Version)
98	2019-11-29	Appointments of Employee Representative Supervisors of the Seventh Session of the Supervisory Committee
99	2019-12-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2019
100	2019-12-5	Overseas Regulatory Announcement — Announcement on Principal and Interest Payment and Delisting of the Non-publicly Issued 2017 Corporate Bonds (Tranche 3) Announcement on the Financial Data for November 2019
101	2019-12-13	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2019 Short-term Commercial Paper (Tranche 12) Announcement on Withdrawal of One Specific Sub-Resolution of the 2019 Second Extraordinary General Meeting Second Notice of 2019 Second Extraordinary General Meeting
102	2019-12-27	Obtaining Approval of the Acquisition of Assets by Issuance of Shares and Related Party Transactions from the CSRC; and Adjustment to the Issue Price and Number of Shares to Be Issued under the Acquisition of Assets by Issuance of Shares Overseas Regulatory Announcement — Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions Overseas Regulatory Announcement — Summary of the Report on the Acquisition of Assets by Issuance of Shares and Related Party Transactions Overseas Regulatory Announcement — Announcement on the Explanation of Amendments to the Report in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Overseas Regulatory Announcement — Report Issued by HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
103	2019-12-31	Poll Results of 2019 Second Extraordinary General Meeting Announcement on the Resolutions Passed at the First Meeting of the Seventh Session of the Board and the First Meeting of the Seventh Session of the Supervisory Committee List of Directors and their Roles and Functions

APPENDIX 3 ADMINISTRATIVE CONSENTS AND APPROVALS OBTAINED DURING THE REPORTING PERIOD

No.	Date of approval	Title and number of approvals
1	2019-4-26	Notice on the Business Qualification of CITIC Securities Company Limited as Lead Market Maker of Listed Funds (Shang Zheng Han [2019] No. 755)
2	2019-5-6	Reply on Conducting Market Making Business of Treasure Bond Futures by CITIC Securities Company Limited (Ji Gou Bu Han [2019] No. 1020)
3	2019-8-30	Approval of the State Administration of Foreign Exchange regarding the Operation Qualification of Settlement and Sale of Foreign Exchange Business of CITIC Securities Company Limited (Hui Fu [2019] No. 32)
4	2019-9-10	Notice on Approval of CITIC Securities Company Limited to Become Member of the Interbank Foreign Exchange Market (Zhong Hui Jiao Fa [2019] No. 306)
5	2019-9-12	Notice on Approval of CITIC Securities Company Limited to Become Member of the Foreign Currency Market (Zhong Hui Jiao Fa [2019] No. 311)
6	2019-12-17	Reply to Opinions regarding Launching Market Making Business of Stock Index Futures by CITIC Securities Company Limited (Ji Gou Bu Han [2019] No. 3063)