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GUOTAI JUNAN SECURITIES CO., LTD.
國泰君安証券股份有限公司

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

(Stock Code: 02611)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "**Board**") of Guotai Junan Securities Co., Ltd. (the "**Company**") hereby announces the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020. This announcement sets out the full text of 2020 Annual Report of the Company and complies with the relevant requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of annual results.

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2020. The 2020 Annual Report and results announcement will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.gtja.com.

The 2020 Annual Report will be dispatched to holders of the Company's H shares in due course and will be published on the aforesaid websites of the Company and The Stock Exchange of Hong Kong Limited.

By order of the Board
Guotai Junan Securities Co., Ltd.
HE Qing
Chairman

Shanghai, the PRC
25 March 2021

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

Important Notice

I. The Board, Supervisory Committee, Directors, supervisors and senior management of the Company warrant that the contents of this report are true, accurate and complete, without any misrepresentation, misleading statements or material omissions, and severally and jointly bear the legal responsibilities thereof.

II. The Absent Directors

Positions held by the absent directors	Names of the absent directors	Reasons given by the absent directors	Names of proxies
Non-executive Director	Guan Wei	Business engagement	Liu Xinyi
Non-executive Director	Zhong Maojun	Business engagement	Liu Xinyi
Non-executive Director	Zhou Hao	Business engagement	Yu Jian

III. KPMG Huazhen LLP issued a standard unqualified audit report to the Company.

IV. HE Qing, the person in charge of the Company, and WANG Song, the person in charge of accounting affairs and LUAN Jinchang, the person in charge of the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.

V. The profit distribution proposal or the proposal on transfer of the capital reserve fund into capital, within the Reporting Period, was approved by the Board

The Company's profit distribution proposal for the year of 2020 is as follows: based on the total share capital of the Company recorded on the date of the dividend distribution, the Company shall distribute cash dividends of RMB5.6 (tax included) for every 10 shares to holders of A Shares and holders of H Shares.

As the conversion period for convertible corporate bonds began on 8 January 2018, the total share capital of the Company recorded on the date of dividend distribution for holders of A Share cannot be currently ascertained. Pursuant to the Implementation Rules of the Shanghai Stock Exchange for the Repurchase of Shares by Listed Companies (《上海證券交易所上市公司回購股份實施細則》), the Company's A shares in the Company's repurchased securities account are not entitled to dividend distribution. Based on the total share capital of the Company, being 8,908,448,211 Shares on 31 December 2020, and 9,999,990 Shares in the Company's repurchased securities account deducted on the same day, the total amount of the proposed cash dividends to be distributed is RMB4,983,131,004, accounting for 44.80 % of net profit attributable to equity holders of the company in combined calibers for 2020.

Pursuant to the Implementation Rules of the Shanghai Stock Exchange for the Repurchase of Shares by Listed Companies, the amount of share repurchases effected by the Company in a year should be regarded as cash dividends and included in the computation of the cash dividend payout ratio for the year. Accordingly, based on the amount of share repurchases effected by the Company for 2020 of RMB1,543,209,446, the total amount of cash dividends to be distributed is RMB6,526,340,450, accounting for 58.68% of net profit attributable to equity holders of the company in combined calibers for 2020.

The proposal for profit distribution of the Company in 2020 has been passed in the 19th meeting of the fifth session of the Board of the Company, subject to the consideration in the general meeting of the Company.

Important Notice

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

√ Applicable □ Not applicable

Forward-looking statements included in this report, including future plans and development strategies, do not constitute any substantial commitment of the Company to investors. Investors and persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

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

No

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

No

IX. Whether more than half of the directors were not able to assure the truthfulness, accuracy and completeness of the Annual Report disclosed by the Company?

No

X. Major risk warning

The risks faced by the Company in its operations mainly include: market risk, credit risk, liquidity risk, operational risk and reputational risk, which are specifically embodied as the risk of loss to the Company due to unfavorable changes of market prices; risk of loss to the Company due to failures to perform their obligations stipulated in relevant contracts by securities issuer, counterparties and debtors or the changes of market value of the debts caused by the changes of credit rating or contract performance capacity; risk of not being able to obtain sufficient funds in time at reasonable costs to repay debts that are due, fulfil other payment obligations and satisfy the funding requirements for ordinary business operation; risk of possible loss caused by the failures of internal systems and procedures, improper employee behaviors, IT risks and the influence of external events; risk of negative evaluation of the Company's reputation due to the Company's operation and management or external events.

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

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

XI. Others

□ Applicable √ Not applicable

Chairman's Statement

Dear shareholders,

2020 was an extraordinary year in the history of the People's Republic of China (the "PRC"). Facing the combined impact of the complex international situation and the coronavirus epidemic, the Chinese people scored remarkable achievements in economic and social development which have won global recognition. In 2020, capital market of the PRC entered its fourth decade of development, with the implementation of the new Securities Law and further promoting of the registration-based IPO system reform, the opening up of financial market gradually expanded, and the capital market ushered in an unprecedented period of strategic opportunity.

2020 was also a year of special significance in Guotai Junan's history. With the thorough implementation of the new development concept of the Company, we have insisted on the general principle of making progress while maintaining stability, and unwaveringly followed the strategic direction to seize policy opportunities for development, actively serve the central government and the major strategic deployment of Shanghai, fully implement the mission of serving the real economy, and integrate the development of the company into the overall situation of high-quality national and regional economic development bringing about a smooth start along the strategic pathway of "Nine-Year Strategic Plan in 3 Three-Year Steps". The Company recorded the consolidated operating income of RMB35.2 billion and net profit attributable to owners of the parent company of RMB11.1 billion for the year, representing an increase of 18% and 29% over the previous year, respectively, the weighted average return on net assets is 8.54%, which has increased by 1.79 percentage points compared with last year and its operation results and primary business performance still ranked high in the industry with a steady growth; the Company always focused on delivering returns to its shareholders, and the distribution plan determined that there will be a cash dividend of RMB0.56 (tax included) per share, accounting for 44.80% of the net profit attributable to equity holders of the Company.

Note: the above financial information is based on the Chinese accounting standards for enterprises

Chairman's Statement

By diligently working together, we are greatly committed to insist on seeking motivation from reform and has established four collaborative development committees, and further improved the corporate, institutional and retail customer services system, to promote organic coordination of seven business segments and steadily improve the competitiveness of our core business. We implemented reform in the investment banking business unit to stimulate organizational vitality, with the amount of IPO underwriting increased by 212%, and the market share increased significantly. We have improved our institutional customer services mechanism, with the nominal principal amount of over-the-counter equity derivatives business increased by 203% as at the end of the period, among which, the amount of cross-border derivative business increased by 104%, and our product creation and risk control capabilities also improved significantly. We endeavored to efficiently promote the transformation of wealth management, and at the end of the year, the number of affluent customers and high-net-worth customers was increased by 25% and 28% respectively from the end of last year, and the number of customers served under the investment consulting business was over 20,000, with a customer asset size over RMB2.0 billion and the monthly average size of financial products increased by 22.0%.

We strived for progress with concerted efforts, insisted on seeking development from innovation. We have sponsored the first CDR project involving a red chip firm, and was among the first batch of companies to qualify for pilot investment advisory service in funds, as well as the first batch to conduct QFII margin financing and securities lending business. We initiated the concept of "Open up Securities" and held the first Guotai Junan Technology Conference. Our project of retail customer service system and our integrated financial solution for hedging business were awarded the Second Prize and Third Prize in the Shanghai Annual Financial Innovation Awards, respectively. Our research and development project on automatic trading strategy was nominated for the Annual Enterprise Innovation and Capacity Upgrading Projects awarded by the Shanghai SASAC. Our information technology development project won 1 second prize and 2 outstanding awards in the Seventh Science and Technology Award in Securities and Futures Industry.

Chairman's Statement

With firm determination and working diligently, we insisted on seeking efficiency from management. We carried out full cost allocation and centralized procurement, to optimize the centralized operating model, continuously reduce the cost of debt financing, and improve the efficiency of resource allocation, the ratio of expenses divided by revenues is 38%, which has decreased by 0.71percentage points compared with last year making the effectiveness of our philosophy of "intensifying operation, reducing costs, increasing quality and promoting efficiency" continuously shown. We carried out the consolidated supervision pilot programs to solidify the unified group management. The Company has attained the rating of Class A Grade AA in the classification and evaluation of securities companies for 13 consecutive years and retained the highest international credit ratings determined by S&P and Moody's among domestic industries.

With the strength of unity, we insisted on seeking vitality from talents. We are the first in the securities industry to implement the Restricted Share Incentive Scheme of A Shares, which closely combined the core talents' interests with the Company's long-term interests. We implemented open recruitment and cross-unit staff exchange program for cadres, boldly promoted outstanding young cadres, and established a mechanism for innovation encouraging and fault tolerance and correction. We took various measures to build a wider platform for talents, preparing a group of young people with determination, competence and executive ability for important positions, and build an outstanding cadre team with passionate, creative and accountable members.

We adhered to our original intentions and our mission to continuously contribute to society. We were fully engaged in the fight against the COVID-19 epidemic, to protect the health of our employees and their family members, to ensure the normal operation of customer service, to maintain the security of the financial system. We mobilized all possible forces to support the frontline of the anti-epidemic war, and cumulatively donated nearly RMB25 million in cash and medical supplies to the severely affected areas in Hubei and the Shanghai hospitals designated to support Hubei. By investing poverty alleviation funds amounting to RMB44 million during past three year, we actively supported the poverty alleviation, and all the poverty-stricken counties to which we have provided support had got rid of poverty with a significant improvement in economic development and living environment, including Ji'an County of Jiangxi Province, Puge County of Sichuan Province and three counties in Qianshan of Anhui Province, as well as Guangnan Country and Malipo Country of Yunnan Province. We have been entrusted by the CSRC to carry out custody work on CEFC Securities and Guosheng Futures Company respectively, to ensure the continuity and stability of the businesses of the custodian institutions, to help resolve local financial risks, and to safeguard the legitimate rights and interests of investors and other relevant parties in accordance with the law.

Chairman's Statement

We owe all the achievements and progress in 2020 to the hard work of all staff of Guotai Junan, the full support of all customers and the full trust of all shareholders. As such, I would like to express my heartfelt gratitude and high respect to our staff, customers and shareholders!

2021 is the opening year of the implementation of the 14th Five-Year Plan and the beginning of a new journey to build the PRC into a modern socialist country in all respects. After three decades of development, the position of capital market in the national economy has continued to improve, the foundation of high-quality development of capital market has being formed and consolidated, and the real economy has shown great potential. Facing the good general macro-environment and strong demand of residents for wealth management, as well as the enhancing new advantages of international cooperation and competition, the PRC's capital market is in an important period of strategic opportunity.

A new journey has been launched, and a greater success is yet to make. The journey is long, and we will endeavor to continually carry forward the entrepreneurial spirit as a pioneer, facing the challenge under pressure and towards our goal with confidence and patience, to steadily implement the "Nine-Year Strategic Plan in 3 Three-Year Steps", and strive to become a "respectable, comprehensive leading, internationally competitive modern investment bank", and seek to celebrate the 100th anniversary of the founding of the Communist Party of China with excellent results!

Chairman of the Board: **HE Qing**
25 March 2021

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Section I Definitions

1. DEFINITIONS

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

Definitions of frequently-used terms

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

Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司)
Hicend Futures	Hicend Futures Co., Ltd. (海證期貨有限公司)
HuaAn Funds	HuaAn Funds Management Co., Ltd. (華安基金管理有限公司)
Guoxiang Properties	Shanghai Guoxiang Properties Co., Ltd. (上海國翔置業有限公司)
SPD Bank	Shanghai Pudong Development Bank (上海浦東發展銀行股份有限公司)
Shanghai Rural Commercial Bank	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)
Convertible Bonds/A Share Convertible Bonds	the convertible corporate bonds (which can be converted into the Company's A Shares) amounting to RMB7 billion issued by the Company on 7 July 2017 and listed on SSE on 24 July 2017
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified otherwise from time to time
Reporting Period	the year of 2020
Yuan	RMB Yuan
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
FICC	Fixed Income, Currencies and Commodities
Daohe APP	APP serving corporate and institutional customers
Matrix System	the corporate and institutional customers management system
Jun Hong APP	APP serving retail customers
Jun Hong Bai Shi Tong	the retail customers management system

Section II Company Profile and Key Financial Indicators

I. PROFILE

Name in Chinese	國泰君安証券股份有限公司
Abbreviation in Chinese	國泰君安、國泰君安証券
Name in English	Guotai Junan Securities Co., Ltd.
Abbreviation in English	GTJA, Guotai Junan Securities
Legal Representative	HE Qing
President	WANG Song

Registered Capital and Net Capital of the Company

√ Applicable ☐ Not applicable

Unit: thousand yuan Currency: RMB

	At the end of the Reporting Period	At the end of the last year
Registered Capital	8,907,948	8,907,948
Net Capital	88,499,902	85,939,169
Share Capital [Note]	8,908,448	8,907,948

Note: In 2020, the cumulative number of Shares converted from the A Share Convertible Bonds of the Company was 500,052 Shares, the shares of the Company increased to 8,908,448,211 Shares. The Company will apply for registering the change of the registered capital in a timely manner in accordance with the relevant requirements.

Business Qualifications for Each Individual Business of the Company

√ Applicable ☐ Not applicable

1. Individual Business Qualifications of the Company

No.	Approval Department	Qualification Name/Membership
1	The People's Bank of China	Interbank Borrowing Qualification (Yin Huo Zheng [2000] No. 122, Yin Zong Bu Han [2016] No. 22) Interbank Bonds Market Maker (Yin Fa [2004] No. 157) Participation of Gold Trading on Shanghai Gold Exchange as an Institutional Dealer (Yin Shi Huang Jin Bei [2014] No. 143) Free Trade Accounting Business (August 2015)

No.	Approval Department	Qualification Name/Membership
2	CSRC and its local branches	Operation license of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment related financial advisory; securities underwriting and sponsorship; securities proprietary trading; margin financing and securities lending; agency sale of securities investment fund; agency sale of financial products; stock option market making. (Number: 10270000) Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No. 3) Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2002] No. 31) Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 124, Hu Zheng Jian Ji Gou Zi [2010] No. 103) Participating in Stock Index Futures Transaction (Hu Zheng Jian Ji Gou Zi [2010] No. 253) Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2011] No. 573, Shang Zheng Han [2013] No. 257) Agreed Repurchase Securities Trading Business (Ji Gou Bu Bu Han [2012] No. 250) Integrated Financial Services (Ji Gou Bu Bu Han [2012] No. 555) Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2013] No. 311) Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 56) Pilot of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Gold Spot Contracts (Ji Gou Bu Bu Han [2014] No. 121) Qualification for Securities Investment Fund Custody Business (Zheng Jian Xu Ke [2014] No. 511) Foreign Exchange Business such as Proprietary Foreign Exchange Trading and Foreign Exchange Settlement and Sale on behalf of Customers, Proprietary Foreign Exchange Trading and Foreign Exchange Trading on behalf of Customers (Zheng Quan Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1614) Stock Options Market Making Business (Zheng Jian Xu Ke [2015] No. 154) Proprietary Participation in Carbon Emissions Trading (Ji Gou Bu Han [2015] No. 862) Conducting Cross-border Business at Pilot (Ji Gou Bu Han [2017] No. 3002) First-class Dealer for Over-the-counter Options (Ji Gou Bu Han [2018] No. 1789) Qualifications to Conduct Credit Derivative Business (Ji Gou Bu Han [2018] No. 2545) Stock Index Options Market Making Business (Zheng Jian Hui Ji Gou Bu Han [2019] No. 3066) Conducting Fund Investment Advisory Business at Pilot (Ji Gou Bu Han [2020] No. 385)

No.	Approval Department	Qualification Name/Membership
3	SAC	Qualification for Participating in Related Innovation Activities (February 2005) Pilot of Underwriting Business of SME Private Placement Bonds (Zhong Zheng Xie Han [2012] No. 378) OTC Trading Business (Zhong Zheng Xie Han [2012] No. 825) Financial Derivatives Business (Zhong Zheng Xie Han [2013] No. 1224)
4	China Securities Depository and Clearing Corporation Limited	Agency Registration Business (April 2002) Clearing Participant (Zhong Guo Jie Suan Han Zi [2006] No. 67) Class A Clearing Participant (Zhong Guo Jie Suan Han Zi [2008] No. 24)
5	China Securities Finance Corporation Limited	Pilot Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2012] No. 116) Pilot Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 45) Science and Technology Innovation Board Securities Refinancing Business (Zhong Zheng Jin Han [2019] No. 130)
6	Shanghai Stock Exchange/ Shenzhen Stock Exchange	Treasury Bonds Outright Repo Business (December 2004) Carrying out the Business of "SSE Fund Connect (上證基金通)" (July 2005) First-class Dealer for SSE 180 Trading Open-ended Index Securities Investment Fund (March 2006) Trader of Integrated Electronic Platform for Fixed Income Securities (Shang Zheng Hui Han [2007] No. 90) Qualified Investor of Block Trade System (No. A00001) Stock Pledge Repo Business (Shang Zheng Hui Zi [2013] No. 64, Shen Zheng Hui [2013] No. 58) Participant for Trading of Stock Options (Shang Zheng Han [2015] No. 66) SSE 50ETF Options Market Maker (Shang Zheng Han [2015] No. 212, Shang Zheng Gong Gao [2015] No. 4) Southbound Business (Shang Zheng Han [2014] No. 654, Shen Zheng Hui [2016] No. 326) Core Dealer of Credit Protection Contract (Shang Zheng Han [2019] No. 205) Business Qualification as Lead Market Maker of Listed Funds (Shang Zheng Han [2019] No. 1288) Credit Protection Certificate Creation Agency (Shang Zheng Han [2019] No. 2253) Stock Option Business (Shen Zheng Hui [2019] No. 470) CSI 300ETF Options Lead Market Maker Business (Shang Zheng Han [2019] No. 2303, Shen Zheng Hui [2019] No. 483)

No.	Approval Department	Qualification Name/Membership
7	State Administration of Foreign Exchange	Securities Brokerage and Underwriting Business of Foreign Currency (Hui Zi Zi No. SC201221) Transactions of Spot Sale and Purchase of Foreign Exchange, RMB and Foreign Exchange Related Derivative Business and Qualified Domestic Institutional Investor for Sale and Purchase of Foreign Exchange (Hui Fu [2014] No. 325) Filling for Businesses, such as Quanto Product Settlement and Sale, Foreign Exchange Settlement and Sale for QFII Custody Customer, Foreign Exchange Trading on behalf of Customers (Hui Zong Bian Han [2016] No. 505) Handling the Sale and Purchase of Foreign Exchange for the customers engaging in cross-border investment and financing transactions (Hui Zong Bian Han [2020] No. 469)
8	National Association of Financial Market Institutional Investors	Main Underwriting Business of Debt Financing Instruments for Non-Financial Businesses (Announcement of National Association of Financial Market Institutional Investors [2012] No. 19) Core Dealer of Credit Risk Mitigation Instruments (December 2016) Creator of Credit Risk Mitigation Warrants (2017) Creator of Credit-linked Notes (2017)
9	Shanghai Gold Exchange	Special Membership Qualification (Certificate No. T002) International Membership (Class A) Qualification (Certificate No. IM0046) Qualification for Proprietary Gold Trading (Shang Jin Jiao Fa [2013] No. 107) Interbank Gold Price Inquiries Business (Shang Jin Jiao Fa [2014] No. 114) Pilot Member of Implied Volatility Curve Quotation Group for Gold Inquiry Options (November 2017)
10	National Equities Exchange and Quotations	Sponsoring Broker-dealers Market Making Business (Gu Zhuan Xi Tong Han [2013] No. 58, [2014] No. 706)

No.	Approval Department	Qualification Name/Membership
11	China Foreign Exchange Trading Center	China Interbank FX Market Membership (Zhong Hui Jiao Fa [2015] No. 3) China Interbank FX Market Derivatives Membership (Zhong Hui Jiao Fa [2015] No. 59) Northbound Trading Link Business under "Bond Connect" (July 2017) Inter-bank Foreign Currency Market Membership (Zhong Hui Jiao Fa [2018] No. 412) Interbank Interest Rate Exchange Fixing (Closing) Curve Quote Agency (November 2019)
12	Interbank Market Clearing House Company Limited	Central Clearing Transaction of Shipping and Commodities Derivatives (Zhun Zi [2015] No. 016 for Membership of Clearing House) Business of Liquidation Agency of RMB Interest Rate Swap (2018 Bian Han No. 8, Qing Suan Suo Fa [2018] No. 30) Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29) Comprehensive Clearing Member for the Business of Central Clearing of Standard Bond Forwards (Qing Suan Suo Fa [2018] No. 193)
13	Shanghai Futures Exchange	Copper Options Market Maker (September 2018) Nickel Futures Market Maker (October 2018)
14	Shanghai International Energy Exchange	Crude Futures Market Maker (October 2018)
15	Asset Management Association of China	Filing Certificate of Private Equity Outsourcing Institutions (Filing No. A00005)
16	China Financial Futures Exchange	CSI 300 Stock Index Options Market Maker (December 2019)
17	Shanghai Commercial Paper Exchange Corporation Ltd	Access into the Chinese commercial paper trading system (July 2020)

2. Individual Business Qualifications of the Controlled Subsidiaries

No.	Name of subsidiary	Qualification Name/Membership
1	Hong Kong Subsidiaries	Issued by the Securities and Futures Commission of Hong Kong Type 1 (dealing in securities) (1 April 2003) Type 2 (dealing in futures contracts) (1 April 2003) Type 3 (leveraged foreign exchange trading) (21 October 2010) Type 4 (advising on securities) (1 April 2003) Type 5 (advising on futures contracts) (26 November 2010) Type 6 (advising on corporate finance) (1 April 2003) Type 9 (asset management) (1 April 2003) Issued by The Stock Exchange of Hong Kong Limited Exchange Trading Right Certificate (July 2000) Exchange Participant Certificate (13 August 2001) Hong Kong Options Market Maker (2 October 2019) Hong Kong Derivative Warrant Issuer (31 October 2019) Market-maker Permit for Securities (Exchange-Traded Funds) (31 December 2019) Issued by Hong Kong Futures Exchange Limited Exchange Participant Certificate and Exchange Trading Right Certificate (6 March 2000) Issued by HKFE Clearing Corporation Limited Participant Certificate of Future Clearing Company (6 March 2000) Issued by Hong Kong Companies Registry Money Lender License (25 January 2020) Issued by China Securities Regulatory Commission Qualified Overseas Institutional Investors (21 February 2013) RMB Qualified Overseas Institutional Investors (11 August 2014) Permit for Securities and Futures Operation Business (December 2017) Issued by Insurance Authority General and long term business (including related long term insurance membership) (23 September 2019) Issued by Monetary Authority of Singapore Registered Fund Management Company Qualification (12 October 2015) License for Capital Market Services (8 October 2018)

No.	Name of subsidiary	Qualification Name/Membership
		Issued by the Hong Kong Mandatory Provident Fund Schemes Authority Principal Intermediary Qualification (20 December 2012) Approved by the Shanghai headquarters of The People's Bank of China "Bond Connect" Overseas Investors Business (2017) Shanghai International Gold Exchange Class B International Membership (2020) Shanghai Gold Exchange International Membership (Class B) Qualification (2020)
2	Guotai Junan Asset Management	Operation permit of securities business: securities asset management business. (Number: 10278001) Qualified Domestic Institutional Investor Participating in Administration of Overseas Securities Investment (Zheng Jian Ji Gou Zi [2010] No. 631) Asset Management Business Participating in the Trading of Stock Index Futures (Hu Zheng Jian Ji Gou Zi [2011] No. 38) Pilot of Cash Management Products (Zheng Jian Xu Ke [2012] No. 828) Qualification for Publicly Offered Securities Investment Fund Management Business (Zheng Jian Xu Ke [2020] No. 3681)
3	Guotai Junan Futures and its subsidiaries	Permit for Securities and Futures Operation Business (No.913100001000207 11J) Comprehensive Settlement Business for Financial Futures (Zheng Jian Qi Huo Zi [2007] No. 148) Qualification for Futures Investment Consulting Business (Zheng Jian Xu Ke [2011] No. 1449) Asset Management Business (Zheng Jian Xu Ke [2012] No. 1506) Financing Contracts Services, Basis Trading, Cooperation, Hedge Pricing Services (Zhong Qi Xie Bei Zi [2015] No. 67) Membership Qualification of Shanghai International Energy Exchange (Shang Neng Pi Fu [2017] No. 105) Participant for Trading of stock SSE options (Shang Zheng Han [2018] No. 63) Market Making Business (Zhong Qi Xie Bei Zi [2018] No. 41) Dealer for Over-the-counter Options Business (August 2018) Commodity Exchange Business (Da Shang Suo Fa [2018] No. 494)

No.	Name of subsidiary	Qualification Name/Membership
		Stock Options Business (Shen Zheng Han [2019] No. 722) Copper Options Market Maker, Gold Futures Market Makers, Corn Options Market Maker, Fuel Oil Futures Market Maker, No. 20 Rubber Futures Market Maker, Tin Futures Market Maker, Iron Ore Options Market Maker, Gold Options Market Maker, PTA Options Market Maker, Methanol Options Market Maker (2019) Linear Low Density Polyethylene Futures Market Maker, Styrene Futures Market Maker, Linear Low Density Polyethylene Options Market Maker, Polyvinyl Chloride Options Market Maker, Polypropylene Options Market Maker, Deformed Steel Bar Futures Market Maker, Natural Rubber Futures Market Maker, Soy Oil Futures Market Maker, Palm Oil Futures Market Maker, Corn Starch Futures Market Maker, Japonica Rice Futures Market Maker, Low Sulphur Fuel Oil Futures Market Maker (2020)
4	Shanghai Securities and its subsidiaries	Operation permit of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment activities related financial advisory; securities (excluding stocks, corporate bonds issued by listed companies) underwriting; securities proprietary trading; securities asset management; margin financing and securities lending; securities investment fund agency sales; agency sales of financial products. (Number: 10710000) Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No. 8) Entrusted Investment Management Business (Zheng Jian Ji Gou Zi [2002] No. 203) Interbank Borrowings Business (Yin Fu [2003] No. 68, Yin Zong Bu Han [2013] No. 79) Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2004] No. 74) SSE Treasury Bonds Outright Repo Business (December 2004) Clearing Participant of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2006] No. 61) Class A Clearing Participant of China Securities Depository and Clearing Corporation Limited (February 2008)

No.	Name of subsidiary	Qualification Name/Membership
		Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 1039, Hu Zheng Jian Ji Gou Zi [2010] No. 133) Qualification for Participating in Related Innovation Activities (December 2005) No Objection Letter on Implementation of Broker System by Shanghai Securities (Zheng Jian Ji Gou Zi [2009] No. 260) Pilot of Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2012] No. 596) Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2012] No. 621) Foreign Currency Securities Brokerage Business (Hui Zi No. SC201211) Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 25) Agreed Repurchase Securities Trading Entitlement (Shang Zheng Hui Zi [2013] No. 22, Shen Zheng Hui [2013] No. 15) Stock Collateral Repo Trading Entitlement (Shang Zheng Hui Zi [2013] No. 137, Shen Zheng Hui [2013] No. 73) Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 19) Engaging in Recommended Business and Brokerage Business on the National Equities Exchange and Quotations (Gu Zhuan Xi Tong Han [2013] No. 80, [2014] No. 724) Qualification for participant of the Trader Quote Requests and Market Maker Quote Mechanisms (business entitlement: investment, agency transaction, innovation and design, recommendation, exhibition) Business for Hong Kong Stock Connect (Shang Zheng Hui Han [2014] No. 367, Shen Zheng Hui [2016] No. 330) Participant of Stock Option Trading of Shanghai Stock Exchange (Shang Zheng Han [2015] No. 78) Option Settlement Business of China Securities Depository and Clearing Corporation Limited (Zhong Deng Jie Suan Han Zi [2015] No. 51) Operation Permit of Futures Business: commodity futures brokerage, financial futures brokerage, futures investment consulting (Number: 31390000) Asset Management Business (Zhong Qi Xie Bei Zi [2015] No. 5) Asset Management Direct Selling System Business Qualification

No.	Name of subsidiary	Qualification Name/Membership
		Acting Securities Pledge Registration Business Qualification Stock Options Business (Shen Zheng Hui [2019] No. 470) Business of Entrusted Management of Insurance Funds (November 2020)
5	Guotai Junan Innovation Investment	Qualification for Private Equity Fund Manager (No.: PT2600011780)

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Securities Affairs Representative
Name	YU Jian	LIANG Jing
Contact address	768 Nanjing West Road, Jingan District, Shanghai	768 Nanjing West Road, Jingan District, Shanghai
Telephone	021-38676798	021-38676798
Facsimile	021-38670798	021-38670798
E-mail	dshbgs@gtjas.com	dshbgs@gtjas.com

III. BASIC INFORMATION

Registered address of the Company	No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC
Postal code of registered address of the Company	200120
Office address of the Company	768 Nanjing West Road, Jingan District, Shanghai
Postal code of office address of the Company	200041
Company website	http://www.gtja.com/
Email	dshbgs@gtjas.com

IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Name of media selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of annual report	http://www.sse.com.cn/
Website designated by the Hong Kong Stock Exchange for publication of annual report	http://www.hkexnews.hk/
Location for inspection of annual report of the Company	768 Nanjing West Road, Jingan District, Shanghai

Section II Company Profile and Key Financial Indicators

V. SHARES OF THE COMPANY

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

VI. OTHER INFORMATION OF THE COMPANY

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

√ Applicable □ Not applicable

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

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

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

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

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

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

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

In April 2019, the Company completed the placing of 194 million H Shares under a general mandate and thus the registered capital changed to RMB8,907.947954 million.

(2) The organization structure of the Company

√ Applicable □ Not applicable

1. The organization chart of the Group

For the organization chart of the Group as of the end of the Reporting Period, please refer to Appendix I.

2. Subsidiaries

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

No.	Name of Subsidiary	Registered Address/Domicile	Date of Establishment	Registered Capital/ Paid Up Capital	Legal Representative/ Person in Charge	Contact Number
1	Guotai Junan Financial Holdings	Units 1804-1807, 18/F, Tower I, Lippo Centre, 89 Queensway, Hong Kong	10 August 2007	HK$2.61198 billion	WANG Song	0852-31831118
2	Guotai Junan Asset Management	Unit 409A10, No. 381 South Suzhou Road, Huangpu District, Shanghai	27 August 2010	RMB2 billion	JIANG Wei	021-38676666
3	Guotai Junan Futures	29/F, 30/F, No. 669 Xinzha Road, Jing'an District, Shanghai	6 April 2000	RMB3 billion	CHEN Yutao	021-33038999
4	Guotai Junan Innovation Investment	Units 11F07-09, Bank of Shanghai Building, 168 Middle Yincheng Road, Pudong New District, Shanghai	20 May 2009	RMB7.5 billion	JIANG Wei	021-38675884
5	Guotai Junan Zhengyu	Unit 1106, No. 3255 Zhoujiazui Road, Yangpu District, Shanghai	12 February 2018	RMB2 billion	NIE Xiaogang	021-38672928
6	Shanghai Securities [Note]	7/F, No. 213 Middle Sichuan Road, Huangpu District, Shanghai	27 April 2001	RMB2.61 billion	LI Junjie	021-53686888
7	Guoxiang Properties	Floor 2-12, Main Building No.C, No. 688 Waima Road, Huangpu District, Shanghai	30 December 2011	RMB1.05 billion	MU Qing	–

Note: In February 2021, the registered capital of Shanghai Securities increased from RMB2.61 billion to RMB5,326.532 million, and its legal representative was changed from Mr. LI Junjie to Mr. HE Wei. The Company's shareholding in Shanghai Securities reduced from 51% before the capital increase to 24.99%, and therefore Shanghai Securities ceased to be the controlled subsidiary of the Company.

3. Branch offices

As at the end of the Reporting Period, the Group had 34 securities branch offices and 11 futures branch offices in the PRC, among which, 31 securities branch offices were established by the Company, 10 futures branch offices were established by Guotai Junan Futures, 3 securities branch offices were established by Shanghai Securities and 1 futures branch office was established by Hicend Futures. For basic information of these branch offices, please refer to Appendix II.

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

√ Applicable □ Not applicable

As at the end of the Reporting Period, the Group had 418 securities branches and 21 futures branches in the PRC, among which, 342 securities branches were established by the Company, 13 futures branches were established by Guotai Junan Futures, 76 securities branches were established by Shanghai Securities and 8 futures branches were established by Hicend Futures.

Number and distribution of securities branches of the Group in the PRC are as follows:

Province/ Municipality or Region	Number of Branches	Province/ Municipality or Region	Number of Branches	Province/ Municipality or Region	Number of Branches
Shanghai	54	Guangdong	49	Zhejiang	46
Jiangsu	28	Hunan	19	Jiangxi	19
Beijing	18	Fujian	16	Hubei	15
Sichuan	15	Shandong	14	Henan	11
Chongqing	12	Hebei	10	Gansu	9
Jilin	9	Liaoning	8	Yunnan	7
Shanxi	7	Tianjin	7	Shaanxi	6
Heilongjiang	6	Guangxi	6	Hainan	6
Anhui	5	Guizhou	5	Inner Mongolia	5
Xinjiang	3	Qinghai	1	Ningxia	1
Tibet	1				

Number and distribution of futures branches of the Group in the PRC are as follows:

Province/ Municipality or Region	Number of Branches	Province/ Municipality or Region	Number of Branches	Province/ Municipality or Region	Number of Branches
Shanghai	7	Zhejiang	3	Shandong	2
Jiangsu	2	Beijing	1	Tianjin	1
Jilin	1	Hunan	1	Sichuan	1
Guangdong	1	Henan	1		

(4) Number and distribution of other branches

□ Applicable √ Not applicable

VII. OTHER RELEVANT INFORMATION

Domestic accountant engaged by the Company	Name	KPMG Huazhen LLP
	Office address	8/F, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
	Name of signing accountants	Wang Guo Bei, Yu Jing Jing
Overseas accountant engaged by the Company	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of signing accountants	Chan Siu Tung
Domestic legal advisor	Haiwen & Partners	
Hong Kong legal advisor	Freshfields Bruckhaus Deringer	
A Share Registrar	Shanghai Branch of China Securities Depository and Clearing Corporation	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

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

(I) Key accounting data

Unit: thousand yuan Currency: RMB

Key accounting data	2020	2019	Movement during the current period compared with the corresponding period of last year (%)	2018
Total revenue and other income	**46,445,340**	39,049,645	18.94	31,229,385
Operating profit	**14,716,419**	11,270,606	30.57	9,140,797
Profit before income tax	**14,871,944**	11,444,619	29.95	9,268,342
Profit for the year attributable to equity holders of the Company	**11,122,099**	8,637,037	28.77	6,708,116
Net cash generated from/(used in) operating activities	**-4,293,374**	18,800,355	N/A	77,494,857

Key accounting data	At the end of 2020	At the end of 2019	Movement at the end of the current period compared with the end of the corresponding period of last year (%)	At the end of 2018
Total assets	**702,899,172**	559,314,278	25.67	436,729,080
Total liabilities	**556,661,354**	413,220,455	34.71	303,055,688
Equity attributable to equity holders of the Company	**137,353,260**	137,501,490	-0.11	123,450,063
Share capital	**8,908,448**	8,907,948	0.01	8,713,941

(II) Key financial indicators

Key financial indicators	2020	2019	Movement during the current period compared with the corresponding period of last year (%)	2018
Basic earnings per share (RMB/share)	**1.20**	0.90	33.33	0.70
Diluted earnings per share (RMB/share)	**1.19**	0.90	32.22	0.70
Weighted average return on net assets (%)	**8.54**	6.75	Increase by 1.79 percentage points	5.42
Net assets per share attributable to equity holders of the Company (RMB/share)	**15.44**	15.44	–	14.17
Gearing ratio (%)	**73.19**	67.53	Increase by 5.66 percentage points	62.28

Note: Gearing ratio = (total liabilities – accounts payable to brokerage customers)/(total assets – accounts payable to brokerage customers)

Section II Company Profile and Key Financial Indicators

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

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Item	At the end of the Reporting Period	At the end of last year (Restated)
Net capital	**88,499,902**	85,939,169
Net assets	**124,319,763**	126,344,316
Risk coverage ratio (%)	**239.61**	370.50
Capital leverage ratio (%)	**24.28**	30.65
Liquidity coverage ratio (%)	**210.95**	291.84
Net stable funding ratio (%)	**140.17**	163.54
Net capital/Net assets (%)	**71.19**	68.02
Net capital/Liabilities (%)	**30.33**	40.52
Net assets/Liabilities (%)	**42.60**	59.57
Equity securities and derivatives held/Net capital (%)	**40.29**	41.64
Non-equity securities and derivatives held/Net capital (%)	**263.91**	194.83

Note: According to Regulations on the Calculation Standards for Risk Control Indexes of Securities Companies (Announcement of [2020] No. 10 issued by the CSRC), the net capital indicators as at 31 December 2019 were restated.

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

1 Profitability

Unit: thousand yuan Currency: RMB

	2020	2019	2018	2017	2016
Total revenue and other income	**46,445,340**	39,049,645	31,229,385	32,953,352	36,022,508
Total expenses	**31,728,921**	27,779,039	22,088,588	19,306,804	21,291,949
Profit before income tax	**14,871,944**	11,444,619	9,268,342	13,661,308	14,773,524
Profit for the year attributable to equity holders of the Company	**11,122,099**	8,637,037	6,708,116	9,881,545	9,841,417

2 Assets

Unit: thousand yuan Currency: RMB

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Share capital	**8,908,448**	8,907,948	8,713,941	8,713,934	7,625,000
Total equity	**146,237,818**	146,093,823	133,673,392	133,695,223	110,751,722
Equity attributable to equity holders of the Company	**137,353,260**	137,501,490	123,450,063	123,127,983	99,964,418
Total liabilities	**556,661,354**	413,220,455	303,055,688	297,952,964	300,997,320
Accounts payable to brokerage customers	**157,408,158**	109,336,526	82,347,043	84,356,232	112,956,690
Total assets	**702,899,172**	559,314,278	436,729,080	431,648,187	411,749,042
Basic earnings per share (RMB/share)	**1.20**	0.90	0.70	1.11	1.21
Diluted earnings per share (RMB/share)	**1.19**	0.90	0.70	1.10	1.21
Weighted average return on net assets (%)	**8.54**	6.75	5.42	9.05	10.64
Gearing ratio (%)	**73.19**	67.53	62.28	61.50	62.93

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

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Section III Summary of Businesses of the Company

(1). DESCRIPTION OF PRINCIPAL BUSINESSES, OPERATING MODEL AND INDUSTRY CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal business and operating model of the Company

Driven by customer demand, the Group has established a corporate, institutional and retail customer service system, forming the business scope covering institutional finance, personal finance, investment management and international business. The Group generates income of fees and commissions and interest income mainly through the provision of securities products or services and receives investment gains through securities or equity investments.

In terms of specific businesses:

Our investment banking business mainly provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients;

Our research and institutional business mainly provides institutional brokerage, asset custody and outsourcing as well as research services to institutional clients;

Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management;

Our credit business mainly provides stock-pledged financing, agreed securities repurchase and margin financing and securities lending services to clients;

Our wealth management business mainly provides securities and futures brokerage, financial products, investment advisory and other services to individual clients;

Our investment management business provides asset management and fund management services to institutions and individuals, and also includes equity investment business;

The international business conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through Guotai Junan International in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.

In 2020, the Group recorded total revenue and other income of RMB46.445 billion, representing an increase of 18.94% compared with the same period of last year. Profit for the year attributable to equity holders of the Company was RMB11.122 billion, representing an increase of 28.77% compared with the same period of last year. For details of the Group's operation condition, please refer to "Section IV Report of the Directors" of this report.

The Group's business composition and income drivers for 2020

Principal business category	Total revenue and other income (RMB'000)	Change (%)	Contribution to total revenue and other income (%)
Institutional finance	21,604,631	10.90	46.52
Personal finance	16,872,576	40.88	36.33
Investment management	2,639,710	-11.10	5.68
International business	4,676,283	19.02	10.07
Others	652,140	-6.01	1.40
Total	46,445,340	18.94	100.00

(II) Description of the status of the industry

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

In recent years, the comprehensive deepening of reform and opening up of capital market has brought new development opportunity to the securities businesses. After a downward cycle from 2015 to 2018, the industry has returned to an upward trend, with steady growth in asset scale and significant improvement in performance. According to the statistics of the SAC, as at the end of 2020, the total assets, net assets and net capital of the PRC securities industry amounted to RMB8.90 trillion, RMB2.31 trillion and RMB1.81 trillion, respectively, representing an increase of 22.48%, 14.05% and 11.40% respectively compared with the end of 2019; in 2020, the PRC securities industry recorded an operating revenue of RMB448.471 billion and a net profit of RMB157.529 billion, representing an increase of 24.41% and 27.97% respectively compared with the corresponding period of last year.

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

(III) Position of the Company in the Industry

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, the Group has weathered many industry cycles while forging ahead to establish itself as a leader in the capital markets. Since its establishment, the Group has always maintained strong comprehensive competitiveness, ranking top in the industry in terms of capital scale, profitability, business strength and risk management capability.

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

√ Applicable □ Not applicable

At the end of 2020, the total assets of the Group amounted to RMB702.899 billion, representing an increase of 25.67% compared with that in the end of last year. Among our total assets: financial assets at fair value through profit or loss amounted to RMB228.726 billion, representing an increase of 21.00% compared with that in the end of last year, mainly due to the adjustment by the Group of the trading and investment structure; cash held on behalf of brokerage customers amounted to RMB139.323 billion, representing an increase of 35.88% compared with that in the end of last year, mainly due to fluctuations in the securities market conditions; margin accounts receivable amounted to RMB99.429 billion, representing an increase of 37.93% compared with that in the end of last year, mainly due to the increase in the scale of margin loans and securities lending; debt instruments at fair value through other comprehensive income amounted to RMB72.493 billion, representing an increase of 20.29% compared with that in the end of last year, mainly due to the adjustment by the Group of the trading and investment structure.

Of which: offshore assets amounted to 1,088.98 (Unit: RMB100 million Currency: RMB), and accounted for 15.49% of our total assets.

(2). ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable □ Not applicable

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

(I) Deeply rooted culture of risk management and pursue of excellence

Since its inception, the Group has developed the corporate culture of implementing reform and innovation and striving for progress, which propelled the long-term consistent and across-the-board development of the Group. In recent years, the Group actively practices a sound risk culture and market-oriented performance culture, and promotes high-quality development based on comprehensive reforms, thereby further enhancing its cohesiveness and culture recognition.

The Group firmly believes that risk management is the core competitiveness of securities companies. The Group adheres to a sound risk culture and has established a comprehensive and effective risk management and internal control system. With complete risk management system, scientific risk management models and methods and advanced risk management methods to accurately identify and effectively manage risks, the

Group can maintain its long-term stable development. During the Reporting Period, the Group took advantage of the opportunity as one of the first batch of qualified consolidated supervision pilot programs to further solidify the foundation of the unified group risk management system, thus promoting the formation of a full set of scientific and complete, efficiently operated, intensive, professional and comprehensive compliance risk control management system at group level. The Group improved the business risks management and control mechanism, formulated and issued the implementation measures for encouraging innovation and error tolerance and fault rectification, to better support the business innovation and development of the Group with professional risk management. So far, the Group has attained the regulatory rating of Class A Grade AA from the CSRC for 13 consecutive years.

In pursuit of excellence, the Group endeavors to select the best talents to provide the best services for customers. The Group adheres to a market-oriented performance culture, continues to promote market-oriented institutional reforms, selects and motivates talents through market-oriented enrollment mechanism and performance appraisal mechanism, promoting the continuous improvement of the Group's competitiveness. During the Reporting Period, the Group has strengthened its talent advantage by increasing its efforts in reform, promoting reform in the investment banking business unit, implementing the Restricted Share Incentive Scheme of A Shares, and strengthening the long-term incentive and restraint mechanism for core talents. At the same time, the Group further improved the service system for corporate customers, institutional customers and retail customers based on customer-oriented strategy, established a collaborative development committee for corporate customers, institutional customers, retail customers and cross-border business, set up an innovative branch, optimized its organizational structure and collaboration mechanism, enhanced its comprehensive financial service capabilities and further enlarged its customer base. As at the end of the Reporting Period, the number of institutional customers of the Group was approximately 48,000, an increase of 11.8% compared with the end of last year. The number of personal financial accounts was approximately 14.49 million, an increase of 7.0% compared with the end of last year.

(II) Leader in the PRC capital market

As a consistent leader in terms of business scale, the Group has strong profitability. Since its inception, the scale strength of the Group has been standing at the top of the industry. From 2011 to 2019, the Group has ranked among the top three companies in the industry in terms of operating revenue, and ranked among the top four companies in the industry in terms of total assets and net profit. According to the parent-company statistical caliber of the SAC, the Company ranked third, third, first, second and fourth in the industry, respectively, in terms of total assets, net assets, net capital, operating revenue and net profit at parent company level in 2020.

The Group has a comprehensive and balanced combination of businesses and ranks at the top of the industry in terms of its principal businesses. In 2020, the Group ranked third in the industry in terms of both number of underwritings of securities and security underwriting amount, second in the industry in terms of the number of private funds under custodianship, and fourth in the industry in terms of balance of margin loans under the margin financing and securities lending business. The Company ranked first in the industry in terms of net revenue from securities brokerage business (including seat leasing). Guotai Junan Futures ranked second in the industry in terms of trading volume of financial futures. Guotai Junan Asset Management ranked second in the industry in terms of the monthly average scale of business under discretionary management. Guotai Junan International continued to be among top Chinese security dealers in Hong Kong in terms of major operating indicators.

(III) Leader of technology and innovation in the PRC securities industry

The Group places great emphasis on strategic investment in technology and science and continuously promotes proprietary financial technology innovation. The Group is a frontrunner in the application of financial technology in the securities industry, and also the only securities firm that has passed CMMI4 certification. According to the statistics of the SAC, the Company ranked first in the industry in terms of amount of IT system investment for three consecutive years from 2017 to 2019. During the Reporting Period, by actively advocating the concept of "Open up Securities", the Group accelerated the implementation of financial technology strategic plan, continued to increase the investment in technology, continued to optimize the digital wealth management platform with Jun Hong APP as the core and the institutional customer service platform with Daohe APP as the core, accelerated the construction of professional trading systems, increased the independent research and development rate of major trading systems, and deepened the openness, cooperation, innovation and collaboration. All these continuous investments in financial technology have fully shown their supporting role in enhancing customer experience, leading business development and improving management capabilities. At the end of the Reporting Period, Jun Hong APP ranked second in the industry with mobile terminal users of 36.56 million and annual average monthly active users of 5.06 million, and more than 7,000 institutional users are involved for the Daohe platform, which innovated customer service model.

The Group has outstanding innovation capability and is one of the frontrunners in innovation in the industry. In recent years, the Group steadily promoted the development of customer service systems for corporate, institutional and retail customers, committed to promoting the innovative development of various businesses and enhanced its leading advantages in its main business area. During the Reporting Period, the Company established a mechanism for encouraging innovation and fault tolerance and fault rectification to accelerate the pace of innovation and development. The Group endeavored to promote the Sci-Tech Innovation Board projects in respect of its investment banking business by sponsoring and underwriting a number of representative projects such as the first CDR in the A-share market, and underwriting the issuance of the first corporate bonds under registration system in China; the Group continued to rank first among securities companies in terms of scale of mutual fund custody in respect of its research and institutional business; the Group built the "Guotai Junan Hedging (國泰君安避險)" program, and built an OTC financial cloud system in respect of its trading and investment business. The OTC derivatives business experienced a rapid growth. The Group filed with the State Administration of Foreign Exchange in respect of the foreign exchange settlement and sale business for customers engaged in cross-border investment and financing transactions, and became one of the first batch of CME Shanghai gold futures market makers and one of the first batch of companies allowed to access China's bills trading system. In respect of its credit business, the Group completed the first batch of QFII margin financing and securities lending business and securities lending under margin and securities refinancing business in the market. In respect of its wealth management business, the Group strived to build a digital wealth management platform, and was among the first batch in the industry to qualify for pilot investment advisory service in funds, and had officially commenced the business operation; Guotai Junan Asset Management was among the first batch to be granted with the pilot qualifications to conduct large-scale mutual funds reconstruction, had completed the reconstructions for five large-scale collective products participating in mutual funds, and gained the approval of qualification for mutual fund business from CSRC. Guotai Junan International completed the strategic integration of its subsidiaries in Vietnam, steadily advancing its overseas layout.

Section IV Report of the Directors

I. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

(I) Overall operation condition

In 2020, facing complicated external environment, the Group adhered to the general principle of "making progress while maintaining stability", fully implemented the requirements of "intensification, cost reduction, quality improvement and efficiency enhancement", insisted on seeking motivation from reform, vitality from talents, efficiency from management and development from innovation, pushed forward the comprehensive reform, optimized strategic layout, proactively grasped market development opportunities, thereby achieving high-quality development and maintaining strong competitiveness in all major businesses with operating results growing steadily. During the Reporting Period, the Group optimized its organizational structure and supporting operational mechanism, and improved the development of customer service systems for corporate, institutional and retail customers, leading to its continuous enhancement in comprehensive financial service capabilities. The Group implemented its Restricted A Shares Incentive Plan, improved its long-term incentive and restraint mechanism for key talents, and achieved initial success in the establishment of management system of cadres and talents. The middle and back-office management has been more congregated, intensified, professionalized and refined while the management of supporting departments achieved remarkable progress both in the awareness of empowerment and its effects. The Group continued to accelerate fintech innovation and build the ecology of "Open Securities" platform, resulting in the steady improvement in its fintech empowerment and leading capability. The mechanism of innovation encouragement and fault tolerance and correction was established to create a good atmosphere for innovative development, and the Company optimized its asset and liability management with its financial position maintaining stable. So far, the Company has attained the Grade AA rating in Class A from the CSRC for 13 consecutive years and maintained international credit ratings at BBB+ by Standard & Poor and Baa1 by Moody with the outlook of the Company being "stable".

(II) Analysis of principal businesses

1. Investment banking business

In 2020, the total financing amount in the securities market was RMB11,087.0 billion, representing an increase of 34.2% compared with the same period of last year. In particular, the total equity financing amount was RMB1,318.6 billion, representing an increase of 43.8% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB9,768.4 billion, representing an increase of 33.1% compared with the same period of last year. The amount of M&A transactions which had been examined and reviewed by the CSRC was RMB290.9 billion, representing a decrease of 45.3% compared with the same period of last year.

In 2020, in respect of its investment banking business, the Group implemented divisional system reform and optimized its operational mechanism, with focuses on key customers, key industries and key areas and endeavored to promote IPO business with fast-growing underwriting scale, significant increase of project reserve and steady improvement of its industry position. During the Reporting Period, the Group's lead underwriting amount of securities was RMB815.26 billion, representing an increase of 44.4% compared with the same period of last year, ranking the third in the industry. In particular, the underwriting amount of equity interest was RMB102.42 billion, representing an increase of 35.2% compared with the same period of last year and ranking the fourth in the industry. In terms of IPO business, the Company had underwriting amount of sponsorship of RMB21.69 billion during the year, representing an increase of 211.8% compared with the same period of last year, with its market share being increased to 4.59% from 2.75% in last year, and sponsored and underwrote the first CDR project in A share market. The underwriting amount of bonds was RMB712.83 billion, representing an increase of 45.8% compared with the same period of last year and ranking the third in the industry. The approved M&A and restructuring projects involved a transaction amount of RMB15.6 billion, ranking the fifth in the industry.

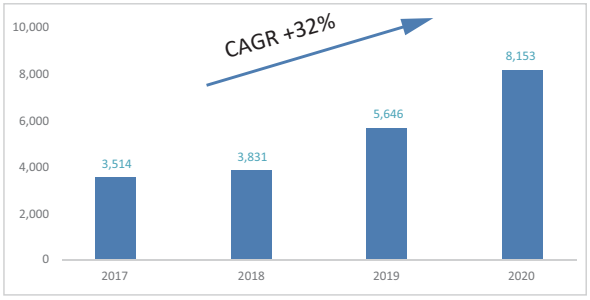
The scale of the Group's investment banking business in 2020

	Item	Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	22	9
	Amount of lead underwritings (RMB100 million)	216.9	69.6
Refinancing	Number of lead underwritings	41	21
	Amount of lead underwritings (RMB100 million)	807.4	688.0
Enterprise bonds	Number of lead underwritings	51	24
	Amount of lead underwritings (RMB100 million)	344.2	188.6
Corporate bonds	Number of lead underwritings	356	222
	Amount of lead underwritings (RMB100 million)	1,831.9	1,510.2
Other bonds	Number of lead underwritings	1,586	1,103
	Amount of lead underwritings (RMB100 million)	4,952.2	3,189.4

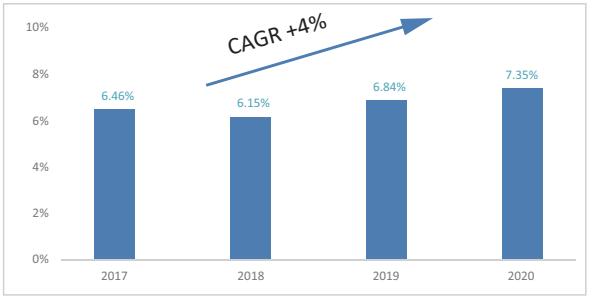
Source: Wind Info

Note: Statistical calibers of the financing products include IPO, new issuance, allotment of shares, preferred shares, convertible bonds, exchangeable bonds, corporate bonds, enterprise bonds (including bonds issued by government-baked agencies), local government bonds, short-term financing bills, medium-term notes, private placement notes, financial bonds and ABS.

Amount of lead underwriting of securities (RMB100 million)



Market share of lead underwriting of securities

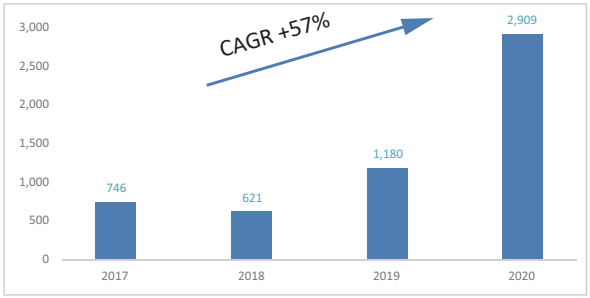


Source: Wind Info

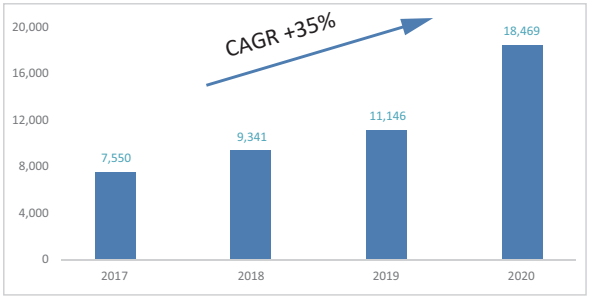
2. Research and institution brokerage business

In 2020, focusing on the overall demand from institutional customers, the Group further endeavored to develop the service system of institutional customer service by strengthening coordination and cooperation to fully enhance our overall service capability in relation to different institutional customers, with the coverage of institutional customers being increased significantly. As at the end of the Reporting Period, the number of institutional customers was 48,000, an increase of 11.8% from the end of last year. In particular, the research business improved the performance evaluation and incentive mechanism, reinforced the building of core research ability and enhanced internal service capability. During the Reporting Period, 6,039 research reports were completed, 1,142 conferences and roadshows with 11,691 participants were held. In respect of the institutional brokerage business, the Group built a prime broker service platform for a full business chain, optimized product sales mechanisms, strengthened the sales of key products, and enhanced its overall capability to serve public and private equity, banking wealth management and overseas institutions, resulting in significant growth in seat leasing and PB business, as well as breakthroughs in the acquisition of key customers of QFII. The transaction amount under PB system was RMB2.5 trillion, increased by 105% as compared with last year, and the customer asset size as at the end of the period was 290.9 billion, increased by 146.5% as compared with the end of last year. We comprehensively promoted the reconstruction of operational processes for the custodian and outsourcing business and enhanced our capabilities in terms of fintech, professional operation service, innovative development and compliance risk control, with our customer base being gradually optimized. At the end of the period, the aggregate number of asset management products of our asset custodian and outsourcing business amounted to 11,908, increased by 41.5% as compared with the end of last year. The business scale was RMB1,846.9 billion, increased by 65.7% as compared with the end of last year and the number of private funds under custodianship ranked the second in the securities industry, among which, the assets under our custody from mutual funds amounted to RMB108.6 billion, continued to rank the first among securities companies, and breakthroughs have also been made in the fields of bank wealth management, foreign asset management and trust products.

Customer asset scale under the PB trading system (RMB100 million)



Assets under custody and outsourcing services (RMB100 million)



Source: the Company's business data

3. Trading and investment business

In 2020, CSI 300 Index rose by 27.21% and ChinaBond Total Net Price (Total Value) Index declined by 0.42%, the middle exchange rate of USD against RMB decreased by 6.12%, and China Commodity Price Index rose by 18.54%.

The Group's trading and investment business continued to center on the idea of an "outstanding financial asset trader" and adhered to developing the low risk and non-directional businesses, steadily enhanced the transaction pricing ability and the customer service ability, and actively transformed itself to customer demand-oriented business while responding actively to market fluctuation. During the Reporting Period, our proprietary trading accurately grasped the opportunities of major asset allocation with good investment returns. Our customer demand-oriented business accelerated innovation, created the "Guotai Junan Risk Hedging (國泰君安避險)" brand, and launched the OTC financial cloud system, resulting in the newly increased asset scale of OTC derivative business of RMB425.80 billion, representing a year-on-year increase of 125.9%.

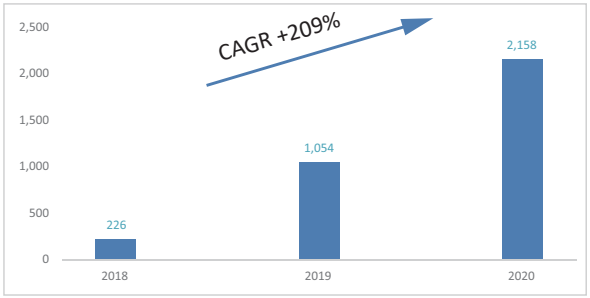
In respect of the equity business, the Group strengthened the use of risk management tools, optimized trading strategies and saw an outstanding performance in quantitative investments. The position and trading volume of the market-making business of Exchange-traded options continued to maintain a leading position in the industry, and the Company obtained "A" in the market-making evaluation of the funds listed in the Shanghai Stock Exchange. While the OTC equity derivatives business was growing rapidly, the Group optimized the product portfolio and strengthened domestic and overseas interaction, thereby achieving a significant improvement in profitability. In 2020, the cumulative amount of additional nominal principal of OTC options amounted to RMB168.95 billion, representing a year-on-year increase of 69.0%, and the additional nominal principal amount of return swaps amounted to RMB46.83 billion, representing a year-on-year increase of 766.5%. As at the end of the Reporting Period, the balance of nominal principal amount of OTC equity derivatives was RMB77.28 billion, representing an increase of 202.8% as compared with the end of last year. Cross-border derivatives were launched into market at a rapid growth rate, and the cumulative amount of their additional nominal principal reached RMB33.91 billion, representing a year-on-year increase of 45.5%.

In respect of the fixed income business, the Group strengthened risk prediction and hedging for fixed income investments, achieving better investment returns. Bond Connect had a market share of over 8%, ranking the second among securities companies in the overall market, and was awarded the "Excellent Bond Connect Market Maker" in 2020. The cumulative trading volume of inter-bank standard interest rate options was approximately RMB45.0 billion, ranking in the tops in the market; the trading volume of interest rate swap was RMB1.82 trillion, ranked the first among securities companies; the OTC interest rate options increased by RMB16.07 billion, representing 12 times over that of last year. The linked subjects of return swaps and structured notes have been expanded to many varieties such as Chinese-funded US dollar bonds, domestic bond indexes and fuel price. The Group has an additional credit derivatives of RMB4.09 billion and served a total of 10 issuers with the scale of corporate bond issuance arriving at approximately RMB7.6 billion.

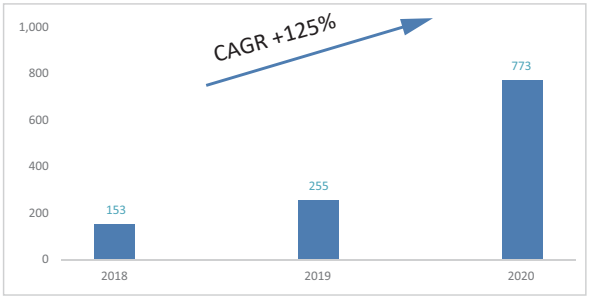
In respect of the foreign exchange business, the Group steadily carried out the RMB foreign exchange proprietary and foreign currency hedging trading business, with its trading categories and strategies being gradually enriched and its trading volume growing continuously. While gradually improving our customer foreign exchange business, we gave priority to the development of foreign exchange derivative trading business for licensed institutional customers and started to carry out the foreign exchange settlement and sale on behalf of customers on the basis of cross-border investment and financing.

In respect of the commodities and precious metals business, the Group has stably carried out the cross-market, cross-variety and the inter-period arbitrage business and the market making of commodity futures and options. The OTC derivatives business developed rapidly. The cumulative amount of additional nominal principal amount of OTC derivatives of the linked subjects amounted to RMB180.95 billion, representing a year-on-year increase of 127.4%.

Additional amount of OTC equity derivatives (RMB100 million)



Closing balance of OTC equity derivatives (RMB100 million)



Source: the Company's business data

4. Credit business

(1) Stock pledging business

According to the statistics of the SAC, as at the end of 2020, the margin loans for stock pledged financing in the market was RMB300.92 billion, a decrease of 30.2% from the end of last year.

In 2020, as the stock pledging business grew steadily, the Group continuously optimized its asset and business structure and achieved smooth and orderly operation of such business, demonstrating driving effect on the overall customer service. At the end of the Reporting Period, the outstanding balance to be repurchased of the Group's stock pledging business was RMB36.08 billion, a decrease of 12.2% from the end of last year, among which the balance of margin loans was RMB30.17 billion, a decrease of 8.2% from the end of last year. The average collateral coverage ratio was 248% and the scale of stock pledged financing, an asset management product managed by the Group, was RMB5.91 billion. The outstanding balance of agreed securities repurchase transactions was RMB0.99 billion, an increase of 40.1% from the end of last year.

Scale of the Group's stock pledging and securities repurchase business as at the end of 2020 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	360.8	410.7
Including: Margin loans for stock pledged financing	301.7	328.5
Outstanding balance of securities repurchase	9.9	7.1

(2) Margin financing and securities lending business

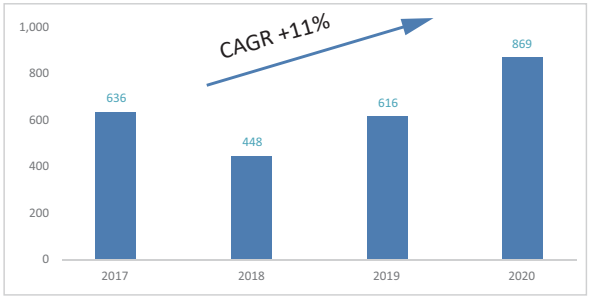
As at the end of 2020, the balance of margin financing and securities lending in the market amounted to RMB1,619.01 billion, an increase of 58.8% from the end of last year, in which, the balance of margin financing amounted to RMB1,482.02 billion, an increase of 47.4% from the end of last year and the balance of securities lending amounted to RMB136.98 billion, an increase of 894.1% from the end of last year.

In 2020, on the basis of adhering to counter-cyclical adjustment in respect of its margin financing and securities lending business, the Group optimized the floating interest rate management mechanism while keeping this business growing steadily. In order to expand the securities sources of refinancing securities business, the Group focused on professional investor securities lending services, thus rapidly increased the balance of securities lending. By increasing the reserve of institutional customers and high-net-worth customers, we established full range classification and grading service system, having steadily increased the percentage of the balance of the margin financing and securities lending from institutional customers. At the end of the Reporting Period, the balance of the Group's margin financing and securities lending amounted to RMB95.75 billion, an increase of 51.4% from the end of last year, with a market share of 5.91%, ranking the fourth in the industry in terms of balance of margin loans, and the maintained margin ratio at 279%. Among which, the balance of margin financing amounted to RMB86.86 billion, an increase of 40.9% from the end of last year, with a market share of 5.86%, and the balance of securities lending amounted to RMB8.89 billion, an increase of 462.2% from the end of last year, with a market share of 6.49%. The balance of margin financing from institutional customers of the Company amounted to RMB24.7 billion, an increase of 111.6% from the end of 2019, representing 28% of the balance of margin financing and securities lending of the Company. We were the first in the industry to complete the QFII margin financing and securities lending business and margin financing borrowing business in the market.

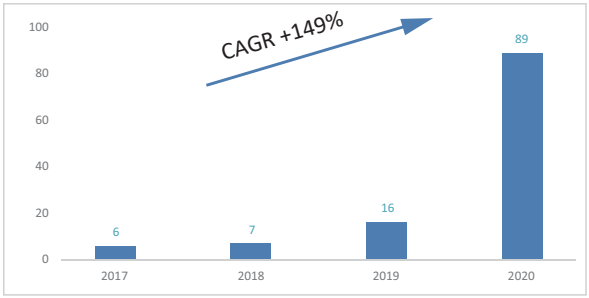
Scale of the Group's margin financing and securities lending business as at the end of 2020 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Balance of margin loans	868.6	616.4
Market value of securities lending	88.9	15.8
Balance of margin refinancing	20.0	40.0
Balance of securities refinancing	108.3	15.9

Balance of margin loans (RMB100 million)



Market value of securities lending (RMB100 million)



5. Wealth management business

According to the statistics of SSE and SZSE, in 2020, the trading volume of stock market in SSE and SZSE was RMB206.8 trillion, representing an increase of 62.3% compared with the corresponding period of last year and the cumulative trading volume of futures market (unilateral) was RMB437.5 trillion, representing an increase of 50.6% compared with the corresponding period of last year.

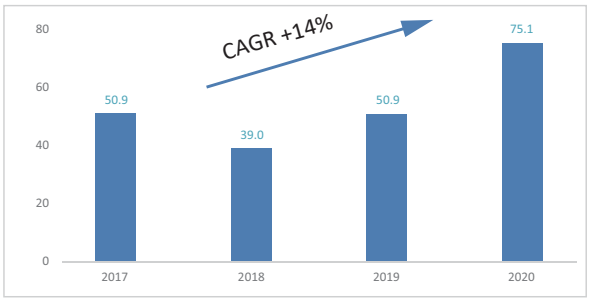
In 2020, in respect of the wealth management business, the Group optimized the organizational structure, promoted transformation and upgrading, enhanced the sales of financial products, accelerated the building of investment and consulting team, increased the operation efficiency of online channels and the management standards of the branch offices, further strengthened the retail customer base and steadily improved the overall service capabilities. At the end of the Reporting Period, the number of affluent customers and high-net-worth customers increased by 25% and 28% from the end of last year, respectively; the number of investment consultants of the Group was 3,347, an increase of 24.1% from the end of last year, ranking the third in the industry; the number of customers served by the investment consultants was over 20,000; the customer asset size was over RMB2.0 billion; the sales of financial products was RMB266.4 billion, representing a year-on-year increase of 6.7%, and the monthly average size was maintained at RMB197.5 billion, representing a year-on-year increase of 22.0%. There were 36.56 million mobile terminal users of Junhong APP, an increase of 9.9% from the end of last year, and 5.06 million annual average monthly active users, an increase of 22.8% compared with last year. According to the statistics of the SAC by the caliber of parent company, during the Reporting Period, the Company had a market share of 5.77% in terms of net revenue from the securities brokerage business (including seat leasing), keeping the first ranking in the industry.

Change in the scale of the Group's securities brokerage business in 2020 (Unit: RMB100 million)

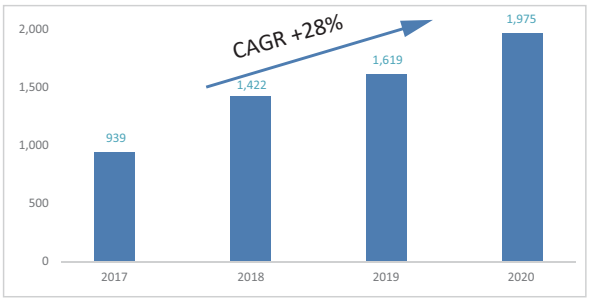
Item		During the Reporting Period	During the same period of last year
Stocks	Trading amount	196,477	126,845
	Market share	4.75%	4.98%
Securities investment funds	Trading amount	8,690	5,308
	Market share	3.19%	2.90%
Bond spot	Trading amount	359,139	362,572
	Market share	5.85%	7.36%

Source: SSE, SZSE. Bond spot includes bond repurchase.

Net income from the securities brokerage business-including seat leasing (RMB100 million)



Average monthly scale of agency sales of financial products (RMB100 million)

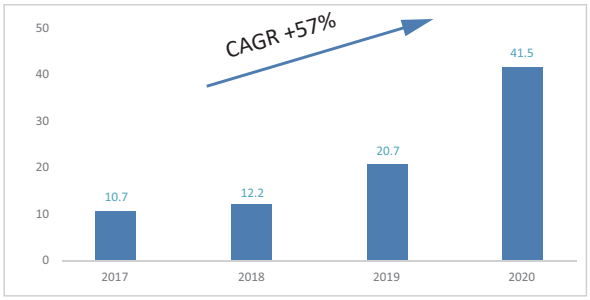


In 2020, Guotai Junan Futures focused on its core customers, created a new business model, concentrated on key products, enhanced the competitiveness of its commodity futures, and promoted the steady development of asset management, risk management and international business, thus steadily improving its position in the industry. During the Reporting Period, the Company's market share of financial futures was 7.48%, representing an increase of 1.71 percentage points compared with last year, ranking second in the industry; the Company's market share of commodity futures was 3.76%, representing an increase of 1.05 percentage points compared with last year, and its ranking in the Dalian Commodity Exchange in terms of the trading volume of commodity futures rose to the second place. As at the end of the period, the scale of customer equity was RMB52.8 billion, representing an increase of 114.1% compared with the end of last year, with its ranking rising to second in the industry.

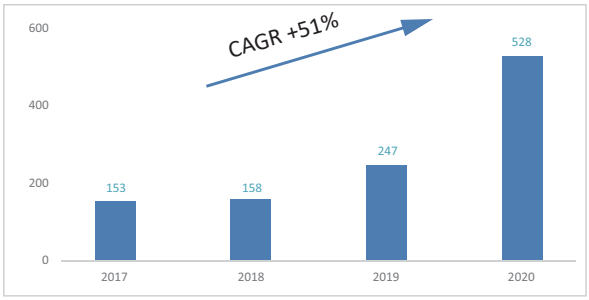
Major business indicators of Guotai Junan Futures in 2020

Item	During the Reporting Period	During the same period of last year
Transaction amount (RMB trillion)	41.5	20.7
Number of board lots (100 million)	5.0	2.3
	As at the end of the Reporting Period	**As at the end of the last year**
Cumulative effective accounts opened (unit)	133,804	108,126
Customer equity at the end of the period (RMB100 million)	528.0	246.6

Transaction amount of Guotai Junan Futures (RMB trillion)



Customer equity of Guotai Junan Futures as at the end of the period (RMB100 million)



6. Investment management

(1) Asset management

According to the statistics of the SAC, as of the end of 2020, assets under management of securities companies were RMB10.4 trillion in aggregate, a decrease of 15.2% from the end of last year.

In 2020, Guotai Junan Asset Management accelerated the establishment of a high-quality investment and research framework system, and made breakthroughs in ABS, quantification, FOF and other innovative businesses. Guotai Junan Asset Management had completed the reconstructions for five large-scale collective products participating in mutual funds, and obtained approval of the qualification of mutual funds business from CSRC. As at the end of the Reporting Period, the scale of asset management of Guotai Junan Asset Management amounted to RMB525.8 billion, representing a decrease of 24.6% compared with the end of the last year, among which the scale of discretionary asset management amounted to RMB361.9 billion, representing a decrease of 13.8% compared with the end of the last year, and the scale of discretionary asset management as a percentage of total asset management increased from 60.2% to 68.8%. According to the statistics of the Asset Management Association of China, Guotai Junan Asset Management ranked second in the industry in terms of the monthly average scale of assets under its discretionary management in 2020.

Scale of asset management of Guotai Junan Asset Management as at the end of 2020 (Unit: RMB100 million)

Item	As at the end of the Reporting Period	As at the end of last year
Scale of asset management business	5,258	6,974
Including: Scale of targeted asset management business	3,534	5,413
Scale of Collective asset management business	913	987
Scale of specialized asset management business	811	574
Scale of discretionary management business	3,619	4,200

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

(2) Private fund management and equity investment

According to the statistics of the Asset Management Association of China, as at the end of 2020, there were 24,561 private fund managers and 96,852 private equity funds registered with the Asset Management Association of China, with a paid-up capital of RMB15.97 trillion, increasing by 16.2% compared with the end of last year.

In 2020, Guotai Junan Innovation Investment established three new funds including Guotai Junan Fund of Funds, with total subscribed capital of RMB9.098 billion. Among which, Guotai Junan Fund of Funds completed the first round of capital subscription, and formally kicked off its investments to participate in the establishment of Shanghai Biomedical Industrial Fund. It also enhanced its professional capability, focused on five key industries to increase the reserve of high-quality projects, completed the divestment of 11 projects and newly increased two investment projects.

In 2020, Guotai Junan Zhengyu steadily carried out the equity investment business and promoted the co-investment of Sci-Tech Innovation Board projects. As at the end of the Reporting Period, it had 24 investment projects in aggregate with a total investment amount of RMB1.64 billion.

Overview of private equity fund business in 2020

Item	As at the end of the Reporting Period	As at the end of last year
Number of managed funds (unit)	41	42
Cumulative committed capital of managed funds (RMB100 million)	428.6	347.2
Cumulative paid-in capital of managed funds (RMB100 million)	348.0	230.9
Cumulative number of investment projects (unit)	109	107
Cumulative investment project amount (RMB100 million)	142.6	137.5

Overview of equity investment business in 2020

Item	As at the end of the Reporting Period	As at the end of last year
Cumulative number of investment projects (unit)	47	31
Cumulative investment project amount (RMB100 million)	25.1	16.6

(3) Fund management

According to the statistics of the Asset Management Association of China, as at the end of 2020, the assets under management (AUM) of mutual funds management institutions was RMB19.9 trillion, representing an increase of 34.7% compared with the end of the last year, among which assets under management of non-monetary funds was RMB11.8 trillion, representing an increase of 54.8% compared with the end of the last year.

In 2020, HuaAn Funds optimized its product layout with significant increase in the scale of initial public offering of its products and its assets under management hit a record high. As at the end of the Reporting Period, assets under management of HuaAn Funds amounted to RMB524.3 billion, an increase of 28.1% compared with the end of last year, among which assets under management of non-monetary funds was RMB276.2 billion, representing an increase of 66.6% compared with the end of last year.

7. International Business

The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded business presence into the United States, Europe and South-east Asia. In 2020, Guotai Junan International enhanced its capital strength and promoted the rapid development of wealth management business and financial derivatives business and the steady increase in the market share of brokerage business. As a result, our comprehensive competitiveness continued to stay at the forefront of Chinese securities companies in Hong Kong. As at the end of the Reporting Period, the custody assets from customers amounted to HK$206.7 billion, representing an increase of 35.3% compared with the end of last year, among which the custody assets from wealth management customers amounted to HK$28.8 billion, representing an increase of 48.5% compared with the end of last year.

Major components of revenue of Guotai Junan International for 2020 (Unit: HK$'000)

Item	During the Reporting Period	During the same period of last year
Fee and commission income		
– Brokerage	649,471	531,233
– Corporate finance	591,872	809,047
– Asset management	153,508	36,439
Income from loans and financing	1,007,655	1,134,972
Gains from financial products, market making and investments	2,470,446	1,733,845
Total revenue	4,872,952	4,245,536

II. ANALYSIS OF FINANCIAL STATEMENTS

1. Analysis of consolidated statements of profit or loss

(1) Total revenue and other income structure

Unit: thousand yuan Currency: RMB

Items	January to December 2020 Amount	January to December 2020 Component	January to December 2019 Amount	January to December 2019 Component	Changes Amount	Changes Proportion
Fee and commission income	**16,719,616**	**36.00%**	12,124,791	31.05%	4,594,825	37.90%
Interest income	**14,495,682**	**31.21%**	12,630,205	32.34%	1,865,477	14.77%
Net investment gains	**8,901,197**	**19.16%**	8,096,610	20.74%	804,587	9.94%
Total revenue	**40,116,495**	**86.37%**	32,851,606	84.13%	7,264,889	22.11%
Other income and gains	**6,328,845**	**13.63%**	6,198,039	15.87%	130,806	2.11%
Total revenue and other income	**46,445,340**	**100.00%**	39,049,645	100.00%	7,395,695	18.94%

In 2020, the Group's total revenue and other income amounted to RMB46.445 billion, representing an increase of 18.94% compared with the same period of last year, among which:

Our fee and commission income, accounting for 36.00% of the total revenue and other income, increased by 37.90% to RMB16.720 billion compared with the same period of last year, primarily due to the increase in fee income from the securities brokerage business and the increase in underwriting income of investment banks resulted from the increase in the trading volume of the securities market in 2020;

The interest income, accounting for 31.21% of the total revenue and other income, increased by 14.77% to RMB14.496 billion compared with the same period of last year, primarily due to the increase in fee income from the margin financing and securities lending business resulted from the increase in the trading volume of the securities market in 2020;

The net investment gains, accounting for 19.16% of the total revenue and other income, increased by 9.94% to RMB8.901 billion compared with the same period of last year, primarily due to the increase in investment gains affected by the securities market conditions;

The other income and gains, accounting for 13.63% of the total revenue and other income, increased by 2.11% to RMB6.329 billion compared with the same period of last year, primarily due to the increase in the transaction volume of commodities.

(2) Total expenses structure

Unit: thousand yuan Currency: RMB

Items	January to December 2020 Amount	January to December 2020 Component	January to December 2019 Amount	January to December 2019 Component	Changes Amount	Changes Proportion
Fee and commission expenses	**2,580,447**	**8.13%**	1,838,426	6.62%	742,021	40.36%
Interest expenses	**8,804,654**	**27.75%**	7,403,450	26.65%	1,401,204	18.93%
Staff costs	**9,250,380**	**29.16%**	7,766,427	27.95%	1,483,953	19.11%
Depreciation and amortization expenses	**1,371,553**	**4.32%**	1,291,570	4.65%	79,983	6.19%
Tax and surcharges	**168,819**	**0.53%**	136,880	0.49%	31,939	23.33%
Other operating expenses and costs	**8,240,709**	**25.97%**	7,271,807	26.18%	968,902	13.32%
Provision for impairment losses	**62**	**0.00%**	20,902	0.08%	-20,840	-99.70%
Credit loss expense	**1,312,297**	**4.14%**	2,049,577	7.38%	-737,280	-35.97%
Total expenses	**31,728,921**	**100.00%**	27,779,039	100.00%	3,949,882	14.22%

In 2020, the Group's total expenses amounted to RMB31.729 billion, representing an increase of 14.22% compared with the same period of last year, among which:

The fee and commission expenses, accounting for 8.13% of the total expenses, increased by 40.36% to RMB2.580 billion compared with the same period of last year, primarily due to the increase in the fee expenses of the securities brokerage business as a result of the increase in the trading volume of the securities market in 2020;

Other operating expenses and costs, accounting for 25.97% of the total expenses, increased by 13.32% to RMB8.241 billion compared with the same period of last year, primarily due to the increase in the transaction volume of commodities.

2. Analysis of consolidated statements of cash flows

In 2020, the net increase in cash and cash equivalents of the Group was RMB11.411 billion, among which:

The net cash generated from operating activities was RMB-4.293 billion, primarily due to (i) the increase of RMB36.790 billion in cash held on behalf of brokerage customers; (ii) the increase of RMB33.830 billion in financial instruments at fair value through profit or loss and derivative financial assets, primarily resulting from investment of bonds, funds and other investments according to customer demands; and (iii) the increase of RMB27.817 billion in margin loans, due to the changes in the securities market conditions. Those cash outflows were partly offset by the following: (i) the increase of RMB49.134 billion in other liabilities; (ii) the increase of RMB21.498 billion in accounts payable to brokerage customers, due to the changes in securities market conditions; (iii) the increase of RMB18.130 billion in financial assets sold under repurchase agreements, due to the increased bonds sold under repurchase agreements; and (iv) profit before income tax of RMB14.872 billion.

The net cash generated from investing activities was RMB-22.381 billion, primarily due to the RMB125.307 billion in cash paid to acquire financial assets at fair value through other comprehensive income and other investment assets, partially offset by the cash proceeds from the disposal of financial assets at fair value through other comprehensive income and other investment assets of RMB99.735 billion, reflecting our adjustment in trading and investment structure.

The net cash generated from financing activities was RMB38.085 billion, primarily due to (i) cash received from the issuance of short-term debt instruments of RMB99.390 billion; (ii) cash received from the issuance of bonds of RMB39.553 billion; and (iii) cash received from loans and borrowings of RMB10.963 billion. These cash inflows were partly offset by the following: (i) the amount of RMB85.671 billion paid in cash for repayment of debt securities issued; and (ii) the amount of RMB11.057 billion paid in cash for repayment of loans and borrowings.

3. Analysis of consolidated statements of financial position

Unit: thousand yuan Currency: RMB

	31 December 2020		31 December 2019		Changes	
Items	**Amount**	**Component**	Amount	Component	**Amount**	**Proportion**
Non-current assets						
Property and equipment	**5,024,307**	**0.71%**	5,211,423	0.93%	-187,116	-3.59%
Right-of-use assets	**2,490,743**	**0.35%**	2,926,043	0.52%	-435,300	-14.88%
Goodwill	**599,812**	**0.09%**	599,812	0.11%	–	0.00%
Other intangible assets	**1,677,813**	**0.24%**	1,574,249	0.28%	103,564	6.58%
Investments in associates	**1,169,765**	**0.17%**	1,183,891	0.21%	-14,126	-1.19%
Investments in joint ventures	**2,844,778**	**0.40%**	1,274,671	0.23%	1,570,107	123.18%
Debt instruments at fair value through other comprehensive income	**65,511,217**	**9.32%**	53,408,720	9.55%	12,102,497	22.66%
Equity instruments at fair value through other comprehensive income	**17,637,062**	**2.51%**	17,547,076	3.14%	89,986	0.51%
Financial assets held under resale agreements	**2,616,287**	**0.37%**	1,959,737	0.35%	656,550	33.50%
Financial assets at fair value through profit or loss	**26,628,714**	**3.79%**	13,433,691	2.40%	13,195,023	98.22%
Refundable deposits	**29,415,401**	**4.18%**	12,975,377	2.32%	16,440,024	126.70%
Deferred tax assets	**1,761,582**	**0.25%**	1,251,032	0.22%	510,550	40.81%
Other non-current assets	**691,128**	**0.10%**	1,154,839	0.22%	-463,711	-40.15%
Total	**158,068,609**	**22.48%**	114,500,561	20.48%	43,568,048	38.05%

Items	31 December 2020 Amount	31 December 2020 Component	31 December 2019 Amount	31 December 2019 Component	Changes Amount	Changes Proportion
Current assets						
Accounts receivable	**7,230,325**	**1.03%**	3,484,166	0.62%	3,746,159	107.52%
Other current assets	**2,983,541**	**0.42%**	2,017,453	0.36%	966,088	47.89%
Margin accounts receivable	**99,429,347**	**14.15%**	72,088,344	12.89%	27,341,003	37.93%
Debt instruments at fair value through other comprehensive income	**6,981,585**	**0.99%**	6,858,108	1.23%	123,477	1.80%
Financial assets held under resale agreements	**53,245,514**	**7.58%**	51,980,260	9.29%	1,265,254	2.43%
Financial assets at fair value through profit or loss	**202,097,430**	**28.75%**	175,588,501	31.39%	26,508,929	15.10%
Derivative financial assets	**2,214,226**	**0.32%**	550,081	0.10%	1,664,145	302.53%
Clearing settlement funds	**6,049,697**	**0.86%**	4,460,152	0.80%	1,589,545	35.64%
Cash held on behalf of brokerage customers	**139,323,440**	**19.82%**	102,533,823	18.33%	36,789,617	35.88%
Cash and bank balances	**25,275,458**	**3.60%**	25,252,829	4.51%	22,629	0.09%
Total	**544,830,563**	**77.52%**	444,813,717	79.52%	100,016,846	22.49%
Total assets	**702,899,172**	**100.00%**	559,314,278	100.00%	143,584,894	25.67%
Current liabilities						
Loans and borrowings	**9,769,331**	**1.75%**	10,312,724	2.50%	-543,393	-5.27%
Short-term debt instruments	**48,724,368**	**8.75%**	17,424,352	4.22%	31,300,016	179.63%
Placements from other financial institutions	**13,810,630**	**2.48%**	9,488,642	2.30%	4,321,988	45.55%
Accounts payable to brokerage customers	**157,408,158**	**28.28%**	109,336,526	26.46%	48,071,632	43.97%
Employee benefits payable	**7,568,772**	**1.36%**	5,685,105	1.38%	1,883,667	33.13%
Income tax payable	**1,572,828**	**0.28%**	1,414,731	0.34%	158,097	11.18%
Financial assets sold under repurchase agreements	**144,721,315**	**26.00%**	126,017,296	30.50%	18,704,019	14.84%
Financial liabilities at fair value through profit or loss	**30,304,839**	**5.44%**	37,845,046	9.16%	-7,540,207	-19.92%
Derivative financial liabilities	**5,526,472**	**0.99%**	1,358,809	0.33%	4,167,663	306.71%
Bonds payable	**24,744,699**	**4.45%**	17,672,144	4.28%	7,072,555	40.02%
Lease liabilities	**466,697**	**0.08%**	638,382	0.14%	-171,685	-26.89%
Other current liabilities	**25,405,255**	**4.57%**	14,229,188	3.44%	11,176,067	78.54%
Total	**470,023,364**	**84.43%**	351,422,945	85.05%	118,600,419	33.75%
Net current assets	**74,807,199**		93,390,772		-18,583,573	-19.90%

Items	31 December 2020 Amount	31 December 2020 Component	31 December 2019 Amount	31 December 2019 Component	Changes Amount	Changes Proportion
Non-current liabilities						
Loans and borrowings	**–**	**0.00%**	1,490,000	0.36%	-1,490,000	-100.00%
Bonds payable	**66,947,715**	**12.03%**	51,901,409	12.56%	15,046,306	28.99%
Lease liabilities	**1,486,932**	**0.27%**	1,725,455	0.42%	-238,523	-13.82%
Deferred tax liabilities	**139,059**	**0.02%**	13,762	0.00%	125,297	910.46%
Financial liabilities at fair value through profit or loss	**17,789,620**	**3.20%**	6,441,647	1.56%	11,347,973	176.17%
Other non-current liabilities	**274,664**	**0.05%**	225,237	0.05%	49,427	21.94%
Total	**86,637,990**	**15.57%**	61,797,510	14.95%	24,840,480	40.20%
Total liabilities	**556,661,354**	**100.00%**	413,220,455	100.00%	143,440,899	34.71%
Total equity	**146,237,818**		146,093,823		143,995	0.10%

As of 31 December 2020, the total assets of the Group was RMB702.899 billion, increased by 25.67% compared with the end of last year; the total liabilities was RMB556.661 billion, increased by 34.71% compared with the end of last year; the total equity was RMB146.238 billion, increased by 0.10% compared with the end of last year.

The asset of the Group was mainly comprised of: financial assets at fair value through profit or loss of RMB228.726 billion (32.54% of the total assets); cash held on behalf of brokerage customers of RMB139.323 billion (19.82% of the total assets); margin accounts receivable of RMB99.429 billion (14.15% of the total asset); financial assets held under resale agreements amounted to RMB55.862 billion (7.95% of the total assets), among which the current assets amounted to RMB544.831 billion and accounted for 77.52% of the total assets. The liquidity of the Group was fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation and therefore the assets were of relatively high quality.

Non-current assets

As of 31 December 2020, our non-current assets amounted to RMB158.069 billion with an increase of 38.05% compared with the end of last year. Among the non-current assets, financial assets at fair value through profit or loss amounted to RMB26.629 billion with an increase of 98.22% compared with the end of last year, which was primarily because the Group adjusted its investment scale according to the market conditions; debt instruments at fair value through other comprehensive income amounted to RMB65.511 billion with an increase of 22.66% compared with the end of last year, which was primarily because the Group adjusted its investment scale according to the market conditions.

Current assets

As of 31 December 2020, our current assets amounted to RMB544.831 billion with an increase of 22.49% compared with the end of last year. Among the current assets, financial assets at fair value through profit or loss amounted to RMB202.097 billion with an increase of 15.10% compared with the end of last year, primarily because the Group adjusted its investment scale according to the market conditions; cash held on behalf of brokerage customers amounted to RMB139.323 billion with an increase of 35.88% compared with the end of last year, primarily due to the impact of the securities market conditions; the margin accounts receivable amounted to RMB99.429 billion with an increase of 37.93% compared with the end of last year, which was primarily due to the increased size of margin financing and securities lending business affected by the securities market conditions.

Current liabilities

As of 31 December 2020, our current liabilities amounted to RMB470.023 billion with an increase of 33.75% compared with the end of last year. Among the current liabilities, financial assets sold under repurchase agreements amounted to RMB144.721 billion with an increase of 14.84% compared with the end of last year, which was primarily due to the increase in bonds sold under repurchase agreements; accounts payable to brokerage customers amounted to RMB157.408 billion with an increase of 43.97% compared with the end of last year, primarily due to the impact of the securities market conditions; short-term debt instruments amounted to RMB48.724 billion with an increase of 179.63% compared with the end of last year, primarily due to the Group's adjustment to its liabilities structure.

Non-current liabilities

As of 31 December 2020, our non-current liabilities amounted to RMB86.638 billion with an increase of 40.20% compared with the end of last year. Among the non-current liabilities, financial liabilities at fair value through profit or loss amounted to RMB17.790 billion with an increase of 176.17% compared with the end of last year.

Equity

The equity attributable to equity holders of the Company decreased by 0.11% from the end of last year to RMB137.353 billion as of 31 December 2020. The gearing ratio of the Group was 73.19% as of 31 December 2020, which has increased by 5.66 percentage points compared with the end of last year, given the Group's reasonable and stable assets and liabilities structure.

Major restricted assets at the end of the Reporting Period

For details of assets with restricted ownership or use rights, please refer to notes to the consolidated financial statements.

4. Borrowings and debt financing

As of 31 December 2020, the total borrowings and debt financing of the Group amounted to RMB150.186 billion, details of which are set out as follows:

Unit: thousand yuan Currency: RMB

	31 December 2020	31 December 2019
Loans and borrowings	**9,769,331**	11,802,724
Short-term debt instruments	**48,724,368**	17,424,352
Bonds payable	**91,692,414**	69,573,553
Total	**150,186,113**	98,800,629

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

Except for the borrowings and debt financing, the Group obtained funds through placements from other financial institutions and financial assets sold under repurchase agreements. As of 31 December 2020, the balance of placements from other financial institutions were RMB13.811 billion while the balance of financial assets sold under repurchase agreements were RMB144.721 billion. The total debt mentioned above was RMB308.718 billion.

Except for the liabilities disclosed in this Report, the Group did not have, as of 31 December 2020, any outstanding mortgages, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

5. Major customers and suppliers

The Group forms the business scope covering institutional finance, personal finance, investment management and international business, providing comprehensive financial services to corporate and institutional customers and individual customers. In 2020, revenue from the five largest customers of the Group accounted for less than 2% of its total revenue and other income, and none of the five largest customers are its related party. 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 customers of the Company.

Due to its business nature, the Group has no major suppliers.

Section IV Report of the Directors

III. ANALYSIS OF INVESTMENT CONDITION

(1) Overall analysis of external equity investments

√ Applicable □ Not applicable

During the Reporting Period, the Group's material equity investment and on-going material non-equity investment was as follows:

1. Material equity investments

□ Applicable √ Not applicable

2. Material non-equity investments

√ Applicable □ Not applicable

Office buildings in Jing' an District, Shanghai: Guoxiang Properties, a subsidiary of the Company, received a planning permit of construction engineering and a construction permit for pile foundation for land lot No. 49 in Jing'an District on 23 June 2014 and officially commenced construction in June 2014. According to the resolution at the second meeting of the fifth session of the Board in 2016, the total investment amount for this project was adjusted to RMB1.879 billion by adding another project investment of RMB255 million. The accumulative investment of the project was RMB1.699 billion as of 31 December 2020.

3. Financial assets measured at fair value

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Item	Opening balance	Closing balance	Change	Effect on profit
Financial instruments at fair value through profit or loss	144,735,499	180,631,685	35,896,186	10,138,833
Debt instruments at fair value through other comprehensive income	60,266,828	72,492,802	12,225,974	2,758,954
Equity instruments at fair value through other comprehensive income	17,547,076	17,637,062	89,986	201,374
Derivative financial instruments	-808,728	-3,312,246	-2,503,518	-2,126,620
Total	221,740,675	267,449,303	45,708,628	10,972,541

4. Material assets and equity disposal

□ Applicable √ Not applicable

IV. ANALYSIS OF MAIN HOLDING COMPANIES

√ Applicable □ Not applicable

1. Guotai Junan Financial Holdings

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

The paid-up capital of Guotai Junan Financial Holdings is HK$2,611.98 million and the Company holds 100% of its equity interests.

As of 31 December 2020, the total assets of Guotai Junan Financial Holdings were RMB108.898 billion with net assets of RMB12.449 billion; in 2020, its operating revenue was RMB3.385 billion and its net profit was RMB1,360 million.

2. Guotai Junan Asset Management

Guotai Junan Asset Management is principally engaged in securities asset management business. On 13 January 2021, the business scope of Guotai Junan Asset Management was changed to "public fund management and securities asset management".

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

As of 31 December 2020, the total assets of Guotai Junan Asset Management were RMB7.402 billion with net assets of RMB5.836 billion; in 2020, its operating revenue was RMB2.249 billion and its net profit was RMB718 million.

3. Guotai Junan Futures

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

The registered capital of Guotai Junan Futures is RMB3 billion and the Company holds 100% of its equity interests.

As of 31 December 2020, the total assets of Guotai Junan Futures were RMB60.349 billion with net assets of RMB4.859 billion; in 2020, its operating revenue was RMB6.891 billion and its net profit was RMB370 million.

4. Guotai Junan Innovation Investment

Guotai Junan Innovation Investment is principally engaged in equity investment business and other businesses approved by the CSRC.

The registered capital of Guotai Junan Innovation Investment is RMB7.5 billion and the Company holds 100% of its equity interests.

As of 31 December 2020, the total assets of Guotai Junan Innovation Investment were RMB8.544 billion with net assets of RMB7.499 billion; in 2020, its operating revenue was RMB397 million and its net profit was RMB174 million.

5. Guotai Junan Zhengyu

Guotai Junan Zhengyu is principally engaged in equity investment, financial product investment, and businesses as stipulated in the Management Norms of Alternative Investment Subsidiaries of Securities Companies.

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

As of 31 December 2020, the total assets of Guotai Junan Zhengyu were RMB2.615 billion with net assets of RMB2.420 billion; in 2020, its operating revenue was RMB500 million and its net profit was RMB327 million.

6. Shanghai Securities

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

The registered capital of Shanghai Securities is RMB2.61 billion and the Company holds 51% of its equity interests. In February 2021, the registered capital of Shanghai Securities increased to RMB5.326532 billion, and the shareholding of the Company was reduced to 24.99% accordingly.

As of 31 December 2020, the total assets of Shanghai Securities were RMB44.604 billion with net assets of RMB7.502 billion; in 2020, its operating revenue was RMB1.713 billion and its net profit was RMB466 million.

7. HuaAn Funds

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

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

As of 31 December 2020, the total assets of HuaAn Funds were RMB4.966 billion with net assets of RMB3.446 billion; in 2020, its operating revenue was RMB2.671 billion and its net profit was RMB711 million.

V. THE SITUATION OF STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

√ Applicable □ Not applicable

As of 31 December 2020, the Group consolidated 52 structured entities, which include asset management schemes and partnerships. For those asset management schemes where the Group is involved as a manager and partnerships where the Group is involved as general partner or investment manager, the Group considered that it had control rights over some asset management schemes and partnerships and incorporated them into the consolidated category after comprehensively taking into account various factors such as the investment decision rights they owned and their exposures to the variable returns. As at 31 December 2020, the impacts of the above structured entities which were incorporated into the consolidated category on the Group's consolidated total assets, consolidated operating revenue and consolidated net profit were RMB4.810 billion, RMB124 million and RMB6 million, respectively.

VI. USE OF PROCEEDS

On 9 April 2019, the Company announced the placing of 194,000,000 new H Shares under a general mandate at the price of HK$16.34 per share and completed such placing on 17 April 2019. The net proceeds amounted to approximately HK$3.122 billion. As at the end of 2020, all proceeds had been used up. The utilization was in line with the purposes set out in the announcement dated 10 April 2019 in relation to placing of new H Shares under the general mandate.

In January 2020, Guotai Junan International announced a rights issue to all its shareholders at the subscription price of HK$1.45 per share on the basis of one rights share for every three shares held on the record date (i.e. 7 February 2020). In March 2020, Guotai Junan International allotted and issued a total of 1,919,219,266 shares. The net proceeds amounted to approximately HK$2,780 million. As at the end of 2020, the funds raised had been used up. The utilization was in line with the purposes set out in the rights issue documents of Guotai Junan International dated 24 February 2020.

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

During the Reporting Period, the Group established 1 new securities branch office, 7 new futures branch offices and 2 new securities branches, relocated 1 securities branch office, 1 futures branch office, 27 securities branches and 2 futures branches in the same cities and deregistered 4 securities branches in China.

	Newly established branch offices	Newly established securities/ futures branches	Relocated branch offices	Relocated securities/ futures branches	Deregistered securities/ futures branches
Parent company	1	2	1	13	4
Guotai Junan Futures[Note]	7	0	1	1	0
Shanghai Securities	0	0	0	14	0
Hicend Futures	0	0	0	1	0

Note: Guotai Junan Futures had 7 branches upgraded to branch offices.

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

1. Financing channel

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

2. Liability structure

Please refer to "II. ANALYSIS OF FINANCIAL STATEMENTS" of Section IV Report of the Directors in this announcement.

3. Liquidity management policies and measures

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

4. Analysis of financing capability and financing strategies

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

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

1.1.1.1 Industrial landscape and trend

√ Applicable □ Not applicable

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

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

To develop a standard, transparent, open, active and resilient capital market and give a better play of pivotal functions of capital market, several basic system reforms with the comprehensive registration-based IPO system reform as the core, will continue to be further promoted. As a result, capital market will enter into a new track for long-term healthy development and provide more valuable growth opportunities. The basic functions of securities companies, as intermediary agents in capital market, will be improved continuously. The transformation and upgrade of traditional business and the arising of innovative business will largely expand the business scope and room of securities companies. Going forward, the PRC securities companies will continue to focus on client demand as they promote new innovative businesses, expand the scope and depth of businesses and services, consolidate their businesses, products, channels and supporting services, and transform themselves into integrated financial service providers covering complete business chains, industrial chains and service chains.

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

In recent years, driven by market competition, the PRC capital market has demonstrated the differentiation in business and the concentration of capital and profit in leading securities companies. The capital market has entered a new stage of innovative development, which will demonstrate more requirements for the capital strength, innovation capability and risk control capability of securities companies and provide securities companies with more room for differentiated development. Benefiting from their market positions, capitals and economies of scale, leading securities companies with comprehensive strength and strong innovation capabilities will accelerate their growth across all markets and business areas, and further enhance their overall competitiveness and achieve development in scale and comprehensiveness. By contrast, small and medium securities companies will concentrate their resources and form competitive edges in certain market segments or regional markets to achieve growth, thereby forming a differentiated and multi-tiered competitive landscape with leading securities companies.

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

With the proceeding of economic globalization and capital market reform, the PRC capital market has entered a new stage of overall opening-up. In recent years, the increasing improvement of Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, the official launch of Shanghai-London Stock Connect and "Full Circulation" of H shares, the removal of quota limit on QFII and RQFII and the expansion of its investment scope, and the early removal of restrictions on the proportion of foreign ownership in securities industry have driven capital market to open up at a higher level, in a broader scope and in more forms. While bringing with abundant business resources for securities companies, the overall opening-up will also bring with more intensive competition and motivate the PRC securities companies to further develop their international businesses by utilizing both domestic and overseas resources to realize synergy and growth. Therefore, leading securities companies may grow to large investment banks with international competitiveness by allocating resources, serving customers and managing risks worldwide.

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

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

1.1.1.2 Development strategies of the Company

√ Applicable □ Not applicable

1. Opportunities and challenges for development

In terms of external environment, the improvement of strategic positioning and the continuous enhancement of pivotal functions of capital market, the promotion of basic system reforms, such as the comprehensive registration-based IPO system reform, have brought with significant opportunities for securities industry to accelerate development while presenting critical challenges for the comprehensive service capability of securities companies. In terms of internal conditions, the thorough implementation of the new development concept of the Company bring a smooth start along the strategic pathway of "Nine-Year Strategic Plan in 3 Three-Year Steps", the optimization of organizational structure and supporting operating mechanisms, the preliminary improvement of international capital structure and the initial establishment of long-term incentive and restraint mechanisms have created conditions for the further innovative development of the Group. However, the more sophisticated and tough economic environment, the increasing opening-up of capital market and the intensive competition in securities industry in the PRC have brought many challenges to the future development of the Group.

2. The Company's industrial advantages and shortcomings

The Group's industrial advantages mainly include: deeply rooted corporate culture of risk management and excellence; a leader in the PRC capital market; pioneer of technology and innovation in the PRC securities industry. (Please refer to "(2) Analysis of Core Competitiveness during the Reporting Period" under "Section III Summary of Businesses of the Company" in this annual report for details).

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

3. Development strategies

In 2020, based on national and regional development strategies and taking our vision as the overall goal, the Company proposed a "Nine-Year Strategic Plan in 3 Three-Year Steps" for medium and long term development. In the first three-year (2020-2022), we will focus on laying the foundation to improve our weaknesses and consolidate our leading position among securities companies in the market. In the second three-year (2023-2025), we will focus on enhancing our abilities and develop our advantages to make the core indicators exceed peers. In the third three-year (2026-2028), we will focus on our integration and internationalization to become a respectable and comprehensive leading modern investment bank with international competitiveness.

4. New businesses to be conducted

In 2021, the Group will proactively take advantage of the opportunities in the market arising from the comprehensive registration-based IPO system reform and other fundamental system reforms, continue to promote innovation and transformation, and accelerate to overcome the weaknesses in core business capability. Firstly, we will concentrate on key customers to enhance institutional service capability; secondly, we will focus on key industries and areas to forge our core competitiveness in equity financing business; thirdly, we will enhance our key capabilities to strengthen our business influence in buyers' market; fourthly, we will foster a collaborative capability to increase our market share in equity derivatives business.

1.1.1.3 The operation plan

√ Applicable □ Not applicable

In 2021, the Group will adhere to the general principle of "making progress while maintaining stability, strengthening and reinforcing its foundation", and continue to implement the working guideline of "seeking motivation from reform, vitality from talents, efficiency from management, and development from innovation". Based on the requirements of "comprehensive services, digital transformation, international layout, and group management and control", the Group will spare no effort in eight aspects, namely advancing human resource reform, deepening collaboration and operation, improving weaknesses of core business capabilities, giving full play to the strategic supporting role of the Company's branches, strengthening refined financial management, establishing a group-based compliance and risk control system, promoting the operating model reform and digital transformation, so as to continually propel the Company's high-quality development.

For various specific business areas, in respect of the investment banking business, the Group will deepen the divisional system reform, accelerate the development of IPO business, focus on key industries and important areas and improve the service capabilities of the entire industry chain; in respect of the research and institutional business, the Group will create a service model which is oriented to the comprehensive income of institutional customers, concentrate on key customers to fully enhance the comprehensive institutional service capabilities; in respect of the transaction and investment business, the Group will remain committed to customer demand orientation, maintain and enhance its industry leading position of major products to achieve sustained and stable growth in revenue; in respect of credit business, the Group will emphasis on promoting the development of institutional margin financing and securities lending, and insist on the steady and prudent development of new pledge business; in respect of the wealth management business, the Group will take the rationalization of financial products mechanism as the starting point and strengthen investment advisory team building to comprehensively accelerate the pace of transformation while maintaining its leading position in terms of net income from agency trading; in respect of the investment management business, the Group will focus on the key capabilities of deep industry cultivation, investment, research and pricing, innovation and design and risk control of products, and endeavor to increase the Group's business influence in a buyer's market; in respect of the international business, the Group will perfect the domestic and overseas collaboration mechanism and accelerate the international strategies deployment to explore new sources of revenue growth.

1.1.1.4 Possible risk exposure

√ Applicable □ Not applicable

1. Overview

During the Reporting Period, the Company insisted on its prudent risk culture, firmly took the "compliance risk management" as one of its core strategies, continually established comprehensive risk management system, improved risk management system, optimized risk management organization structure, explored risk management models and methods, built up risk management information system, and enhanced the professional level of risk management, in order to ensure the long-term and healthy development of the Company. During the Reporting Period, the Company obtained the first batch of qualifications for consolidated supervision pilot program, and its comprehensive risk management capabilities were recognized by the regulatory authorities.

2. Risk management structure

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

1) The Board (including Risk Control Committee) and Supervisory Committee

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

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

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

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

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

The members of risk management committee include the president, the chief risk officer, the chief compliance officer, the chief financial officer, the head of the strategic development department, the head of the planning and finance department, the head of the legal compliance department, the head of the risk management department, the head of the group audit center and the head of the internal audit risk management department.

3) Risk management departments

Our risk management departments include those which are specifically responsible for risk management, such as the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, as well as departments that perform other risk management duties, such as the planning and finance department, the assets and liabilities department, the IT department, the operation center and the executive office. Our risk management department manages the market risks, credit risks, operational risks and liquidity risks, and performs specific risk management responsibilities; our internal audit risk management department is responsible for the risk review and assessment of the Company's securities issuance business in the primary market; our legal compliance department is responsible for identifying, assessing, notifying, monitoring, reporting and preventing legal compliance risks of the Company to protect the Company from legal penalties, significant financial losses and damages to reputation; our group audit center is responsible for independent and objective inspection, supervision, evaluation of and recommendations on the compliance

and reasonableness of business, management, finance and other operations, on the security and profitability of assets, and on the comprehensiveness and effectiveness of internal controls among the Company's various departments, branches and controlled subsidiaries. Our planning and finance department is responsible for the Company's budget planning, financial management, accounting and net capital management; our assets and liabilities department is responsible for liquidity management and liquidity risk management; our IT department is the management and operation body of the Company's IT, and is responsible for the planning, construction, operation and management of the Company's IT system, establishing and implementing IT-related system, assessing and controlling the Company's IT risks; our operation center is the daily operation management department of the Company and is responsible for the centralized clearing, settlement, auditing, third-party depository operation of the Company's various businesses, and takes the responsibility of relevant risk management and control; our executive office is responsible for the management of the Company's reputational risk.

4) Other business departments and branches

The key responsible persons of each of our business departments, branches and subsidiaries are the persons who are primarily responsible for risk control of each business units. In order to enhance the frontline risk responsibility consciousness, strengthen front end risk control, identify and prevent risk timely and effectively, the Company continuously strengthens the risk control function of each specialized management committees, business departments, branches and subsidiaries. The Company established compliance and risk management system at the subsidiary level, requiring that the subsidiaries shall develop and improve risk management system for their own, and effectively improve the overall risk management level.

3. Risk management system

The Company established a 4-level risk management system based on its business characteristics and level of operational risks and has been constantly perfecting it. The system includes: measures on comprehensive risk management; various risk management measures based on different risks such as market risk, credit risk, operational risk, liquidity risk and reputational risk; risk management system on various business and products; and the practical business operation protocol. During the Reporting Period, the Company revised measures on comprehensive risk management, self-owned funds risk management measures, exchange immature bond credit risk management measures, bond underwriting business risk management measures, exchange-traded options proprietary investment business risk management measures, operational risk management guidelines, compliance and risk management accountability measures, headquarters front-line compliance and risk control management measures, subsidiary compliance and risk management measures, financial instrument valuation and risk measurement management measures, risk control indicator management measures, model risk management measures, market risk management measures, credit risk management measures, liquidity risk management measures, institutional customer credit management measures, etc., in accordance with the latest regulatory requirements and the adjustment to the Company's organizational structure.

4. Risk appetite system

Risk appetite is the Company's overall attitude towards risks, as well as the type and level of risks it is willing to bear after taking into full consideration of net capital, assets and liabilities, solvency, liquidity, external ratings, compliance operations and future business risks and opportunities, provided that the requirements of stakeholders including creditors, customers, regulatory authorities and rating agencies have been satisfied.

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

During the Reporting Period, after consideration and approval by the Board, the Company defined the Group's risk appetite, tolerance and limit for 2020, and differentiated different dimensions such as risk types and subsidiaries for decomposition and transmission and implemented in the ordinary course of business. In 2020, the Group's various indicators remained stable under its risk appetite system.

5. Measures against various risks

1) Market risks

Market risks are those that may cause loss to the Company due to unfavorable changes of market prices, which include but not limited to interest rates, exchange rate, stock prices and commodity prices. The businesses of the Company that involve market risks mainly include the investment and transactions of equity securities and their derivatives, NEEQ market making business, the investment and transactions of fixed-income securities and their derivatives as well as low-risk and non-directional transactions such as foreign exchange transactions, precious metal transactions and commodity transactions.

The Company implements limit management for market risks and formulates a market risk limit system comprising business scale, loss limit, Value at Risk (VaR), exposure, Greek letters, effectiveness of hedge and concentration, and various types of risk indicators. It determines the alarm standards, warning standards and responding measures for market risks. The Company conducts daily monitoring for market risk limits by using its risk management system to monitor the operation of its businesses. We report market risk monitoring and management conditions, and conduct specialized analysis on risk matters, in order to provide basis for decision making. The Company adopts methods such as Value at Risk (VaR) and Stress Test to analyze and assess market risk. The Company's Value at Risk (VaR) calculation applies a historical simulation method based on the historical data for the previous 12 months, assuming the holding period is one day and the confidence level is 95%. The calculation model of VaR covers equity price risk, interest rate risk, commodity price risk and exchange rate risk. The Company regularly reviews the effectiveness of VaR model through the back testing method.

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

Value at Risk (VaR) of the Group for 2020

Unit: ten thousand yuan Currency: RMB

Category	31 December 2020	31 December 2019	2020		
			Average	Minimum	Maximum
Equity price-sensitive financial instruments	22,669	18,230	18,127	10,024	24,051
Interest rate-sensitive financial instruments	22,224	9,106	28,464	8,583	47,854
Commodity price-sensitive financial instruments	2,285	1,141	2,299	1,130	4,360
Exchange rate-sensitive financial instruments	3,404	4,726	3,687	2,731	5,658
Risk diversification effect	(18,908)	(8,451)	(20,359)	(8,889)	(28,277)
Total portfolio VaR	31,674	24,752	32,219	18,601	39,835

Note: VaR of the Group covers the financial assets of the self-funded investment business of the Group.

In addition to the VaR, the Company actively uses stress tests to measure and assess possible losses under extreme market conditions. The Company regularly conducts comprehensive and special stress tests to strengthen risk assessment and development monitoring in connection with the trading and investment businesses, and applies its results of stress tests to market risk management and limit management.

During the Reporting Period, the violent fluctuations in the overseas financial market at the beginning of the year had a relatively huge impact on the equity investments and overseas fixed-income bond investments of the Company. The risk management department and business department of the Company closely monitor market changes, control market risk exposure through established business scale and risk limits, and adjust business strategies in a timely manner in accordance with market changes, and actively take actions such as reducing risk exposure or increasing risk hedges to control the market risk of the Company's investment portfolio.

As at the end of 2020, the Company's market risk is generally controllable, and no major market risk events occurred.

2) Credit risks

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

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

The Company mitigates credit risk through methods such as collecting deposits, qualified collaterals and netting settlements. An entry threshold has been formulated for bond investment business and through white list management and concentration control, the credit risks of bond positions are being continuously tracked and assessed. Credit business department sets detailed access standards and discount rates for collaterals according to the characteristics of their specific business. Access standards and discount rates will be reviewed regularly by the Company. When there is a significant change in market or policies or there is a significant credit event related to the relevant entity applying for the credit, the access standards and discount rates shall be reviewed randomly. For collaterals other than cash, the Company conducts marking to market management and assesses collaterals' value.

The Company analyzes credit risk factors of each business, identifies the credit risks for the business and conducts credit risks concentration management and measurement and assessment. The Company conducts credit risk management for its large clients in respect of concentration risk control targets. The Company uses analysis methods such as concentration, probability of default, default loss rate, credit exposure and collateral coverage rate as credit risk measures. The Company sets reasonable credit risk stress scenarios, conducts stress tests and analyzes the results thereof.

As at the end of 2020, the Company's credit risk was generally controllable, and no major credit default events occurred in bond investment business. The average performance guarantee ratio of the stock-pledged financing business was 248%, and the average of the guarantee ratio for clients with outstanding liabilities in margin financing and securities lending business maintained at 279%.

3) Liquidity risks

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

The Company mainly adopts the risk indicators analysis method to assess its overall liquidity risks, i.e., the Company assesses and measures its overall liquidity risk condition by analyzing key indicators such as the liquidity coverage ratio, net stable funding ratio, leverage multiple, cash flow term gap, net size of the cash management pool, liquidity ratio, liquidity reserve ratio as well as asset and liability concentration. The Company establishes a liquidity risk limit system, conducts limit management on liquidity risks and monitors and reports the implementation of limits. The Company establishes a quantitative model for the liquidity risk of financial assets, and measures the liquidity of various types of exchange and over the counter financial assets on a daily basis to assess the liquidity risk of various financial assets.

The Company explores and maintains financing channels, continuously keeps an eye on the risk conditions of significant capital providers, and regularly monitors the conditions of significant capital providers' transactions with the Company. The Company concerns the changes of capital markets, assesses the ability and cost of supplementing its liquidity by issuing stocks, bonds and other financing instruments and mitigates its period mismatch by supplementing its middle-to-long term liquidity. Under the premise of controlling the liquidity risk at the overall level, the Company pays attention to liquidity risk management at various business line levels, to focus on identifying, assessing, monitoring and controlling the fund management business, trading and investment proprietary business, brokerage business, credit business, investment banking business, and liquidity risk factors of the subsidiaries.

The Company conducts liquidity risk stress tests on a regular or ad hoc basis, simulates the losses that may occur under extreme liquidity pressures, assesses and judges the Company's ability to withstand risks and fulfill its payment obligations in extreme situations, and takes necessary measures to respond to the test conclusions.

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

In 2020, the liquidity of the market was generally reasonable and sufficient, but the overseas market experienced a tightening of liquidity in March. In response to the new changes, the Company further strengthened the liquidity risk management and control of overseas business, paid close attention to overseas market conditions, strengthened the risk monitoring and emergency management of overseas business, and ensured sufficient liquidity reserves to meet daily and unexpected capital needs. In 2020, the Company's liquidity coverage ratio and net stable funding ratio met the regulatory requirement. The net size of the cash management pool was higher than the minimum scale limit set by the Company and the overall liquidity status was good.

4) Operational risks

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

The Company sorts out the key risk points and control processes of each business, manages daily operational risks by using the operational risk management system, and establishes the self-evaluating procedure of operational risk and control. Each department, branch and subsidiary actively identifies operational risks in their internal systems and procedures, employee behaviors and IT systems to ensure that the operational risks in existing and new businesses and management are adequately assessed. The Company systematically gathers and organizes the information of the events of operational risk and loss data, establishes key operational risk indicator system and monitors its process, and prepares periodical reports. In terms of significant operational risk events, it will provide specific valuation reports to ensure that the operational risk situation of the Company could be fully understood in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

The Company continuously strengthens the security of information systems, formulates a comprehensive emergency response plan for information security events, and conducts regular assessment over the main plan and sub plan of emergency response. It also arranges various rehearsals against incidents, disaster and other scenarios that cover all important information systems in the headquarters and all branches, and improves, modifies and upgrades its system and emergency response plan based on the results of rehearsal and findings identified.

In 2020, the Company's information technology and operation affairs ran smoothly in a safe way with no significant operational risk events. The fault backup and recovery time for each information system emergency rehearsal reached our established goal, which has proved that the Company's core information system has incident and disaster response capabilities.

5) Reputational risk

Reputational risk is the risk of negative evaluation to the Company's reputation as a result of its operations, management and other actions or external events. The Company incorporates reputational risk management into a comprehensive risk management system, establishes a reputational risk management mechanism, and sets up a brand center as the Company's reputational risk management department under the executive office, requiring all departments, branches, sales offices and subsidiaries to actively and effectively prevent reputational risks and respond to reputational risk events, accurately identify, prudently evaluate, dynamically monitor, timely respond to and manage the reputational risks in the process of business management, and minimize losses and negative impacts on the Company's reputation and brand image.

In 2020, the Company improved the reputational risk monitoring and early warning mechanism, had stable overall public sentiment and no major reputational risk events occurred.

1.1.1.5 Others

√ Applicable □ Not applicable

1. Business innovation during the Reporting Period

Please refer to "Section III Summary of Businesses of the Company – (2) Analysis of Core Competitiveness during the Reporting Period" in this annual report.

2. Risk control for business innovation

1) The Company has included innovative business in its comprehensive risk management system. Based on the development and risk profile of innovative business, the Company has established a complete decision-making mechanism, a management model and an organization structure catering for its business and formulated relevant compliance and risk management policies for the innovative business to standardize the risk management for the innovative business during the entire process. The sustainable and healthy development of each innovative business on the premise of building the capability to monitor, control and bear risks was ensured through risk assessment and determination, inspection before launch and continuous management for innovative business. Before the launch of innovative business, risk management departments of the Company conducted compliance verification, identification and assessment, measurement and analysis, and directed business department to improve internal control mechanism in relation to policies and procedures.

2) The Company has established multi-level risk control and warning mechanism for innovative business and designed various risk control indicators and risk limits for each level based on the risk profile of the business, which enabled dynamic track to the risks of innovative business. In the course of each particular business, the specific compliance and risk controller of business department was responsible for overseeing the market and the risk management department conducted independent monitoring, so as to prompt risk warning in case of abnormal risk control indicators and take corresponding risk control measures based on the level of the risk warning, therefore ensuring the risk level of innovative business at any time was within the tolerance of the Company.

3) The Company has established the policy of regular report and significant risk event report for innovative business to issue regular risk information report for the innovative business, ensuring that all the staff and senior management involved in innovative business were informed of all necessary business, risk and management information on a timely basis. When the operation of innovative business was impacted by reason of external market turmoil, internal management problems and technical system failure, which might result in significant loss to the interest or reputation of the Company, the responsible department or the internal control department that identified the risk should immediately report to the business leader, the chief risk officer and the risk management department for the implementation of existing contingency plan or proposing new response plan based on the actual situation by the decision makers.

4) The Company conducted special review on the conduction of innovative business on a regular basis to improve the internal control and risk response capacity of the business. Such special review covered important steps of innovative business and management. Each of the related departments studied and analyzed the conduction and internal control mechanism of innovative business based on the findings of special review, improved the management policies, operation process and corresponding control mechanism, and completed the contingency plan for innovative business, ensuring the stable and healthy development of innovative business.

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

(1) The establishment of dynamic risk control indicators monitoring mechanism of the Company

a) In order to establish and improve the dynamic monitoring of the Company's risk control indicators and capital replenishment mechanism, strengthen risk monitoring and carry out various businesses under measurable, controllable and sustainable risks, according to the Administrative Measures for the Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) issued by the CSRC, the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Securities Companies (《證券公司風險控制指標動態監控系統指引》) issued by the SAC and other relevant regulations, the Company has formulated the Administrative Measures for the Net Capital and Liquidity Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司淨資本和流動性風險控制指標管理辦法》) and the Guidelines for Dynamic Monitoring System of Risk Control Indicators of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司風險控制指標動態監控系統工作指引》) and other internal systems.

b) In accordance with regulatory requirements, the Company has established a dynamic monitoring system of risk control indicators to achieve dynamic monitoring and automatic warning of risk control indicators. The dynamic monitoring system of the Company can cover various business data that affect the net capital and liquidity risk control indicators and dynamically calculate various risk control indicators including net capital and liquidity; carry out dynamic monitoring based on the characteristics of each business, and automatically warn the risk control indicators such as net capital and liquidity according to the preset monitoring standards; generate dynamic monitoring reports on risk control indicators such as net capital and liquidity.

c) The Company shall monitor various risk control indicators such as net capital and liquidity in accordance with the relevant provisions of the CSRC, prepare supervision reports on risk control indicators, and make classified warning and follow-up reports on risk information in a timely manner; all relevant departments of the Company shall carry out their work within the scope of their responsibilities, provide relevant information with good quality on a timely basis, and make regular follow-up control and analysis on relevant indicators of the system.

(2) Non-compliance and rectification measures

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

b) On 31 December 2020, the Company held more than 5% of the "Changsheng Zhongzheng Financial Real Estate Index Securities Investment Fund (LOF) (長盛中證金融地產指數證券投資基金)". On 7 January 2021, the Company redeemed it in full, and rectified its fund subscription business to further improve the business process. Except for the above, as at the end of 2020, each risk control indicator of the Company met the required standards.

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

□ Applicable √ Not applicable

Section V Significant Events

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

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

√ Applicable □ Not applicable

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

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

If the Company decides not to make cash dividend or decides to make cash dividend at a ratio lower than the prescribed one in special circumstances, the Company shall implement the relevant decision-making procedures and make disclosure according to laws, administrative regulations, departmental rules and the provisions of the exchanges where the securities of the Company are listed."

The Company's profit distribution proposal for 2020 is: Based on the total share capital of the Company on the record date for dividend distribution, the Company will distribute to the holders of A Shares and H Shares whose names appear on the register of members of the Company on the record date for the dividend distribution a cash dividend of RMB5.6 (tax inclusive) for every 10 Shares.

As the convertible corporate bonds have entered into share conversion period from 8 January 2018, currently the Company is unable to determine in the total share capital of the Company as at the record date of dividend distribution for holders of A Shares. Pursuant to the Implementation Rules of the Shanghai Stock Exchange for the Repurchase of Shares by Listed Companies (《上海證券交易所上市公司回購股份實施細則》), the A Shares in the Company's repurchased securities account are not entitled to dividend distribution. Based on the total share capital of the Company, being 8,908,448,211 Shares on 31 December 2020, and 9,999,990 Shares in the Company's repurchased securities account deducted on the same day, the total amount of the proposed cash dividends to be distributed is RMB4,983,131,004, accounting for 44.80% of net profit attributable to equity holders of the Company in combined calibers for 2020.

Pursuant to the Implementation Rules of the Shanghai Stock Exchange for the Repurchase of Shares by Listed Companies, the amount of share repurchases effected by the Company in a year should be regarded as cash dividends and included in the computation of the cash dividend payout ratio for the year. The amount of share repurchases implemented by the Company in 2020 was RMB1,543,209,446 in cash. As such the amount of cash dividends to be distributed is RMB6,526,340,450, accounting for 58.68% of net profit attributable to equity holders of the Company in combined calibers for 2020.

The Company's profit distribution plan for 2020 has been approved at the nineteenth meeting of the fifth session of the Board, but is subject to the approval of the Shareholders at a general meeting of the Company.

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

Section V Significant Events

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

Unit: yuan Currency: RMB

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (RMB) (inclusive of tax)	Number of increased shares for every 10 shares (share)	Amount of cash dividends (inclusive of tax)[note]	Net profit attributable to equity holders of the company in the consolidated financial statements for the year of distribution	Percentage of net profit attributable to equity holders of the company in the consolidated financial statements (%)[note]
2020	0	5.60	0	4,983,131,004	11,122,099,225	44.80
2019	0	3.90	0	3,439,390,567	8,637,037,492	39.82
2018	0	2.75	0	2,449,685,687	6,708,116,621	36.52

Note: The "amount of cash dividends" and the "percentage of net profit attributable to equity holders of the company in the consolidated financial statements" in the above table for the year of 2020 did not take into account the amount of share repurchases in the year.

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

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

	The amount of share repurchases deemed as dividends	Percentage (%)
2020	1,543,209,446	13.88

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

□ Applicable √ Not applicable

2. THE PERFORMANCE OF UNDERTAKINGS

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

√ Applicable □ Not applicable

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were strictly performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
Undertakings related to initial public offering	Shanghai State-owned Assets Operation Co., Ltd.	Other	The undertaking of avoiding the competition with Guotai Junan in the same industry	from the date of the initial public offering of the A Shares of Guotai Junan to the date on which no longer being the Company's controlling shareholder[Note 1]	Yes	Yes	-	-
		Other	The undertaking in relation to the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-
	Shanghai International Group Co., Ltd.	Other	The undertaking of avoiding the competition with Guotai Junan in the same industry	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which no longer being the Company's de facto controller[Note 1]	Yes	Yes	-	-

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were strictly performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
		Other	The undertaking of avoiding the competition with Guotai Junan in the same industry (Non-Competition Arrangement)	From the listing date of the H Shares of Guotai Junan to the date on which no longer being the Guotai Junan's controlling shareholder Note 2	Yes	Yes	-	-
		Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-
	Shanghai Sitico Assets Management Co., Ltd	Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
	Shanghai International Group Asset Management Co., Ltd.	Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were strictly performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
	Shanghai International Group Asset Operation Co., Ltd.	Other	The undertaking of the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	-	-
	The Company	Other	The undertaking of repurchasing shares and indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-
		To resolve the competition in the same industry	The undertaking of eliminating the competition with Shanghai Securities and Haiji Securities in the same industry	Within 5 years after the date on which Guotai Junan controlled Shanghai Securities	Yes	Yes	-	-
	Directors, supervisors and senior management of the Company	Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-

Note 1: The controlling shareholder and the de facto controller as referred to herein are as defined under the SSE Listing Rules.

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

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

☐ Met ☐ Unmet √ Not applicable

c) Completion of performance commitments and the effect on impairment testing of goodwill

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

4. EXPLANATIONS OF THE COMPANY ON "NON_STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRM

☐ Applicable √ Not applicable

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

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

(3) Communications with former accounting firm

√ Applicable ☐ Not applicable

Please refer to "6. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS" in this section.

(4) Other explanation

☐ Applicable √ Not applicable

6. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: ten thousand yuan Currency: RMB

	Current accounting firm
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	225
Term of audit services provided by the domestic accounting firm	1
Name of the foreign accounting firm	KPMG
Remuneration of the foreign accounting firm	230
Term of audit services provided by the foreign accounting firm	1

	Name	Remuneration
Accounting firm engaged for internal control audit	KPMG Huazhen LLP	40

Explanations on appointment and dismissal of accounting firms

√ Applicable □ Not applicable

Since the service term of Ernst & Young Hua Ming LLP and Ernst & Young, the original auditors of the Company, has expired in accordance with the requirements of the Ministry of Finance of the PRC, the Company held the fifteenth meeting of the fifth session of the Board on 24 March 2020 to consider and approve the Resolution on Proposing to Consider the Appointment of Accounting Firms, pursuant to which, the Company proposed to appoint KPMG Huazhen LLP and KPMG as the external auditors of the Company for 2020, and to appoint KPMG Huazhen LLP as the auditor for the internal control audit of the Company for 2020. Such resolution was considered and approved at the 2019 Annual General Meeting of the Company on 15 June 2020.

Ernst & Young Hua Ming LLP and Ernst & Young, as the Company's external auditors for 2019, have confirmed that there was no matter related to their termination of service which needs to be brought to the attention of shareholders. The Board and the audit committee of the Company have also confirmed that the Company has no disagreement or outstanding issues with Ernst & Young Hua Ming LLP and Ernst & Young, and are not aware of any relevant matters which need to be brought to the attention of shareholders.

The remuneration of KPMG Huazhen LLP and KPMG for the relevant audit, review and other assurance service fees for the Group (subsidiaries included) in 2020 amounted to RMB10.48 million.

Explanation on change of accounting firm during the audit period

□ Applicable √ Not applicable

Section V Significant Events

7. RISK OF SUSPENSION OF LISTING

1. Reasons for suspension of listing

☐ Applicable √ Not applicable

2. Measures to be taken by the Company

☐ Applicable √ Not applicable

8. RISK OF DELISTING AND REASONS

☐ Applicable √ Not applicable

9. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

☐ Applicable √ Not applicable

10. MATERIAL LITIGATION AND ARBITRATION

☐ The Company had material litigations and arbitrations during the year

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

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

√ Applicable ☐ Not applicable

1. Administrative regulatory measures were imposed on Shenzhen Hongli West Road Securities Branch of the Company by Shenzhen Bureau of the CSRC issuing a warning letter to it

On 13 March 2020, administrative regulatory measures were imposed on Shenzhen Hongli West Road Securities Branch of the Company by Shenzhen Bureau of the CSRC issuing a warning letter to it for its deputy general manager actually performing the duties of the head of the branch for 4 months and failing to report the same to Shenzhen Bureau of the CSRC. The Company has set up a special team to make rectifications and adopted the following rectification measures in respect of the above issues: firstly, re-analyzing the requirements of regulatory filing and implementing the filing work in strict accordance with relevant regulatory requirements; secondly, improving the division of job responsibilities in the securities branch and assigning the duties to specific individuals; thirdly, revising the implementation rules for compliance assessment of the securities branch and strengthening the accountability mechanism; fourthly, enhancing daily compliance inspection; fifthly, strengthening training; and lastly, holding relevant responsible persons accountable for compliance.

2. Administrative regulatory measures were imposed on the Company by Fujian Bureau of the CSRC issuing a warning letter to it for its failure to perform duties diligently in bonds underwriting business

On 30 April 2020, administrative regulatory measures were imposed on the Company by Fujian Bureau of the CSRC issuing a warning letter to it for its failure to strictly observe the practice standards and to perform relevant responsibilities diligently during the process of due diligence and entrusted management when it acted as the underwriter and trustee of Fuguiniao Co., Ltd.'s Public Issue of 2014 Corporate Bonds. The Company has adopted the following rectification measures in respect of the above issues: Strengthening the inspection of, and improving the quality of, investment banking project as well as holding relevant responsible persons accountable.

3. Guotai Junan Securities (Hong Kong) Limited was publicly condemned and fined by the Securities and Futures Commission of Hong Kong (the "SFC")

On 18 June 2020, Guotai Junan Securities (Hong Kong) Limited was publicly condemned and fined HK$25.2 million by the SFC due to the lack of internal anti-money laundering policies and measures, insufficient monitoring of third-party transfers, failure to fully understand customers' backgrounds and sources of subscription funds in share placement transactions, inadequate internal monitoring procedures and system management for after-hour's supervision, and failure to promptly report to the SFC the issues found and other situations during the period from 2014 to 2016. Guotai Junan Securities (Hong Kong) Limited has adopted various rectification measures in respect of the above issues: overhauling its systems, optimizing the internal control procedure, increasing compliance investment, establishing a decision-making mechanism for regular meetings, increasing compliance training, engaging third-party consultants to review and assess and other measures. These measures not only solved the issues raised by the SFC in the punishment, but also improved the company's compliance management ability in various aspects, such as staffing, monitoring systems, internal control structures, process management, record keeping and timely reporting. In addition, Guotai Junan Securities (Hong Kong) Limited also held serious accountability to relevant front, middle and back office employees and those responsible for management and leadership.

4. Administrative regulatory measures were imposed on Suzhou Ganjiang West Road Securities Branch of Shanghai Securities by Jiangsu Bureau of the CSRC ordering it to make rectifications

On 15 October 2020, administrative regulatory measures were imposed on Suzhou Ganjiang West Road Securities Branch of Shanghai Securities by Jiangsu Bureau of the CSRC ordering it to make rectifications for its employees breaching the "Interim Provisions on the Administration of Securities Brokers" in handling securities trading for customers. Shanghai Securities has adopted the following rectification measures in respect of the above issues: firstly, interviewing with relevant employees; secondly, fully optimizing self-checking and self-rectification mechanisms; thirdly, establishing comprehensive guidance, supervision and implementation mechanisms for regulatory and penalty cases; fourthly, strengthening the Internet management of the securities branch; fifthly, enhancing audit compliance check.

5. Administrative regulatory measures were imposed on Shanghai Securities by Shanghai Bureau of the CSRC ordering it to make rectifications

On 5 November 2020, administrative regulatory measures were imposed on Shanghai Securities by Shanghai Bureau of the CSRC ordering it to make rectifications as its Chongming Securities Branch and Tibet South Road Securities Branch failed to renew their "Securities and Futures Business License" after changes in their operating areas and did not explain the details to Shanghai Bureau of the CSRC and check and report such issues in the process of their compliance self-checking and its Miaojing Road Securities Branch went beyond the business scope of securities companies to sublease and lease properties. Shanghai Securities has adopted the following rectification measures in respect of the above issues: Tibet South Road Securities Branch has obtained a new license; Chongming Securities Branch has completed the procedures for a change of its business license and submitted an application to the Shanghai Bureau of the CSRC for a replacement of business license; Miaojing Road Securities Branch has terminated relevant sublease contracts.

6. Administrative regulatory measures were imposed on the Company and its Chief Information Officer by Shanghai Bureau of the CSRC issuing warning letters to them

On 10 November 2020, administrative regulatory measures were imposed on the Company by Shanghai Bureau of the CSRC issuing a warning letter to it for its failure to make a required emergency report on the information system failure in respect of its information technology management, its insufficient control over customer 'information and its failure to fully comply with business compliance principles in its internal review. Administrative regulatory measures were imposed on Yu Feng who was responsible for such issues as a senior management member (i.e., Chief Information Officer) in charge of information technology issues by Shanghai Bureau of the CSRC issuing a warning letter to him.

The Company has adopted the following rectification measures in respect of the above issues: firstly, strengthening emergency report on information system failure, carrying out capacity expansion and performance optimization works for relevant information systems in a timely manner, conducting necessary pressure tests and continuously improving system control indicators and operation control mechanism; secondly, strengthening customer information management for which we have enhanced our study on relevant laws, regulations and regulatory requirements, carefully sorted out relevant regulatory requirements for customer information management and information technology compliance management to improve our ability to accurately understand relevant regulatory rules; thirdly, strengthening internal auditing works by requiring full compliance with business compliance principles during the process of auditing and exercising more cautions in auditing works.

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

√ Applicable ☐ Not applicable

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

Note: The controlling shareholder and the de facto controller mentioned above are as defined under the SSE Listing Rules.

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

1.1. The Restricted Share Incentive Scheme of A Shares

1. Purpose

In order to further enhance the corporate governance structure of the Company, realize the long-term incentives and constraints for the executive Directors, senior management and other core staff, fully activate their motivation and creativity, align their interests more closely with the long-term development of the Company, prevent loss of talents and realize sustainable corporate development, the Company has formulated the Restricted Share Incentive Scheme of A Shares ("the Incentive Scheme") in accordance with the requirements of relevant laws, administrative regulations, regulatory documents and the Articles of Association.

2. Source and number of Shares

The Incentive Scheme uses Restricted Shares as incentive tools, the source of underlying shares is the ordinary A Shares of the Company repurchased from the secondary market by the Company. 79 million Restricted A Shares was granted in the first grant (the "First Grant"), 9.99999 million A Shares was reserved (the "Reserved Grant").

3. Scope of Incentive Participants

The Incentive Participants in the First Grant of the Incentive Scheme are executive directors, senior management officers and other core staff of the Company, with a total number of 440 persons. The reserved Incentive Participants will be determined by the Board within 12 months after the Incentive Scheme has been reviewed and approved by the general meeting, with reference to the standards for Incentive Participants of the First Grant.

4. Effective Period, Lock-up Period and Unlocking:

The effective period of the Incentive Scheme shall commence from the date of completion of registration for the First Grant of the Restricted Shares and ends on the date when all the Restricted Shares granted to the Incentive Participants are fully unlocked or repurchased and deregistered, for a maximum of six years.

The lock-up periods of the Restricted Shares granted under the Incentive Scheme are 24 months, 36 months and 48 months, respectively, from the date of completion of equity registration of the corresponding portions granted.

The schedule for unlocking of the Restricted Shares granted under the Incentive Scheme is set out below:

Unlocking Batches	Time Schedule for Unlocking	Unlocking Ratio
First batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the Restricted Shares	33%
Second batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the Restricted Shares	33%
Third batch of the Restricted Shares to be unlocked	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the Grant of the corresponding portion of the Restricted Shares to the last trading day upon the expiry of 60 months from the date of completion of registration for the Grant of the Restricted Shares	34%

The Restricted Shares held by the Incentive Participants who have not fulfilled the conditions for unlocking, unless otherwise provided under the Incentive Scheme, shall be repurchased by the Company at the Grant Price.

5. The Conditions of Operation Results for Unlocking the Restricted Shares

The Scheme will conduct annual appraisal on the performance indicators of the Company, the performance indicators of the unit (department) and the performance indicators of the individuals during the three accounting years of 2021-2023, achievement of the appraisal target will be used as the unlocking condition of current year for Incentive Participants.

Number of the Restricted Shares to be unlocked in current year by individual = total amount granted to individual × percentage to be unlocked in current year × company performance coefficient × individual performance coefficient.

1> The conditions of operation results at the company level

The Company has chosen net profit attributable to parent company, weighted average return on net assets, investment in financial technology innovation, and comprehensive risk control indicator as the company results appraisal indicators, of which, the comprehensive risk control indicator will be used as the threshold indicator. If such indicator of the Company has not reached the threshold value, the corresponding batch of the Restricted Shares shall not be unlocked.

Subject to fulfillment of the comprehensive risk control indicator, the company performance coefficient corresponding to the appraisal result at the company level is as follows:

Company performance coefficient = score of net profit attributable to parent company x appraisal weight of net profit attributable to parent company + score of weighted average return on net assets x appraisal weight of weighted average return on net assets + score of investment in financial technology innovation x appraisal weight of investment in financial technology innovation.

In this formula, the appraisal weight of net profit attributable to parent company is 50%, the appraisal weight of weighted average return on net assets is 40%, and the appraisal weight of investment in financial technology innovation is 10%.

If the appraisal indicator has achieved its target, the score of that indicator is 1, otherwise the score is 0.

The targets of appraisal indicators at company level are as follows:

Appraisal Indicators	Conditions for Unlocking		
	First Batch	Second Batch	Third Batch
Net profit attributable to parent company	Not lower than No. 4 in the ranking of comparable companies in 2021	Not lower than No. 3 in the ranking of comparable companies in 2022	Not lower than No. 3 in the ranking of comparable companies in 2023
Weighted average return on net assets	Rise by one place among comparable companies in 2021 as compared to the ranking in 2019	Rise by two places among comparable companies in 2022 as compared to the ranking in 2019	Rise by two places among comparable companies in 2023 as compared to the ranking in 2019
Investment in financial technology innovation	Not less than 6.05% for 2021	Not less than 6.10% for 2022	Not less than 6.15% for 2023
Comprehensive risk control indicator	Threshold value: the rating result of securities companies is Class A Grade A or above and there is no occurrence of material non-compliance with laws and regulations		

The Company has selected CITIC Securities, Haitong Securities, Huatai Securities, GF Securities, Shenwan Hongyuan and China Merchants Securities as comparable companies in the capital market service industry under the financial sector in the categorization of industries by CSRC for A Shares Companies.

2> Performance conditions at the individual level of Incentive Participants

When the Incentive Participants are appraised on individual performance of the previous year according to the relevant measures for performance appraisal of the Company, the number of Restricted Shares which may be unlocked by the Incentive Participants is linked to the appraisal results of their performance in the previous year.

The relationship between the performance score and the individual performance coefficient of executive directors and senior management officers is as follows:

Individual Performance Appraisal Score (N)	Individual Performance Coefficient
N≥95	100%
90≤N<95	95%
80≤N<90	90%
60≤N<80	75%
N<60	0%

Individual performance coefficient of other Incentive Participants is linked to the performance of the units (departments) in which they work and their individual performance, the calculation method is as follows:

Individual performance coefficient=Performance score of unit (department) × Individual performance score

Unit (Department)/Individual Performance Grade	Unit (Department)/ Individual Performance Score
Excellence/Good/Above Average	100%
Pass	90%
Failed	0%

3> The appraisal year and the conditions of results for unlocking of the reserved Restricted Shares are consistent with those of the Restricted Shares of the First Grant under the Incentive Scheme.

6. The First Grant

On 17 September 2020, as approved by the Board and the Supervisory Committee, the Company granted 79,300,000 Restricted Shares to 440 qualifying Incentive Participants at a price of RMB7.64 per share, with 17 September 2020 as the Grant Date.

In the process of subscription upon the determination of the Grant Date of the First Grant, 79,000,000 Restricted Shares were actually subscribed by the 440 qualifying Incentive Participants, as the Incentive Participants voluntarily gave up the subscription of part of the Restricted Shares granted for personal reason. The Restricted Shares not taken up will be reallocated to the Reserved Shares, in accordance with the authorisation of the 2020 first extraordinary general meeting of the Company. There were 9,999,990 Reserved Shares at the date of completion of the First Grant.

7. Results of the Grant

On 2 November 2020, the Company completed the registration of shares of the First Grant under the Incentive Scheme of the Company with China Securities Depository and Clearing Corporation Limited Shanghai Branch, and the Company has completed the grant of 79,000,000 Restricted Shares to 440 Incentive Participants under the First Grant.

For the details of the Incentive Scheme, please refer to the announcements of the Company dated 7 June 2020, 30 June 2020, 12 August 2020, 17 September 2020, 30 October 2020 and 2 November 2020 and the circular dated 24 July 2020.

1.2. The Share Option Scheme of Guotai Junan International

Guotai Junan International adopted a share option scheme (the "Share Option Scheme of Guotai Junan International") on 19 June 2010. The purpose of the Share Option Scheme of Guotai Junan International is to provide the people working for the interests of Guotai Junan International with an opportunity to obtain equity interest in Guotai Junan International, thus linking their interests of Guotai Junan International and thereby providing them with an incentive to work better for the interests of Guotai Junan International.

The participants of the Share Option Scheme of Guotai Junan International are the directors (whether executive or non-executive and whether independent or not) and employees of the Guotai Junan International who, in the absolute opinion of the Board of Guotai Junan International, have contributed to Guotai Junan International or the Guotai Junan International Group.

The total number of shares of Guotai Junan International ("Shares of Guotai Junan International") that may be issued upon exercise of all share options granted and to be granted must not in aggregate exceed 10% of the shares issued by Guotai Junan International at the date of adoption of the Share Option Scheme of Guotai Junan International (i.e. 164,000,000 Shares). As at the date of this annual report, the total number of Shares of Guotai Junan International available for issue in respect of the share options which had been granted and were outstanding under the Share Option Scheme of Guotai Junan International was 54,968,002 shares, representing approximately 0.57% of the shares in issue.

The maximum number of Shares of Guotai Junan International issued and to be issued upon exercise of share options granted and to be granted (including both exercised, cancelled and outstanding options) pursuant to the Share Option Scheme of Guotai Junan International and any other share option schemes of Guotai Junan International to: (A) each participant in the 12-month period up to and including the date of grant, shall not exceed 1% of the total number of Shares of Guotai Junan International in issue; and (B) a participant who is a substantial shareholder or an independent non-executive director of Guotai Junan International, or any of their respective associates in the 12-month period as of the date of grant (i) representing in aggregate shall not exceed 0.1% of the total number of Shares of Guotai Junan International in issue; and (ii) having an aggregate value, based on the closing price of the Shares of Guotai Junan International as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of each grant, shall not in excess of HK$5,000,000. Any further grant of share options in excess of the above limits is subject to shareholders' approval in general meeting of the Guotai Junan International.

The exercise period of share option granted under the Share Option Scheme of Guotai Junan International is determined by the Board of Guotai Junan International at its absolute discretion, and shall expire no later than the 10th anniversary of date on which the share option is granted.

There is neither any minimum period for which a share option must be held, nor any performance target which required to be achieved before the share option can be exercised unless otherwise determined by the Board of Guotai Junan International and specified at the time of the offer.

The consideration of HK$1 for the acceptance of the grant shall be remitted in favour of Guotai Junan International within 28 days from the date of offer or other period as may be determined by the Board of Guotai Junan International.

The exercise price of share options is determined by the Board of Guotai Junan International in its absolute discretion, and shall be at least the higher of (i) the closing price of the Shares of Guotai Junan International as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date of offer; and (ii) the average closing price of the Shares of Guotai Junan International as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five consecutive days on which shares are traded on the Hong Kong Stock Exchange immediately preceding the date of offer.

The Share Option Scheme of Guotai Junan International was valid and effective for a period of 10 years from the date of adoption, which had been expired on 19 June 2020. No further share options shall be granted after such period, but all granted and outstanding share options remain exercisable after the end of such period and the provisions of the Share Option Scheme thereof remain in full force and effect.

Movements of the share options under the Share Option Scheme of Guotai Junan International for the year ended 31 December 2020 are set out as follows:

	Number of share options								
Name of participants	At 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2020	Exercise price (HK$)	Date of grant (Note 3)	Exercise period (Note 3)
Directors									
YIM Fung	800,000	–	–	–	–	800,000	2.440	13/07/2017	13/07/2018-12/07/2027
	500,000	–	–	–	–	500,000	1.720	04/07/2018	04/07/2019-03/07/2028
	1,000,000	–	–	–	–	1,000,000	1.450	11/09/2019	11/09/2020-10/09/2029
WONG Tung Ching	800,000	–	–	–	–	800,000	2.440	13/07/2017	13/07/2018-12/07/2027
	500,000	–	–	–	–	500,000	1.720	04/07/2018	04/07/2019-03/07/2028
	1,000,000	–	–	–	–	1,000,000	1.450	11/09/2019	11/09/2020-10/09/2029
QI Haiying	800,000	–	–	–	–	800,000	2.440	13/07/2017	13/07/2018-12/07/2027
	500,000	–	–	–	–	500,000	1.720	04/07/2018	04/07/2019-03/07/2028
	1,000,000	–	–	–	–	1,000,000	1.450	11/09/2019	11/09/2020-10/09/2029
LI Guangjie	800,000	–	–	–	–	800,000	2.440	13/07/2017	13/07/2018-12/07/2027
	500,000	–	–	–	–	500,000	1.720	04/07/2018	04/07/2019-03/07/2028
	1,000,000	–	–	–	–	1,000,000	1.450	11/09/2019	11/09/2020-10/09/2029
Subtotal	**9,200,000**	**–**	**–**	**–**	**–**	**9,200,000**			
Employees (in aggregate)	3,596,768(Note 1)	–	(2,336,288)(Note 7)	–	–	1,260,480	0.827(Note 1)	24/04/2012	10/06/2012-09/06/2021
	33,797,535(Note 1)	–	–	–	(7,115,298)	26,682,237	1.264(Note 1)	10/01/2014	10/01/2015-09/01/2024
	6,400,000	–	–	–	(200,000)	6,200,000	2.440	13/07/2017	13/07/2018-12/07/2027
	7,700,000	–	–	–	(800,000)	6,900,000	1.720	04/07/2018	04/07/2019-03/07/2028
	14,200,000	–	–	–	(1,150,000)	13,050,000	1.450	11/09/2019	11/09/2020-10/09/2029
Subtotal	**65,694,303**	**–**	**–**	**–**	**(9,265,298)**	**54,092,717**			
Total	**74,894,303**	**–**	**(2,336,288)**	**–**	**(9,265,298)**	**63,292,717**			

Notes:

1. The number of outstanding share options and the exercise price may be subject to adjustment in case of reorganization of the capital structure of Guotai Junan International. Pursuant to the announcements dated 29 September 2014 and 9 July 2015, Guotai Junan International adjusted respectively the number of outstanding share options and the exercise price with reference to the terms of the Share Option Scheme of Guotai Junan International and the supplementary guidance attached to the letter of the Stock Exchange relating to the Share Option Scheme of Guotai Junan International dated 5 September 2005.

2. In respect of the share options granted on 24 April 2012, one-third of the share options has been vested evenly on 10 June 2012, 10 June 2013 and 10 June 2014 and exercisable until 9 June 2021.

3. In respect of the share options granted on 10 January 2014, one-third of the share options has been vested evenly on 10 January 2015, 10 January 2016 and 10 January 2017 and exercisable until 9 January 2024.

4. In respect of the share options granted on 13 July 2017, one-third of the share options has been vested evenly on 13 July 2018, 13 July 2019 and 13 July 2020 and exercisable until 12 July 2027.

5. In respect of the share options granted on 4 July 2018, one-third of the share options has been vested evenly on 4 July 2019, 4 July 2020 and 4 July 2021 and exercisable until 3 July 2028.

6. In respect of the share options granted on 11 September 2019, one-third of the share options shall be vested evenly on 11 September 2020, 11 September 2021 and 11 September 2022 and exercisable until 10 September 2029.

7. The weighted average closing price of the shares of Guotai Junan International on the day immediately before the dates on which the options were exercised during the Reporting Period was HK$1.25 per share.

14. MATERIAL RELATED PARTY TRANSACTIONS

1.1. Related party transactions relating to day-to-day operations

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

☐ Applicable √ Not applicable

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

√ Applicable ☐ Not applicable

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

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

Section V Significant Events

The Group mainly conducts continuing connected transactions with International Group and its associates. International Group directly and indirectly holds a total of 33.34% of the equity interest of the Company. Therefore, International Group and its associates are connected persons of the Company under the Hong Kong Listing Rules. During the Reporting Period, since Shanghai Securities, was controlled directly and indirectly as to 49% in aggregate (excluding interest held through the Company) by International Group, Shanghai Securities was an associate of International Group and a connected subsidiary of the Company[note].

Note: On February 2021, as Shanghai Securities newly issued registered capital of RMB2.716532 billion and the shareholdings in Shanghai Securities of the Company and International Group have decreased from 51% to 24.99% and from 49% to 24.01%, Shanghai Securities will no longer be an associate of International Group and a connected subsidiary of the Company.

According to the relevant requirements, the Company, in accordance with the nature of its transactions, categorizes them into two categories, namely securities and financial product transactions and financial services based on its analysis of the types and basic contents of its current and future possible continuing connected transactions with International Group and its associates. On 30 December 2019, as approved at the 20th extraordinary meeting of the Company's 5th session of the Board, the Company entered into the "Securities and Financial Products, Transactions and Services Framework Agreement for 2020 to 2022" with International Group, agreeing on the contents of the continuing connected transactions for 2020 to 2022 and setting the cap for the annual transaction amount.

During the Reporting Period, the Company's continuing connected transactions were implemented according to relevant framework agreement signed by the Company and International Group and the pricing principles for relevant transactions were strictly followed. The transaction amounts and substance did not exceed the scope of such agreements. The annual caps and the actual transaction amounts for 2020 are set out below:

Unit: million yuan Currency: RMB

Subject matter	Annual cap for 2020	Actual transaction amount for 2020
Securities and financial products transactions		
Inflow	5,609.10	1,525.20
Outflow	5,580.80	779.00
Financial services		
Income	137.78	24.74
Expenses	59.05	3.43

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

1) nothing has come to their attention that may cause them to believe that the continuing connected transactions disclosed have not been approved by the Board of the Company;

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

3) nothing has come to their attention that may cause them to believe that these transactions are not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and

4) with respect to the total amounts for such continuing connected transactions, nothing has come to their attention that may cause them to believe the continuing connected transactions disclosed have exceeded the annual transaction caps set by the Company.

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

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

1) the above-mentioned continuing connected transactions are conducted in the ordinary course of business of the Company;

2) the above-mentioned continuing connected transactions are entered into on normal commercial terms or better terms; and

3) the above-mentioned continuing connected transactions are conducted according to the agreements on terms which were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

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

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

During the Reporting Period, the Company's day-to-day related party transactions were implemented according to the Resolution Relating to the Estimation of Day-to-day Related Party Transactions of the Company in 2020, which was considered and approved at the 2019 Annual General Meeting of the Company.

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

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

① Fees and commissions received from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai SA	Revenue from securities underwriting business	10,259,670	2,791,981
SPD Bank	Revenue from entrusted asset management business	11,328,305	17,084,501

② Interest received from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Interest from deposit in financial institutions	196,198,148	263,667,426

③ Interests paid to related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai Sitico Assets Management Co., Ltd.	Interest expense	40,985,588	14,762,795
International Group	Interest expense	21,190,301	7,305,016
SPD Bank	Interest expense of Placements from other financial institutions	15,010,611	5,905,444
SPD Bank	Interest expense of bonds	18,060,468	19,216,438

④ Operating expenses and costs paid to related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Service fee of sales of financial products	15,802,562	11,184,196

2) Balances with related parties

① Balances of deposits in related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	9,973,784,935	11,228,264,045

② Balances of financial assets held under resale agreements

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	750,953,324	800,480,367
Shanghai SA	748,934,222	–

③ Balances of the bonds issued by related parties held by the Company

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,200,515,651	1,902,757,860
Great Wall Securities Co., Ltd.	623,460,365	168,128,376
Bright food (Group) Co., Ltd.	351,554,002	–
China Three Gorges Co., Ltd.	318,622,288	–

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

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,707,165,948	1,019,216,438

⑤ Balances of financial assets sold under repurchase agreements

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,284,676,308	1,000,556,164

⑥ Borrowings/placements from related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,313,473,245	–
Shanghai Sitico Assets Management Co., Ltd.	1,054,533,333	1,014,688,988
International Group	495,630,667	476,932,885

1.3. Matters not disclosed in ad hoc announcements

□ Applicable √ Not applicable

Section V Significant Events

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

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

3. Matters not disclosed in ad hoc announcements

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

1. Establish Guotai Junan FoF

On 5 December 2019, the Resolution on Review of the Related Party Transaction in relation to Joint Establishment of the First Fund in Guotai Junan FoF by the Company and Related Parties (《關於提請審議公司與關聯方共同發起設立國泰君安母基金首期基金暨關聯交易的議案》) was considered and approved at the 19th extraordinary meeting of the fifth session of the Board, pursuant to which Guotai Junan Innovation Investment, the subsidiary of the Company, and its subsidiary were approved to establish Shanghai Guotai Junan Creative Equity Investment Fund of Funds Center L.P. (上海國泰君安創新股權投資母基金中心(有限合夥)) ("Guotai Junan FoF") with International Group, the controlling shareholder of the Company, Shanghai International Trust Co., Ltd., Shanghai Junjinghongfu Business Consultancy Center L.P. (上海君璟泓富商務諮詢中心(有限合夥)) and other third parties. The fund partners made total capital contributions of RMB8.008 billion, among which the Group made a capital contribution of RMB4.0 billion. On 8 January 2020, the above-mentioned parties had executed the relevant investment agreements.

2. Participate in the establishment of industrial investment fund

On 28 October 2020, the Resolution on Review of the Related Party Transaction in relation to Joint Participation in the Establishment of the Shanghai Biomedical Industrial Fund by the Company and Related Parties《關於提請審議公司與關聯方共同投資參與設立上海生物醫藥產業基金的議案》was considered and approved at the 18th meeting of the fifth session of the Board of the Company, pursuant to which the Company, through the Guotai Junan FoF controlled by the Company entered into the Partnership Agreement with International Group, the controlling shareholder of the Company, and other third parties, to establish an industrial investment fund with a size expected to be RMB9.0 billion, and no less than RMB7.0 billion when the first phase of subscription closes, for the purpose of implementing the strategic investment plan of the Guotai Junan FoF with a focus on the healthcare industry. Guotai Junan FoF has agreed to subscribe for the Fund in the amount which is the lower of (a) RMB1.6 billion, the highest amount that the FoF is allowed to invest in a single sub-fund in the FoF Partnership Agreement, or (b) 20% of the total size of all subscriptions of the industrial investment fund.

The above-mentioned related party transactions relating to joint external investments are also connected transactions of the Company as defined in Chapter 14A of the Hong Kong Listing Rules.

(IV) Debts due to/from related parties

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

3. Matters not disclosed in ad hoc announcements

☐ Applicable √ Not applicable

(V) Miscellaneous

√ Applicable ☐ Not applicable

Provision of Net Capital Guarantee Commitment to Shanghai Securities

To comply with the regulating requirements and fulfill the needs of business development, on 25 September 2019, the Resolution on Review of Provision of Net Capital Guarantee Commitment to Shanghai Securities Co., Ltd. (《關於提請審議向上海證券有限責任公司提供淨資本擔保承諾的議案》) was considered and approved at the 17th extraordinary meeting of the fifth session of the Board of the Company, pursuant to which net capital guarantee commitment amounting up to RMB1.5 billion was approved to be provided to Shanghai Securities. On 8 February 2021, net capital guarantee commitment provided to Shanghai Securities has been revoked.

15. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Custody, contracting and leasing

1. Custody

☐ Applicable √ Not applicable

2. Contracting

☐ Applicable √ Not applicable

3. Leasing

☐ Applicable √ Not applicable

(II) Guarantees

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

External guarantees by the Company (excluding guarantees for subsidiaries)

Total amount of the guarantees during the Reporting Period (excluding guarantees for subsidiaries)	–
Balance of the total amount of the guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–

Guarantees of the Company for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	–
Balance of the total amount of the guarantees for subsidiaries at the end of the Reporting Period (B)	3,516,594,855

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

Total amount of guarantees (A+B)	3,516,594,855
Total amount of guarantees as a percentage of the net assets of the Company (%)	2.56
Including:	
The amount of guarantees offered to the Shareholders, de facto controller and their related parties (C)	–
The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D)	3,516,594,855
The amount of guarantees in excess of 50% of net assets (E)	–
The sum of the three items above (C+D+E)	3,516,594,855
Remark on the joint settlement responsibilities in relation to premature guarantees	The principal, interest and other related expenses of the bonds
Remark on the guarantees	On 11 March 2019, the Company's subsidiary, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with par value of USD500 million. The bonds bear a fixed interest rate of 3.875%. The Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) to provide unconditional and irrevocable guarantee for the repayment obligation in relation to the aforesaid bonds of Guotai Junan Holdings Limited (BVI).

Note: During the Reporting Period, Guotai Junan Financial Holdings and Guotai Junan International[Note], both being an overseas subsidiary of the Company, provided guarantees for their respective wholly-owned subsidiaries in accordance with the transaction practices in international markets, mainly including:

Section V Significant Events

1. By virtue of normal business needs, Guotai Junan Financial Holdings provided guarantees in respect of a number of agreements entered into between its wholly-owned subsidiaries and their respective counterparties, including the Framework Agreements for International Swaps and Derivatives Association (ISDA), the Global Master Repurchase Agreement (GMRA) and the Gold Loan Agreement. As at the end of the Reporting Period, the total guarantee balance of actual transactions was equivalent to approximately RMB3.12 billion.

2. Guotai Junan International provided the following guarantees in accordance with the Listing Rules of the Hong Kong Stock Exchange:

   (1) By virtue of normal business needs, Guotai Junan International provided guarantees in respect of a number of agreements entered into between its wholly-owned subsidiaries and their respective counterparties, including the Framework Agreements for International Swaps and Derivatives Association (ISDA), the Global Master Securities Lending Agreement (GMSLA) and the Global Master Repurchase Agreement (GMRA). As at the end of the Reporting Period, the total guarantee balance of actual transactions was equivalent to approximately RMB20.98 billion.

   (2) Guotai Junan International provided guarantees for its wholly-owned subsidiaries in respect of the structured notes with a maximum amount of US$15 billion. As at the end of the Reporting Period, the total guarantee balance of the loans actually drawn was equivalent to approximately RMB26.47 billion;

   (3) Guotai Junan International provided the debt financing guarantees in respect of the bank loans of its wholly-owned subsidiaries. The guarantee limits are HK$18.128 billion, USD402 million and RMB255 million, respectively. As at the end of the Reporting Period, the guarantee balance of the loans actually drawn was equivalent to approximately RMB8.18 billion.

   Note: As at the end of the Reporting Period, the percentage of the Company's shareholding in Guotai Junan International was 73.25%.

(III) Other material contracts

√ Applicable □ Not applicable

1. According to the SSE Listing Rules, the Group did not enter into any material contract during the Reporting Period.

2. The updates of material contracts disclosed in the Prospectus in relation to the Initial Public Offering of A Shares during the Reporting Period are as follows:

   (1) According to a resolution at the 10th extraordinary meeting of the 4th session of the board of Directors, the Company invests in the office building project of Huangpu Riverside (黃浦濱江), and the investment amount is expected to not exceed RMB1.18 billion. On 16 October 2013, the Company signed the Framework Agreement for Transfer of the Fuxing Land (《復興地塊項目轉讓框架協議》) with Shanghai Bund Riverside Development Company Ltd. (上海外灘濱江綜合開發有限公司) ("Bund Riverside"). Pursuant to this agreement, Bund Riverside intends to acquire the land through land auction. The land is located at the Huangpu District, Shanghai City and is used for commercial and office purposes, with a site area of 35,862 m^2. Bund Riverside will construct six office buildings on the site and transfer one of the buildings (with a gross floor area of approximately 14,000 m^2) to the Company. The transfer price covered the land costs, construction costs, respective amortization charges and the project management fees paid to Bund Riverside. On 12 December 2013, Bund Riverside signed the Land Use Rights Grant Contract of State-owned Land with the Planning and Land Administration Bureau of Huangpu District (上海市黃浦區規劃和土地管理局). As of the end of 2020, the Company had paid RMB1,091.34 million.

   (2) On 18 November 2014, Guoxiang Properties signed the Main Contract on Construction of the Main Body of the New Project of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司辦公樓新建項目主體工程施工總承包合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for constructing the main body of the new project of the office building of Guotai Junan. The project is located at Lot 49, Jing'an District, Shanghai City, with a total contract value of RMB335,882,500. As of the end of 2020, the Company has paid RMB249.14 million.

Section V Significant Events

16. OTHER SIGNIFICANT EVENTS

√ Applicable □ Not applicable

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

During the Reporting Period, the Company was among the first batch to obtain business qualifications including fund investment consulting business pilots, consolidated supervision pilots, handling the sale and purchase of foreign exchange for the customers engaging in cross-border investment and financing transactions and access to the Chinese bill trading system and Guotai Junan Asset Management obtained the qualification of public fund management business. Please refer to "Business Qualifications for Each Individual Business of the Company" in "Section II Company Profile and Key Financial Indicators" of this annual report for details.

2. Matters related to the proposed solution for the competition with Shanghai Securities in the same industry

In order to solve the competition issue between the Company and Shanghai Securities in the same industry, in August 2019, on the sixteenth extraordinary meeting of the fifth session of the board of directors of the Company, the Proposal on Adopting the Resolution on the Competition Issue in the Same Industry through the Targeted Capital Increase of Shanghai Securities Co., Ltd. (《關於提請審議採取上海證券有限責任公司定向增資方式解決同業競爭問題的議案》) was considered and approved, pursuant to which it was agreed that the competition issue in the same industry shall be solved by targeted capital increase of Shanghai Securities.

In January 2020, the Company convened the twenty-first extraordinary meeting of the fifth session of the Board at which the "Proposal on Consideration and Approval of the Specific Plan for Targeted Capital Increase of Shanghai Securities Co., Ltd. (《關於提請審議上海證券有限責任公司定向增資具體方案的議案》)" was considered and approved, pursuant to which, Bailian Group Co., Ltd. (hereinafter referred to as "Bailian Group") and Shanghai Municipal Investment (Group) Corporation will subscribe for the newly issued capital of Shanghai Securities by way of non-public capital increase. Upon completion of the capital increase, the shareholding of Bailian Group in Shanghai Securities will be 50.00%, and it will become the controlling shareholder of Shanghai Securities, while the Company's shareholding in Shanghai Securities will be reduced from 51% before the capital increase to 24.99%. As such, there will be no competition issue in the same industry between the Company and Shanghai Securities.

In December 2020, Shanghai Securities received the Reply on Approval of Shanghai Securities Co., Ltd.'s Change of Major Shareholders (Zheng Jian Xu Ke [2020] No. 3358) (《關於核准上海證券有限責任公司變更主要股東的批覆》(證監許可[2020]3358號)) from the CSRC and the CSRC approved Bailian Group to become a major shareholder and controlling shareholder of Shanghai Securities; and had no objection to the change of registered capital of Shanghai Securities from RMB2,610,000,000 to RMB5,326,532,000, Bailian Group's legal subscription of additional capital contribution of RMB2,663,266,000 to Shanghai Securities and Shanghai Municipal Investment (Group) Corporation's legal subscription of additional capital contribution of RMB53,266,000 to Shanghai Securities.

In February 2021, Shanghai Securities has completed the industrial and commercial change registration of the additional registered capital, and the competition issue in the same industry between the Company and Shanghai Securities has been resolved. According to preliminary calculations, the Company generated revenue of RMB1.157 billion from the capital increase by Shanghai Securities.

3. Acquisition of part of shares of HuaAn Funds Management Co., Ltd.

On March 2021, the Company obtained the Reply of Approval on the Change of Equity Interest in HuaAn Funds Management Co., Ltd. (Zheng Jian Xu Ke [2021] No. 669) from the CSRC, which approved Shanghai Jin Jiang International Investment and Management Company Limited to transfer the 8% equity interest in HuaAn Funds it held to the Company. Upon the completion of this transfer of equity interest, the shareholding in HuaAn Funds of the Company will change from 20% to 28%.

4. Bond issuance

In January 2020, the Company issued the subordinated bonds with a principal amount of RMB3 billion, a term of 3 years and coupon rate of 3.89%.

5. Issuance of MTN by Guotai Junan International

In 2020, Guotai Junan International issued MTN denominated in various currencies with a total amount of HK$8,047,000,000, US$809,314,000 and RMB2,461,143,000, with terms from three months to one year, of which HK$843,500,000, US$230,000,000 and RMB223,160,000 matured and was paid in 2020.

6. Epidemic prevention and control and resumption of work and production

In the face of the unprecedented novel coronavirus epidemic in a century, the Company quickly built a group prevention and control system covering the entire group to fully protect the safety and health of employees. In addition, the Company made every effort to ensure the safe operation of the system and maintained a 100% safe operation rate of the system. The Company actively responded to the huge trading volume during the special trading hours. Moreover, the Company established a special fund for epidemic prevention and control in time with a total amount of donation of more than RMB24 million to support the procurement of urgently needed medical supplies in Hubei and Shanghai. In line with the requirements for stable growth, more than 60 general strategic cooperation agreements with government departments, enterprises and financial institutions have been signed, and 31 corporate bonds totaling RMB21.6 billion for epidemic prevention and control have been issued.

Section V Significant Events

7. Increase in holding of H Shares of the Company by International Group

On 9 January 2020, International Group purchased 80,000 H shares through the Southbound trading system and proposed its subsequent increase plan. International Group intended to increase its holdings of H shares in the Company within 12 months from the date of this capital increase in due course, provided that the cumulatively increased shareholding shall not exceed 2% of the total issued share capital of the Company (including this increase of shareholding).

On 8 January 2021, the period for the increase in holdings by International Group expired, and International Group has increased its holdings of 124,000,000 H shares of the Company, representing 1.3919% of the total share capital of the Company. As of 8 January 2021, International Group directly held 682,215,791 A shares and 124,000,000 H shares of the Company, and indirectly held 2,164,109,666 shares of the Company through its controlled subsidiaries (including 2,012,109,666 A shares and 152,000,000 H shares), holding a total of 2,970,325,457 shares of the Company, representing approximately 33.3428% of the Company's total share capital.

8. Material contracts

During the Reporting Period, except for the related party transactions disclosed, the Company or its subsidiaries did not have any material contract with its controlling shareholder or its subsidiaries nor was there any material contract for the provision of services to the Company or any of its subsidiaries by its controlling shareholder or any of its subsidiaries (which would be required to be disclosed under Appendix 16 to the Hong Kong Listing Rules).

9. Management contracts

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

10. Permitted indemnity provision

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

17. ACTIVE FULFILLMENT OF ITS SOCIAL RESPONSIBILITIES

1. Poverty alleviation activities of the Company

√ Applicable □ Not applicable

(1). Targeted poverty alleviation plans

2020 is the final year of the fight against poverty and the Company's paired support projects named "One Company for One County Targeted Poverty Alleviation (一司一縣，精準扶貧)" in Puge County, Sichuan, Qianshan County, Anhui and Ji'an County, Jiangxi and support projects named "100 Enterprises for 100 Villages (百企結百村)" in Malipo Country and Guangnan Country, Wenshan, Yunnan will come to an end. As of the end of 2020, all the poverty-stricken counties to which the Company has provided support had got rid of poverty.

In the process of providing paired support, the Company diligently implemented the arrangement of the superiors on poverty alleviation work. In line with the deployment of local poverty alleviation work which is supervised by designated government officers, the Company helped solve primary problems, made every effort to make the final push to alleviate poverty and proactively completed the closeout and summarization work for its paired support projects by upholding the concept of "Serving the Country with Financial Services (金融報國)" and focusing on improving the effectiveness of paired support and "eliminating weaknesses (補短板)".

In order to consolidate the results of poverty alleviation and effectively link with rural revitalization, the "Worry-free Growth (成長無憂)" public welfare medical supplementary insurance project and the "remote medical service" project previously initiated by the Company will continue to be implemented in other counties upon completion of its existing poverty alleviation projects. At the same time, long-term projects such as the urban-rural paired support, caring for the elderly, subsidizing impoverished college students, and assisting the construction of three hope primary schools will enrich the existing projects, optimize the project implementation plan, further implement the projects, and reflect the social responsibilities of the Company.

(2). Overview of the targeted poverty alleviation activities during the year of 2020

The Company continued to carry out a series of paired supports and public welfare funding activities with practical contents and various forms, including "One company for one county" to accurately support three national-level poverty-stricken counties, Ji'an County of Jiangxi Province, Qianshan County of Anhui Province and Puge County of Sichuan Province, "Urban-and-Rural Comprehensive Support" to support Fengxian District of Shanghai and State-owned Assets Supervision and Administration Commission and "Hundred Enterprises for Hundred Villages" in Jing'an District to provide supports to three villages in Malipo County in Yunnan Province and nine villages in Guangnan County in Yunnan Province.

(1) Industrial support

After one-year operation of the "Agricultural Industry Poverty Alleviation Fund (農業產業扶貧基金)" established by the Company in Puge Country, projects such as Puge County Silkworm Plantation (普格縣桑蠶種植園) and Ruimu Feed Technology Co., Ltd. (瑞牧飼料科技有限公司) currently have been successfully implemented. The fund expenditure amounted to RMB10 million to provide support for local featured industries and strive to provide stable work and income for poor households in Puge County.

The Majie Town Cattle Marketplace (馬街鄉黃牛集市) and Babu Town Logistics Center Carpark in Malipo, Yunnan that the Company invested RMB3 million to construct have been put into use for nearly a year, which has greatly improved the local industrial environment and promoted the development of related industries. It is reported that both villages can achieve a collective income of RMB200,000 this year.

The Company invested RMB5 million at Fengxian District, Shanghai City, the counterpart under the Urban-Rural Comprehensive Support, to implement the "Enriching People in A Hundred Villages (百村富民)" project, in order to help impoverished farmers to improve their quality of life.

(2) Educational support

The Company invested RMB30 million to assist in the construction of primary school of GuotaiJunan Tianzhushan Town Central School in Qianshan, Anhui, which was put into use in October 2020, and nearly 800 teachers and students have relocated to new campus to study and work. The construction of the middle school of this school is scheduled to be completed in the autumn of 2021.

Shanghai Guotai Junan Social Welfare Foundation continuously supported the learning and education of impoverished people in three Guotai Junan Hope Primary Schools and followed up the implementation of the "Guotai Junan Teaching Award and Scholarship (國泰君安獎教、獎學金)". All our branches continued to fund local impoverished college students. In this year, the Company financed a total of 200 impoverished college students from 12 major universities.

(3) Charity support

The third-year period of the "Worry-free Growth Medical Supplementary Insurance (成長無憂醫療補充保險)" project was close to expiration. Over the past three years, 536 claims were handled to pay total compensation of RMB3026131.16.

The Company proceeded with the "Remote Medical Service Project (遠程醫療服務項目)" in Ji'an County, Jiangxi, Qianshan County, Anhui, Puge County, Sichuan and Malipo County, Yunnan. In this year, it handled 297 remote medical consultations, conducted 25 medical trainings and offered trainings to 337 local doctors.

The Company helped Zhuanbao Village, Liuhe Town, Wenshan Prefecture, Yunnan Province to carry out the "Toilet Revolution (廁所革命)" project and participated in the improvement project of the living environment of nine villages in Guangnan County, Yunnan Province, both achieving good social results.

The Company organized a number of "Consumer Poverty Alleviation (消費扶貧)" activities by purchasing high-quality agricultural products from Guangnan County, Malipo County Yunnan Province and Fengxian District, Shanghai to support the poverty alleviation of various areas.

(3). Achievement of targeted poverty alleviation activities of the Company

√ Applicable ☐ Not applicable

Section V Significant Events

Unit: ten thousand yuan Currency: RMB

Indicators			Number and implementation information of the Company
I. Overview			
Including: 1. Fund			868.59
II. Itemized input			
1. Poverty alleviation through industrial development			
Including:	1.1 Type of industrial poverty alleviation projects	☐ Poverty alleviation through agriculture and forestry ☐ Poverty alleviation through tourism ☐ Poverty alleviation through E-commerce ☐ Poverty alleviation through assets income ☐ Poverty alleviation through science and technology √ Others	
	1.2 Number of industrial poverty alleviation projects		3
2. Poverty alleviation through education			
Including:	2.1 Amount invested in subsidizing students with financial difficulties		67.25
	2.2 Number of students receiving allowance		200
	2.3 Amount invested in improvement of education resources of poor areas		16.05
3. Protection for the most disadvantaged people			
Including:	3.1 Amount invested in helping the "three left-behind" groups		2.14
	3.2 Number of people of the "three left-behind" groups helped		60
4. Social poverty alleviation			
Including:	4.1 Invested amount to targeted poverty alleviation work		642.4
5. Other projects			
Including:	5.1 Number of projects		7
	5.2 Amount of investment		140.75

(4). Subsequent targeted poverty alleviation plans

In 2021, the domestic economy will be transformed into "internal circulation as the mainstay and dual circulation mutually promoting new development pattern" and rural revitalization will become an important issue for people's livelihood development in the next stage. The continuous spread of novel coronavirus pneumonia epidemic has also increased uncertainties. The Company will continue to demonstrate corporate social responsibility as always, work hard to cooperate with relevant departments to prevent and control the epidemic, continue to contribute to the construction of industries and talents in underdeveloped areas and rural areas, continue to solve problems for education, poor students and poor families in poor areas, exert its own influence and promote all aspects of society through transparent and open public welfare projects, attract more people to participate in poverty alleviation work, gather social forces, consolidate the results of poverty alleviation and joint construction and work hard for "building a well-off society in an all-round way".

2. Fulfillment of social responsibilities

√ Applicable ☐ Not applicable

Details on the fulfillment of social responsibilities is available in the Environmental, Social and Governance Report 2020 of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司2020年度環境、社會及管治報告》) disclosed in the website of the HKEX (http://www.hkex.com.hk) for details.

3. Environmental information

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

☐ Applicable √ Not applicable

(2). Environmental protection information of the company not on the list of critical pollutant dischargers

√ Applicable ☐ Not applicable

The Company is a financial enterprise and is not a key pollutant discharge unit or its important subsidiaries announced by the environmental protection department. The Company engages a third-party organization to inspect the waste water, waste gas and noise of its headquarters office every year. According to the 2020 environmental impact assessment report, the Company's gas detection, water quality detection and noise detection meet the national standards. Please refer to the Environmental, Social and Governance Report 2020 of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司2020年度環境、社會及管治報告》) disclosed in the website of the HKEX (http://www.hkex.com.hk) for details.

(3). Reasons for not disclosing environmental protection information of the company not on the list of critical pollutant dischargers

☐ Applicable √ Not applicable

(4). Subsequent progress or changes in the disclosure of environmental protection information during the Reporting Period

☐ Applicable √ Not applicable

4. Other explanation

☐ Applicable √ Not applicable

18. CONVERTIBLE CORPORATE BONDS

√ Applicable ☐ Not applicable

(I) Issuance of Convertible Bonds

☐ Applicable √ Not applicable

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

√ Applicable □ Not applicable

Name of convertible corporate bond	GTJA Bond
No. of Convertible Bond holders at the end of the period	4,669
Guarantors of Convertible Bonds	Not applicable

Top ten Convertible Bond holders are as below:

Name of convertible corporate bond holders	Bonds held at the end of the period (RMB)	Percentage of bonds held (%)
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	659,400,000	9.43
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Construction Bank of China)	267,799,000	3.83
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Everbright Securities Co., Ltd)	243,497,000	3.48
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of Communications)	229,712,000	3.29
Specific accounts for bonds repurchase and pledge under the registration and settlement system (Agricultural Bank of China)	197,749,000	2.83
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	181,930,000	2.60
China Securities Finance Corporation Limited	180,698,000	2.59
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	171,324,000	2.45
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Minsheng Banking Corp., Ltd.)	117,691,000	1.68
China Construction Bank Corporation- China-Europe New Blue Chip Flexible Allocation Hybrid Securities Investment Fund (中歐新藍籌靈活配置混合型證券投資基金)	114,323,000	1.64

(III) Change of Convertible Bonds during the Reporting Period

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before change	Increase/decrease			After change
		Converted	Redeemed	Sold back	
GTJA Bond	6,999,713,000	-9,507,000	–	–	6,990,206,000

Aggregated conversion of convertible bonds during the Reporting Period

√ Applicable □ Not applicable

Name of convertible corporate bonds	GTJA Bond
Conversion amount during the Reporting Period (RMB)	9,507,000
Number of converted shares during the Reporting Period (shares)	500,052
Aggregated number of converted shares (shares)	514,411
Aggregated number of converted shares as a percentage of the total number of issued shares of the Company before conversion (%)	0.005903
Amount of convertible bonds not yet converted (RMB)	6,990,206,000
Number of convertible bonds not yet converted as a percentage of the total number of issued convertible bonds (%)	99.8601

(IV) Adjustments of the conversion prices

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds			GTJA Bond	
Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reasons of adjustments
29 June 2018	RMB19.80 per Share	22 June 2018	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.4 per share for the year of 2017
19 April 2019	RMB19.67 per Share	18 April 2019	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company made a placement of 194,000,000 new H shares in April 2019
12 August 2019	RMB19.40 per Share	5 August 2019	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.275 per share for the year of 2018
12 August 2020	RMB19.01 per Share	5 August 2020	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.39 per share for the year of 2019
Conversion price at the end of the Reporting Period				RMB19.01 per Share

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

√ Applicable □ Not applicable

As at the end of 2020, the Group's total assets amounted to RMB702.899 billion, with a gearing ratio of 73.19%. Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Updated Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司公開發行A股可轉換公司債券跟蹤評級報告》) in respect of the issuance of the A-Share Convertible Bonds on 20 May 2020, and maintained the credit rating of the Company as AAA and the credit rating of the Convertible Bonds as AAA with a stable outlook.

The major source of funds available for the Company to settle the principal and interests of the A-Share Convertible Bonds in the future will be the cash flow generated from the operating activities of the Company. In the past three years, the Company's major businesses remained stable with strong financial condition, thus the Company has adequate cash flow generated from the operating activities and relatively strong repayment capability.

(VI) Other information on Convertible Bonds

□ Applicable √ Not applicable

19. TAX REDUCTION AND EXEMPTION

(I) Holders of A Shares

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

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

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

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

(II) Holders of H Shares

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

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

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

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

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

Section VI Changes in Ordinary Shares and Particulars about Shareholders

I. CHANGES IN ORDINARY SHARE CAPITAL

1.1. Table of Changes in Ordinary Shares

1.1. Table of changes in ordinary Shares

Unit: share

	Before change		Change (+/-)		After change	
	Number	Percentage (%)	Others	Sub-total	Number	Percentage (%)
I. Shares subject to selling restrictions	–	–	+79,000,000	+79,000,000	79,000,000	0.89
1. Other domestic shares	–	–	+79,000,000	+79,000,000	79,000,000	0.89
Including: shares held by domestic natural person	–	–	+79,000,000	+79,000,000	79,000,000	0.89
II. Tradable shares not subject to selling restrictions	8,907,948,159	100.00	-78,499,948	-78,499,948	8,829,448,211	99.11
1. RMB- denominated ordinary shares	7,516,120,979	84.38	-78,499,948	-78,499,948	7,437,621,031	83.49
2. Overseas listed foreign invested Shares	1,391,827,180	15.62	–	–	1,391,827,180	15.62
III. Total ordinary shares	8,907,948,159	100.00	+500,052	+500,052	8,908,448,211	100.00

1.2. Changes in ordinary Shares

√ Applicable □ Not applicable

During the Reporting Period, the A-Share Convertible Bonds had been converted into a total of 500,052 Shares. The total share capital of the Company changed to 8,908,448,211 shares, including 7,516,621,031A Shares and 1,391,827,180 H Shares. In November 2020, the Company first granted 79,000,000 restricted A shares to the participants of the Restricted Share Incentive Scheme of A Shares, and the Company's Shares subject to selling restrictions increased by 79,000,000 shares.

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

√ Applicable ☐ Not applicable

In 2020, the basic earnings per share of the Group was RMB1.20, and the diluted earnings per share was RMB1.19 after taking into account the impact of conversion of convertible bond and the Restricted Share Incentive Scheme of A Share; and the net asset per share attributable to equity holders of the Company was RMB15.44, the same as the end of the previous year.

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

☐ Applicable √ Not applicable

1.2. Changes in Shares Subject to Selling Restrictions

√ Applicable ☐ Not applicable

Unit: share

Name of shareholders	Number of Shares subject to selling restrictions as at the beginning of the year	Number of unlocking Shares for the year	Increase in number of Shares subject to selling restrictions for the year	Number of Shares subject to selling restrictions at the end of the year	Reasons	Unlocking date
Incentive participants of restricted A Shares	–	–	79,000,000	79,000,000	Restricted Share Incentive Scheme of A Shares	See note for details
Total	–	–	79,000,000	79,000,000		

Note: The Company completed the registration for the First Grant of the restricted shares held by the incentive participants on 2 November 2020. The lock-up periods of the restricted shares granted under the Scheme are 24 months, 36 months and 48 months, respectively, from the date of completing registration for the grant of the corresponding portions of shares.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

II. ISSUE AND LISTING OF SECURITIES

(1). Issue of Securities During the Reporting Period

√ Applicable □ Not applicable

Unit: share Currency: RMB

Types of Shares and other derivative instruments	Date of issue	Issue price (or interest rate)	Issue amount	Listing date	Transaction amount approved to be listed	Transaction Termination Date
Ordinary Shares						
1788 ordinary shares[Note 1]	March 2020	HKD1.45/share	1,919,219,266	March 2020	1,919,219,266	–
Convertible corporate bonds, bonds with detachable warrants and corporate bonds						
2020 First Tranche Short-term Financing Bills	January 2020	2.68%	3,000,000,000	January 2020	3,000,000,000	April 2020
2020 Second Tranche Short-term Financing Bills	February 2020	2.45%	4,000,000,000	February 2020	4,000,000,000	May 2020
2020 Third Tranche Short-term Financing Bills	March 2020	1.74%	4,000,000,000	March 2020	4,000,000,000	June 2020
2020 Fourth Tranche Short-term Financing Bills	April 2020	1.40%	3,000,000,000	April 2020	3,000,000,000	July 2020
2020 Fifth Tranche Short-term Financing Bills	May 2020	1.55%	3,000,000,000	May 2020	3,000,000,000	August 2020
2020 Sixth Tranche Short-term Financing Bills	June 2020	2.10%	5,000,000,000	June 2020	5,000,000,000	September 2020
2020 Seventh Tranche Short-term Financing Bills	July 2020	1.95%	4,000,000,000	July 2020	4,000,000,000	September 2020
2020 Eighth Tranche Short-term Financing Bills	August 2020	2.62%	3,000,000,000	August 2020	3,000,000,000	November 2020
2020 Ninth Tranche Short-term Financing Bills	September 2020	2.70%	5,000,000,000	September 2020	5,000,000,000	December 2020
2020 Tenth Tranche Short-term Financing Bills	October 2020	2.69%	5,000,000,000	October 2020	5,000,000,000	January 2021
2020 Eleventh Tranche Short-term Financing Bills	November 2020	3.35%	4,000,000,000	November 2020	4,000,000,000	February 2021
2020 Corporate Bonds (First Tranche)	January 2020	3.37%	4,000,000,000	January 2020	4,000,000,000	January 2023
2020 Corporate Bonds (Second Tranche) (Type I)	March 2020	3.05%	4,000,000,000	March 2020	4,000,000,000	March 2023
2020 Corporate Bonds (Third Tranche)	July 2020	3.55%	5,000,000,000	July 2020	5,000,000,000	July 2023
2020 Corporate Bonds (Fourth Tranche)	September 2020	3.75%	4,000,000,000	September 2020	4,000,000,000	September 2023
2020 Corporate Bonds (Fifth Tranche) (Type I)	November 2020	3.80%	3,900,000,000	November 2020	3,900,000,000	November 2022

Types of Shares and other derivative instruments	Date of issue	Issue price (or interest rate)	Issue amount	Listing date	Transaction amount approved to be listed	Transaction Termination Date
2020 Corporate Bonds (Fifth Tranche) (Type II)	November 2020	3.90%	2,000,000,000	November 2020	2,000,000,000	November 2023
2020 Corporate Bonds (Sixth Tranche) (Type I)	December 2020	3.40%	2,200,000,000	December 2020	2,200,000,000	December 2021
2020 Corporate Bonds (Sixth Tranche) (Type II)	December 2020	3.77%	2,900,000,000	December 2020	2,900,000,000	December 2023
2020 Short-term Corporate Bonds (First Tranche)	August 2020	2.95%	4,700,000,000	August 2020	4,700,000,000	August 2021
2020 Short-term Corporate Bonds (Second Tranche)	September 2020	3.20%	3,000,000,000	September 2020	3,000,000,000	September 2021
2020 Short-term Corporate Bonds (Third Tranche)	November 2020	3.25%	4,500,000,000	November 2020	4,500,000,000	October 2021
2020 Short-term Corporate Bonds (Fourth Tranche)	December 2020	3.12%	2,500,000,000	December 2020	2,500,000,000	December 2021
Non-Public Offering of 2020 Perpetual Subordinated Bonds (First Tranche) Note 2	March 2020	3.85%	5,000,000,000	March 2020	5,000,000,000	N/A
Shanghai Stock Exchange Non-public Offering of Short-term Corporate Bonds	July 2020	3.39%	1,000,000,000	July 2020	1,000,000,000	January 2021
Shanghai Stock Exchange Non-public Offering of Subordinated Bonds	August 2020	4.55%	2,600,000,000	August 2020	2,600,000,000	August 2023

Issue of securities during the Reporting Period:

√ Applicable □ Not applicable

Note 1: For financing needs, on 14 January 2020, Guotai Junan International announced that it conducted a rights issue to all its of shareholders at the subscription price of HK$1.45 each share on the basis of one rights shares for every three existing shares held on the record date (e.g. 7 February 2020), which were attached with an underwriting arrangement. The closing price of the shares was HK$1.49 per share on 14 January 2020, namely the last trading day before the terms of the rights issue were determined. In March 2020, Guotai Junan International allotted and issued a total of 1,919,219,266 shares.

Note 2: In March 2020, the Company implemented a non-public issue of 2020 Perpetual Subordinated Bonds (First Tranche) with an amount of RMB5 billion and a coupon rate of 3.85%. The interest rate remained unchanged during the first five interest-bearing years of the whole term of the bonds. If the Company does not exercise the redemption right, the coupon rate will be reset every five years from the sixth interest-bearing year.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

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

√ Applicable □ Not applicable

For changes in the Company's total number of Shares and structure of Shareholder, please refer to "1. Table of changes in ordinary Shares" and "2.Changes in ordinary Shares" in "I. CHANGES IN ORDINARY SHARE CAPITAL" in this section.

For changes in structure of asset and liability of the Company, please refer to"Section IV Report of the Directors" in this annual report headed "II. ANALYSIS OF FINANCIAL STATEMENTS 3. Analysis of consolidated statements of financial position".

(3). Existing internal employee Shares

□ Applicable √ Not applicable

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS

1.1. Total number of Shareholders

Total number of holders of ordinary shares at the end of the Reporting Period	178,766
Total number of holders of ordinary shares at the end of the month immediately before the date of disclosure of the annual report	190,009

Note: The total number of Shareholders includes holders of ordinary A Shares and registered holders of H Shares. As at the end of the Reporting Period, there were 178,582 holders of A Shares and 184 registered holders of H Shares. The total number of Shareholders as at the end of the month immediately before the date of this annual report included 189,825 holders of A Shares and 184 registered holders of H Shares.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

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

Unit: share

	Shareholdings of the top ten Shareholders						
Names of Shareholders (full name)	Increase or decrease during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of non-tradable shares	Pledged or frozen		Nature of Shareholders
					Status	Number	
Shanghai State-owned Assets Operation Co., Ltd Note 1	–	1,900,963,748	21.34	–	Not	–	State-owned legal person
HKSCC Nominees Limited Note 2	-71,000	1,391,677,520	15.62	–	Unknown		Overseas legal person
Shanghai International Group Co., Ltd. Note 3	–	682,215,791	7.66	–	Not	–	State-owned legal person
Shenzhen Investment Holdings Co., Ltd. Note 4	–	609,428,357	6.84	–	Not	–	State-owned legal person
China Securities Finance Corporation Limited	–	260,547,316	2.92	–	Not	–	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	–	246,566,512	2.77	–	Not	–	State-owned legal person
Shenzhen Energy Group Co., Ltd.	–	154,455,909	1.73	–	Not	–	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited Note 5	-5,231,921	141,147,975	1.58	–	Not	–	Overseas legal person
China Construction Bank Corporation -Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	+50,844,160	97,852,632	1.10	–	Not	–	Others
China National Nuclear Corporation	+620,000	76,292,793	0.86	–	Not	–	State-owned legal person

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Details of the top ten shareholders without selling restrictions [Note 6]

Names of Shareholders	Number of tradable shares without selling restrictions held	Class and number of shares	
		Class	Number
Shanghai State-owned Assets Operation Co., Ltd	1,900,963,748	RMB- denominated ordinary shares	1,900,963,748
HKSCC Nominees Limited	1,391,677,520	Overseas Listed foreign-invested shares	1,391,677,520
Shanghai International Group Co., Ltd.	682,215,791	RMB- denominated ordinary shares	682,215,791
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB- denominated ordinary shares	609,428,357
China Securities Finance Corporation Limited	260,547,316	RMB- denominated ordinary shares	260,547,316
Shanghai Municipal Investment (Group) Corporation	246,566,512	RMB- denominated ordinary shares	246,566,512
Shenzhen Energy Group Co., Ltd.	154,455,909	RMB- denominated ordinary shares	154,455,909
Hong Kong Securities Clearing Company Limited	141,147,975	RMB- denominated ordinary shares	141,147,975
China Construction Bank Corporation -Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	97,852,632	RMB- denominated ordinary shares	97,852,632
China National Nuclear Corporation	76,292,793	RMB- denominated ordinary shares	76,292,793
Description on the relations or acting-in-concert arrangements among the Shareholders above	Shanghai State-owned Assets Operation Co., Ltd is a wholly owned subsidiary of Shanghai International Group Co., Ltd. HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly owned subsidiaries of The Stock Exchange of Hong Kong Limited, holding H Shares and A Shares of the Company for H shares investors and Shanghai Connect investors. Save as disclosed herein, the Company is not aware of any other relations or acting-in-concert arrangements.		
Description on the holders of preferred shares with voting rights restored and their shareholdings	Not applicable		

Note 1: In the above table of top ten shareholders, the number of Shares held by Shanghai SA as at the end of the period merely represents the number of A Shares held by it. Another 152,000,000 H Shares were held by Shanghai SA through HKSCC Nominees Limited as the nominee.

Note 2: HKSCC Nominees Limited is a nominee holder of the Shares owned by the non-registered holders of the H Shares.

Note 3: In the above table of top ten shareholders, the number of Shares held by International Group as at the end of the period merely represents the number of A Shares held by it. Another 124,000,000 H Shares were held by International Group through HKSCC Nominees Limited as the nominee.

Note 4: In the above table of top ten shareholders, the number of Shares held by Shenzhen Investment Holdings as at the end of the period merely represents the number of A Shares held by it. Another 103,373,800 H Shares were held by Shenzhen Investment Holdings through HKSCC Nominees Limited as the nominee.

Note 5: Hong Kong Securities Clearing Company Limited is the nominee of Shanghai Connect investors holding A Shares of the Company.

Note 6: The Shares subject to selling restrictions and the Shareholders subject to selling restrictions as referred to herein are those as defined under the SSE Listing Rules.

Section VI Changes in Ordinary Shares and Particulars about Shareholders

Number of shares held by top ten shareholders with selling restrictions and their selling restrictions

√ Applicable □ Not applicable

Unit: share

No.	Names of shareholders holding shares subject to selling restrictions	Number of shares subject to selling restrictions held	Listing and trading of shares subject to selling restrictions: The date on which shares becoming tradable	Listing and trading of shares subject to selling restrictions: Increase in the number of tradable shares	Listing and trading of shares subject to selling restrictions: Selling restrictions
1	WANG Song	722,000	See notes for details	–	See notes for details
2	JIANG Yiming	650,000	See notes for details	–	See notes for details
3	CHEN Yutao	650,000	See notes for details	–	See notes for details
4	YU Jian	595,000	See notes for details	–	See notes for details
5	ZHANG Zhihong	595,000	See notes for details	–	See notes for details
6	JIANG Wei (江偉)	595,000	See notes for details	–	See notes for details
7	ZHANG Zhiming	595,000	See notes for details	–	See notes for details
8	XIE Lebin	595,000	See notes for details	–	See notes for details
9	LUO Dongyuan	595,000	See notes for details	–	See notes for details
10	ZHAO Hong	595,000	See notes for details	–	See notes for details
11	YU Feng	595,000	See notes for details	–	See notes for details
Description on the relations or acting-in-concert arrangements among the Shareholders above		The Company is not aware of any other relations or acting-in-concert arrangements			

Note: The above Shares subject to selling restrictions represent the Shares granted by the Company to the Incentive Participants due to the implementation of Restricted Share Incentive Scheme of A Shares. Details on listing and trading of shares subject to selling restrictions and selling restrictions are available in the Restricted Share Incentive Scheme of A Shares disclosed in the website of the HKEX (http://www.hkex.com.hk).

1.3. Strategic investors or general legal persons becoming the top 10 Shareholders by placing of new Shares

□ Applicable √ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders

IV. INFORMATION ON CONTROLLING SHAREHOLDERS

(1). Information on Controlling Shareholders

(1). Legal persons

√ Applicable □ Not applicable

Name	Shanghai International Group Co., Ltd.
Person in charge or legal representative	Yu Beihua
Date of establishment	20 April 2000
Principal operations	Principally engaged in the activities of investment, capital operation and asset management in the financial sector and supplemented with non-financial sectors
Equity interests in other domestic and overseas listed controlling and invested companies during the Reporting Period	Holding 29.67% in aggregate as at the end of the Reporting Period of Shanghai Pudong Development Bank Co., Ltd. (600000.SH)
Other matters	Nil

(2). Natural persons

□ Applicable √ Not applicable

(3). Special explanation on the Company not having controlling shareholders

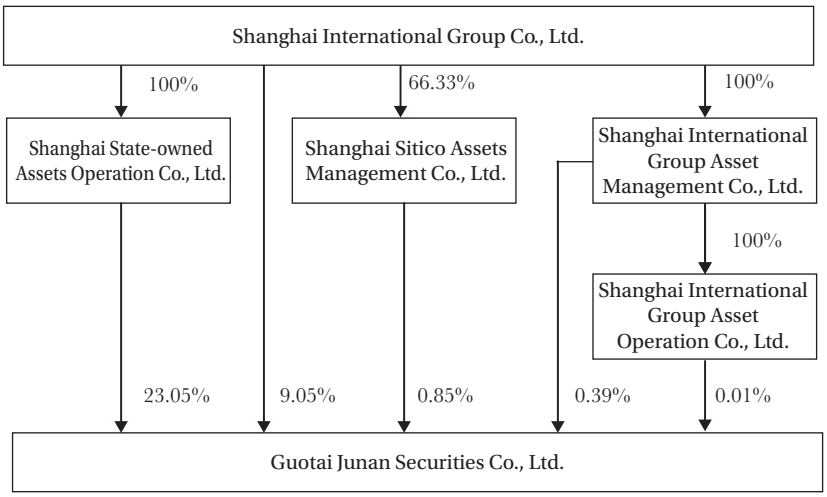
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(5). The chart of the relationship between the Company and the controlling shareholders on the ownership and controlling relationship

√ Applicable ☐ Not applicable



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

☐ Applicable √ Not applicable

(2). Other Information on the Controlling Shareholder

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

VI. MATTERS REGARDING THE RESTRICTION OF REDUCING SHARE

☐ Applicable √ Not applicable

Section VI Changes in Ordinary Shares and Particulars about Shareholders

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

As of 31 December 2020, to the best knowledge of the Company, the following persons have interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are required to be recorded, in the register that is required to be kept by the Company under Section 336 of the SFO or own directly or indirectly 5% or more of the nominal value of any class of the Shares:

Substantial Shareholders	Nature of Interest	Class	Number [Note 1] / Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	682,215,791/ Long positions	9.08	7.66
	Beneficial owner	H Shares	124,000,000/ Long positions	8.91	1.39
	Interest held by controlled corporations	A Shares	2,012,109,666/ Long positions[Note 2]	26.77	22.59
	Interest held by controlled corporations	H Shares	152,000,000/ Long positions[Note 3]	10.92	1.71
Shanghai State-owned Assets Operation Co., Ltd	Beneficial owner	A Shares	1,900,963,748/ Long positions	25.29	21.34
	Beneficial owner	H Shares	152,000,000/ Long positions	10.92	1.71
Shenzhen Investment Holdings Co., Ltd	Beneficial owner	A Shares	609,428,357/ Long positions	8.11	6.84
	Beneficial owner	H Shares	103,373,800/ Long positions	7.43	1.16
New China Asset Management (Hong Kong) Limited	Beneficial owner	H Shares	258,388,000/ Long positions	18.56	2.90
New China Asset Management Company Limited	Interest held by controlled corporations	H Shares	258,388,000/ Long positions[Note 4]	18.56	2.90
New China Life Insurance Company Ltd.	Interest held by controlled corporations	H Shares	258,388,000/ Long positions[Note 4]	18.56	2.90
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14

Substantial Shareholders	Nature of Interest	Class	Number [Note 1] / Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
A9 USD (Feeder) L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Apax IX GP Co. Limited	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Apax IX USD GP L.P.Inc.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Apax IX USD L.P.	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Diamond Holding SARL	Interest held by controlled corporations	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Jacqueline Mary Le Maitre – Ward	Trustee of a trust	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
David Payne Staples	Trustee of a trust	H Shares	190,333,000/ Long positions[Note 5]	13.68	2.14
Newton Industrial Limited	Beneficial owner	H Shares	100,000,000/ Long positions	7.18	1.12
Shenzhen Energy Group Co., Ltd.	Interest held by controlled corporations	H Shares	100,000,000/ Long positions[Note 6]	7.18	1.12

Note 1: Pursuant to Section 336 of the SFO, Shareholders shall submit forms to disclose their interests when certain conditions are met. As Shareholders are not required to inform the Company and the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the latest shareholdings of substantial Shareholders may be inconsistent with the shareholdings reported to the Hong Kong Stock Exchange.

Note 2: As at 31 December 2020, Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai Sitico Assets Management Co., Ltd. were interested in 1,900,963,748, 34,732,152, 931,505 and 75,482,261 A Shares respectively. Shanghai SA, Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are wholly owned subsidiaries of International Group, and Shanghai Sitico Assets Management Co., Ltd. is a subsidiary in which International Group holds a 66.33% interest. Therefore, International Group is deemed to be interested in the 2,012,109,666 A Shares held by Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai Sitico Assets Management Co., Ltd. for the purpose of the SFO.

Note 3: Shanghai SA is a wholly owned subsidiary of International Group. Therefore, International Group is deemed to be interested in the 152,000,000 H Shares held by Shanghai SA for the purpose of the SFO.

Note 4: New China Asset Management Company Limited holds a 60% interest in New China Asset Management (Hong Kong) Limited, and New China Life Insurance Company Ltd. owns a 99.4% interests in New China Asset Management Company Limited. Therefore, New China Life Insurance Company Ltd. and New China Asset Management Company Limited are deemed to be interested in the 258,388,000 H Shares held by New China Asset Management (Hong Kong) Limited for the purpose of the SFO.

Note 5: Diamond Acquisition Co SARL is wholly owned by Diamond Holding SARL. Apax IX USD L.P. is the beneficial owner of 73.8% of the equity interest in Diamond Holding SARL. A9 USD (Feeder) L.P. contributed 44.9% of the capital to Apax IX USD L.P.. Apax IX USD GP L.P. Inc. is the general partner of Apax IX USD L.P. and A9 USD (Feeder) L.P.. Apax IX GP Co. Limited is the general partner of Apax IX USD GP L.P. Inc.. Apax IX GP Co. Limited is wholly owned by Apax Guernsey (Holdco) PCC Limited. The equity interest in Apax Guernsey (Holdco) PCC Limited is held by Jacqueline Mary Le Maitre – Ward and David Payne Staples as trustees of the Hirzel IV Purpose Trust. Accordingly, each of Diamond Holding SARL, Apax IX USD L.P., Apax IX USD GP L.P. Inc., Apax IX GP Co. Limited, Apax Guernsey (Holdco) PCC Limited, A9 USD (Feeder) L.P., Jacqueline Mary Le Maitre – Ward and David Payne Staples are deemed to be interested in the 190,333,000 H Shares held by Diamond Acquisition Co SARL for the purpose of the SFO.

Note 6: Newton Industrial Limited is wholly owned by Shenzhen Energy Group Co., Ltd. Therefore, Shenzhen Energy Group Co., Ltd. is deemed to be interested in 100,000,000 H Shares held by Newton Industrial Limited under the SFO.

Save as disclosed above, as at 31 December 2020, the Company was not aware of any other person (other than the directors, supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

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

As of the end of 2020, details on restricted shares granted to some Directors of the Company due the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

Name	Positions	Nature of Interest	Class	Number/ Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
WANG Song	Vice chairman of the Board, Executive Director, President	Beneficial owner	A Shares	722,000/ Long positions	0.0096	0.0081
YU Jian	Executive Director, Secretary of the Board	Beneficial owner	A Shares	595,000/ Long positions	0.0079	0.0067

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

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

1. Redemption of Perpetual Subordinated Bonds and Corporate Bonds

On 22 January 2015, the Company successfully issued the perpetual subordinated bonds (hereafter as "15 GUOJUN Y1") with a total amount of RMB5 billion and the coupon rate of 6.00%. The Company has an option to redeem the 15 GUOJUN Y1 at the end of the fifth year. On 10 December 2019, the Company decided to exercise its issuers option to redeem the 15 GUOJUN Y1. Such redemption was completed on 22 January 2020. The total principal amount of the 15 GUOJUN Y1 repaid by the Company amounted to RMB5 billion. The 15 GUOJUN Y1 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 22 January 2020.

On 3 April 2015, the Company successfully issued the perpetual subordinated bonds (hereafter as "15 GUOJUN Y2") with a total amount of RMB5 billion and the coupon rate of 5.80%. The Company has an option to redeem the 15 GUOJUN Y2 at the end of the fifth year. On 21 February 2020, the Company decided to exercise its issuers option to redeem the 15 GUOJUN Y2. Such redemption was completed on 3 April 2020. The total principal amount of the 15 GUOJUN Y2 repaid by the Company amounted to RMB5 billion. The 15 GUOJUN Y2 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 3 April 2020.

On 19 November 2015, the Company successfully issued 7-year 2015 Corporate Bonds (First Tranche) (Type II) (hereafter as "15 GUOJUN G2") with a total amount of RMB1 billion and the coupon rate of 3.80%. The Company has an option to redeem the 15 GUOJUN G2 at the end of the fifth year. On 30 September 2020, the Company decided to exercise its issuers option to redeem the 15 GUOJUN G2. Such redemption was completed on 19 November 2020. The total principal amount of the 15 GUOJUN G2 repaid by the Company amounted to RMB1 billion. The 15 GUOJUN G2 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 19 November 2020.

2. Repurchase of A Shares

On 7 June 2020, the Company held the 22nd extraordinary meeting of the fifth session of the Board at which the Proposal on Repurchase of A Shares Through Centralized Bidding Trading (《關於以集中競價交易方式回購A股股份的方案》) was considered and approved. From June to July 2020, the Company repurchased an aggregate of its 88,999,990 A shares through the centralized bidding trading via the trading system of the Shanghai Stock Exchange with the total repurchase amount of RMB1,543,209,446 (inclusive of transaction cost), representing 0.9991% of the total share capital of the Company. The repurchased A Shares will be fully used to implement the restrictive share incentive scheme. The monthly report on the repurchase of A Shares by the Company is as follows:

Month	Number of shares repurchased	Highest transaction price (RMB/share)	Lowest transaction price (RMB/share)	Total amount of funds paid (RMB, inclusive of transaction cost)
June 2020	68,000,000	17.35	16.09	1,123,926,466
July 2020	20,999,990	21.49	17.19	419,282,980

3. Repurchase of Shares by Guotai Junan International

In accordance with the general mandate passed at the general meeting of Guotai Junan International to repurchase shares, from April to June 2020, Guotai Junan International repurchased 20 million shares on the Hong Kong Stock Exchange with a total amount of HK$19,903,454 (including all the expenses), representing 0.21% of the total share capital of Guotai Junan International. The above-mentioned shares have been cancelled. The monthly report on the share repurchase of Guotai Junan International is as follows:

Month	Number of shares repurchased	Highest transaction price (HK$/share)	Lowest transaction price (HK$/share)	Total amount of funds paid (HK$, inclusive of transaction cost)
April 2020	4,313,000	1.05	0.97	4,389,318
May 2020	14,511,000	1.01	0.92	14,297,386
June 2020	1,176,000	0.99	0.94	1,146,550

Save as disclosed in the Announcement, neither the Company nor any of its subsidiaries repurchase, sale or redeem any listed securities of the Company and its subsidiaries.

X. PUBLIC FLOAT

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

1. Before the conversion of the Convertible Corporate Bonds: to be the higher of 11.45% of the total issued share capital of the Company or such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public upon the exercise of the over-allotment option;

2. After the conversion of the Convertible Corporate Bonds: to be the higher of 10.78% of the total issued share capital of the Company or such percentage of H Shares to be held by the public immediately upon the full conversion of the Convertible Corporate Bonds.

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

XI. EQUITY-LINKED AGREEMENTS

Except for the convertible corporate bonds becoming convertible into A Shares in January 2018 as disclosed in this report, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

XII. PRE-EMPTIVE RIGHT ARRANGEMENT

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

Section VII Preferred Shares

□ Applicable √ Not applicable

Section VIII Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

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

√ Applicable □ Not applicable

Unit: share

Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether having received remunerations from the related parties of the Company
HE Qing[Note 1]	Chairman of the Board, Executive Director	Male	49	12 February 2020	Now	–	–	–	–	78.90	No
WANG Song	Vice chairman of the Board, Executive Director, President	Male	57	28 November 2016 19 May 2016 21 August 2015	Now	0	722,000	722,000	Restricted Share Incentive Scheme of A Shares	215.60	No
YU Jian	Executive Director, Secretary of the Board	Male	56	19 May 2016 16 June 2009	Now	0	595,000	595,000	Restricted Share Incentive Scheme of A Shares	465.16	No
LIU Xinyi[Note 2]	Non-executive Director	Male	55	15 June 2020	Now	–	–	–	–	–	Yes
GUAN Wei	Non-executive Director	Female	49	25 July 2019	Now	–	–	–	–	–	Yes
ZHOU Lei	Non-executive Director	Male	42	19 May 2016	Now	–	–	–	–	–	Yes
ZHONG Maojun	Non-executive Director	Male	51	19 May 2016	Now	–	–	–	–	–	Yes
WANG Wenjie	Non-executive Director	Male	51	28 June 2019	Now	–	–	–	–	–	Yes
LIN Facheng	Non-executive Director	Male	44	28 May 2018	Now	–	–	–	–	15.00	Yes
ZHOU Hao	Non-executive Director	Male	50	6 June 2018	Now	–	–	–	–	–	Yes
AN Hongjun	Non-executive Director	Male	45	14 November 2019	Now	–	–	–	–	–	Yes
XIA Dawei	Independent non-executive Director	Male	68	19 May 2016	Now	–	–	–	–	25.00	No
SHI Derong	Independent non-executive Director	Male	72	19 May 2016	Now	–	–	–	–	–	Yes
CHEN Guogang	Independent non-executive Director	Male	61	19 May 2016	Now	–	–	–	–	25.00	Yes
LING Tao	Independent non-executive Director	Male	66	19 May 2016	Now	–	–	–	–	25.00	Yes
JIN Qingjun	Independent non-executive Director	Male	63	19 May 2016	Now	–	–	–	–	25.00	Yes
LEE Conway Kong Wai	Independent non-executive Director	Male	66	11 April 2017	Now	–	–	–	–	25.00	No
LI Zhongning[Note 3]	Chairman of the Supervisory Committee Supervisor	Female	58	16 July 2020 15 June 2020	Now	–	–	–	–	46.58	No

Section VIII Directors, Supervisors, Senior Management and Staff

Name	Title	Gender	Age	Start date of the term	Closing date of the term	Shares held at the beginning of the year	Shares held at end of year	Amount of increase or decrease of shares within the year	Reasons for the changes	Total remuneration before tax received from the Company during the Reporting Period (RMB0' 000)	Whether having received remunerations from the related parties of the Company
WANG Lei	Vice chairman of the Supervisory Committee, Employee representative Supervisor	Male	55	17 June 2019 4 June 2019	Now	–	–	–	–	102.66	No
SHAO Chong	Supervisor	Male	61	19 May 2016	Now	–	–	–	–	15.00	Yes
FENG Xiaodong	Supervisor	Male	54	28 May 2018	Now	–	–	–	–	15.00	Yes
ZUO Zhipeng	Supervisor	Male	51	27 June 2016	Now	–	–	–	–	15.00	Yes
WANG Weijie	Employee representative Supervisor	Male	58	19 May 2016	Now	–	–	–	–	273.76	No
LIU Xuefeng	Employee representative Supervisor	Male	57	19 May 2016	Now	–	–	–	–	270.77	No
JIANG Yiming	Vice president	Male	57	22 November 2013	Now	0	650,000	650,000	Restricted Share Incentive Scheme of A Shares	199.27	No
CHEN Yutao	Vice president	Male	58	28 November 2016	Now	0	650,000	650,000	Restricted Share Incentive Scheme of A Shares	254.76	No
GONG Dexiong	Vice president	Male	51	28 November 2016	Now	0	350,000	350,000	Restricted Share Incentive Scheme of A Shares	250.82	No
ZHANG Zhihong	Chief Compliance Officer	Female	51	19 November 2018	Now	0	595,000	595,000	Restricted Share Incentive Scheme of A Shares	375.76	No
ZHU Jian[Note 4]	Former vice president	Male	49	15 December 2016	31 August 2020	–	–	–	–	146.34	No
XIE Lebin[Note 4]	Former Chief Risk Officer, Chief Financial Officer	Male	53	12 January 2017 30 October 2018	1 September 2020	–	–	–	–	399.72	No
Total	/	/	/	/	/		3,562,000	3,562,000	/	3,265.10	/

Note: 1. On 11 November 2019, the Resolution on the Election of Directors of the Company was considered and approved at the second extraordinary general meeting of 2019 of the Company and HE Qing was elected as a director of the fifth session of Board of the Company and such appointment shall become effective after he obtained the approval on his qualification as a director of a securities company. On 12 February 2020, Mr. HE Qing was qualified as a chairman of the Board of a securities company and his appointment as chairman of the Board and a director of the fifth session of the Board became effective according to the resolution of eighteenth extraordinary meeting of the fifth session of the Board.

2. On 15 June 2020, the Resolution on the Election of Director of the Company was considered and approved at the 2019 Annual General Meeting of the Company and Mr. LIU Xinyi was elected as a Director of the fifth session of Board of the Company.

3. On 15 June 2020, the Resolution on the Election of Supervisor of the Company was considered and approved at the 2019 Annual General Meeting of the Company and Ms. LI Zhongning was elected as a Supervisor of the fifth session of the Supervisory Committee of the Company. On 16 July 2020, the Resolution on Proposing to Consider the Election of the Chairman of the Fifth Session of the Supervisory Committee of the Company was considered and approved at the 5th extraordinary meeting of the fifth session of the Supervisory Committee of the Company and Ms. LI Zhongning was elected as the chairman of the fifth session of the Supervisory Committee of the Company.

4. On 31 August 2020, Mr. ZHU Jian resigned from the position of vice president of the Company due to the change of job; On 1 September 2020, Mr. XIE Lebin resigned from the positions of Chief Risk Officer and Chief Financial Officer of the Company due to the change of position; Mr. WANG Song, the vice chairman of the Board, Executive Director and president, will perform the duties of Chief Risk Officer and Chief Financial Officer until the new Chief Risk Officer and Chief Financial Officer is elected by the Board of the Company.

5. The term of fifth session of the Board and the Supervisory Committee of the Company expired at 19 May 2019. The nomination of candidates for directors and supervisors has not been completed, and the election of the new session of the Board and the Supervisory Committee is still in process. In order to ensure the continuity of the work of the Board and the Supervisory Committee, the election of the fifth session of the Board and the Supervisory Committee will be postponed, and the term of the special committees of the Board and the term of the senior management will be extended accordingly. Before the completion of the election process, all members of the fifth session of the Board, the Supervisory Committee and the senior management of the Company will continue to perform their respective corresponding obligations and duties in accordance with relevant laws, regulations and the articles of association of the Company.

6. The start date of the term of both directors and supervisors in the table was the start date of the term of directors and supervisors of the fifth session of the Board and the Supervisory Committee of the Company, among which the start date of the first term of the re-elected directors and supervisors was as follows: 8 September 2015 for Mr. WANG Song; 1 June 2015 for Mr. ZHOU Lei; 1 June 2015 for Mr. ZHONG Maojun; 6 January 2013 for Mr. SHI Derong; 4 January 2013 for Mr. CHEN Guogang; 9 March 2015 for Mr. LING Tao; 6 January 2013 for Mr. JIN Qingjun; 15 February 2008 for Mr. SHAO Chong; 4 January 2013 for Mr. WANG Weijie; 27 December 2012 for Mr. LIU Xuefeng, respectively.

7. On 12 August 2020, "the Resolution on Proposing to Consider of Restricted Share Incentive Scheme of A Shares of the Company and its Summary" was considered and approved at the 2020 first extraordinary general meeting of the Company. The Company completed the registration for the First Grant of the Restricted A Shares on 2 November 2020.

8. In accordance with the provisions of the Regulations on Supervision and Administration of Securities Companies, the remuneration structure and level for the Chairman and the chairman and vice chairman of the Supervisory Committee shall be determined in accordance with Opinions on Deepening the Remuneration System Reform of Senior Management of the State-owned Enterprises in Shanghai and the relevant requirements of the competent authorities at the higher level since 1 January 2015. Payment for 40% of the annual performance-based bonus of the full-time professional managers, the secretary to the Board and senior management of the Company shall be deferred for a period of three years. The deferred payment of remuneration shall be divided equally. Among which, the remuneration structure and level for the president and vice president of the Company shall be determined in accordance with the Implementation Plan on the Remuneration System Reform of the Professional Managers as approved by the competent authorities at the higher level since 1 January 2017.

9. The statistical caliber for the remuneration of the directors, supervisors and senior management during the Reporting Period is based on the remuneration received from their offices of directors, supervisors and senior management, excluding the remuneration received from other positions.

10. The statistical caliber for the number of shares of the Company hold by directors, supervisors and senior management at the beginning and end of the year is the number of shares which they hold during their term of position.

11. According to the Resolution on Proposing to Review the Remuneration for Director of the Fifth Session of the Board and Supervisors of the Fifth Session of the Supervisory Committee reviewed and passed on the annual general meeting for the year 2015, each of the independent Directors receives a remuneration of RMB250,000 each year before tax; each of the Directors nominated by the Shareholders and Supervisors nominated by the Shareholders is entitled to a remuneration of RMB150,000 each year before tax. The directors and the supervisors elected by the employees who hold other positions in the Company will not receive any other payment as the Directors and Supervisors in addition to the remunerations they receive from the Company. During the year, Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHOU Lei, Mr. ZHONG Maojun, Mr. WANG Wenjie, Mr. ZHOU Hao and Mr. AN Hongjun, being non-executive directors, and Mr. SHI Derong, being an independent non-executive director of the Company, have waived their remuneration.

Name	Major working experience
HE Qing	Master of Business Administration and an economist. Mr. HE successively served as a manager of corporate financing department of the Shanghai Branch of Chase Manhattan Bank and various positions in Bank of Shanghai (a listed company on the Shanghai Stock Exchange with stock code of 601229), including a manager of international business department and assistant to the president of the Pudong Branch, the general manager of international business department, the general manager of corporate financing department, an assistant to the president, a vice president, the chairman of Shanghai Minhang BOS Rural Bank (上海閔行上銀村鎮銀行股份有限公司) and a director of BOSC Asset Management Co., Ltd. (上銀基金管理有限公司). He also held the positions of a vice president, executive director and president of China Pacific Insurance (Group) Co., Ltd. (a listed company on the Shanghai Stock Exchange with stock code of 601601 and a listed company the Stock Exchange of Hong Kong Limited with stock code of 2601), a director of the China Pacific Property Insurance Co., Ltd., a director of the China Pacific Life Insurance Co., Ltd. and a director of Pacific Property Asset Management Co., Ltd. Before that, Mr. HE Qing also worked in the Shanghai Branch of Industrial and Commercial Bank of China Limited. Mr. HE joined in our Company in September 2019 and was appointed as the Chairman of the Board and Executive Director of the Company on February 2020.
WANG Song	A postgraduate in industrial management engineering. Mr. WANG worked as a trainee in the headquarters, a clerk in the Yunxi branch under the Yue Yang central branch, and an officer in the investment and management department of the headquarters of the China Construction Bank successively from July 1987 to October 1992; the deputy head of the Beijing office of Guotai Securities from October 1992 to March 1994; deputy general manager of the issuance department and the general manager of bond department of Guotai Securities from March 1994 to August 1999; the general manager of the first bond business department, and the general manager and the president of the head office of the fixed income securities department of the Company from August 1999 to October 2003; president assistant and the president of the fixed income securities head office of the Company from October 2003 to August 2006; the vice president of the Company from August 2006 to August 2015; the president of the Company from August 2015 to September 2015; the vice chairman of the Board, an executive director and the president from September 2015 to May 2016; an executive director and the president of the Company from May 2016 to November 2016. Mr. WANG has held the positions of the vice chairman of the Board, an executive director and the president of the Company since November 2016.

Name	Major working experience
YU Jian	Master of Business Administration. Mr. YU served as the project head of the science department of the research institution under the Ministry of Aerospace from July 1986 to March 1993; the deputy manager of the securities issuance department, the manager of the first issuance division of the securities issuance department, and the deputy general manager of the securities issuance department of Guotai Securities from December 1993 to August 1999; the deputy general manager of the investment banking department of the Company from August 1999 to September 2000; the deputy division head, division head and the general manager of the corporate finance department of the Company from September 2000 to May 2008; and the head of the listing office of the Company from May 2008 to June 2009. Mr. YU has been appointed as the secretary to the Board since June 2009, the head of the office of the Board since January 2016 and the executive director of the Company since May 2016.
LIU Xinyi	A bachelor of management engineering, postgraduate in technical economics and master of engineering from Tongji University, a doctor of business administration from Shanghai Advanced Institute of Finance (SAIF-ASU) of Shanghai Jiao Tong University, and a senior economist. Mr. Liu is currently a deputy secretary of CPC Committee, a director and president of Shanghai International Group Co., Ltd. (上海國際集團有限公司), and since 1993, he joined Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), the shares of which are listed on The Shanghai Stock Exchange with the stock code of 600000, and consecutively served as deputy director of Airport Office, vice president of Airport Branch (executive), and deputy general manager of Shanghai Regional Headquarters, head of financial institutions division of Shanghai Financial Services Office (上海金融服務辦公室) (temporary), assistant director of Shanghai Financial Services Office (temporary), vice president and general manager of Shanghai Regional Headquarters, and president of Shanghai Branch of Shanghai Pudong Development Bank Co., Ltd., vice president and chief financial officer, and chief risk officer of Shanghai Pudong Development Bank Co., Ltd., and president of First Sino Bank. From February 2014, he served as president, director and deputy secretary of the CPC Committee of Shanghai Guosheng Group Company Limited (上海國盛(集團)有限公司). From April 2015, he served as president, vice chairman and deputy secretary of CPC Committee of Shanghai Pudong Development Bank Co., Ltd, and chairman of SPD Silicon Valley Bank.

Name	Major working experience
GUAN Wei	Formerly Ms. GUAN Zhaohui, master in management, and is a senior accountant. From July 1993 to July 2003, Ms. GUAN served in the financial management department of Shanghai Jiushi Company (上海久事公司). From July 2003 to March 2004, she served as assistant manager of the financial management department of Shanghai Shentong Group Co., Ltd. (上海申通集團有限公司). From March 2004 to August 2014, she served successively as deputy manager, manager of the financial management department, member of the disciplinary committee, manager of the audit and supervision department, and supervisor of Shanghai Jiushi Company. From August 2014 to August 2015, she served as general manager and party branch secretary of Shanghai Metropolitan Tourism Card Development Co., Ltd. (上海都市旅遊卡發展有限公司). From August 2015 to December 2018, she served as the chief financial officer of Shanghai Real Estate (Group) Co., Ltd. (上海地產(集團)有限公司). Since December 2018, she has served as the chief financial officer of International Group. Since September 2019, she has served as the vice president of International Group. Since July 2019, she has served as a director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a listed company on The Shanghai Stock Exchange (stock code: 600000).
ZHOU Lei	Master of Business Administration. Mr. ZHOU worked as the project manager and the manager of the financing arrangement department of International Group Asset Operation from December 2003 to December 2008; the general manager and the vice president of project development of the financing arrangement headquarters of International Group Asset Management from December 2008 to August 2010; the deputy general manager and the head of risk compliance of Shanghai Aijian Trust Investment Co., Ltd. (上海愛建信託投資有限責任公司) from August 2010 to December 2011; the general manager of Shanghai Aijian Trust Co., Ltd. (上海愛建信託有限責任公司) from December 2011 to March 2015; a director of Shanghai Aijian Trust Co., Ltd from November 2013 to March 2015; the deputy general manager of Shanghai SA from March 2015 to January 2016; as the general manager and the vice chairman of Shanghai SA from January 2016 to May 2017, as the chairman of Shanghai SA since May 2017 and as the chief investment officer of International Group since December 2018 and as the vice president of International Group since September 2019.

Name	Major working experience
ZHONG Maojun	Master of Laws. Mr. ZHONG served as the general manager's assistant of the investment banking department and the deputy head of the reorganization office of Orient Securities Co., Ltd. (東方證券有限責任公司) from December 2000 to January 2003. Mr. ZHONG then held several positions in Shanghai Municipal Financial Service Office from January 2003 to January 2015, including the deputy head of the financial institution division, the deputy head of the financial stabilization division (in charge of execution), the head of the financial stabilization division, the head of the financial institution service division and the director of municipal financial state-owned assets supervisory service division. Mr. ZHONG subsequently served as chief operating officer and the general manager of the strategic research department of International Group from January 2015 to May 2016, and the general manager of the capital operation department of International Group from May 2016 to August 2017, and a director and the chief operating officer of International Group since May 2016, and the chairman of the supervisory committee of Shanghai SA since April 2020.
WANG Wenjie	Bachelor in economics, and a senior economist. From July 1991 to July 1994, Mr. WANG served as a clerk of the investment department of Guangzhou Planning Commission. From July 1994 to February 2001, he served as an economist and business manager of the investment development department of Shenzhen Investment Management Company (深圳市投資管理公司). From February 2001 to September 2002, he served as the chief executive officer and deputy general manager of Shenzhen Shentou Technology Venture Capital Co., Ltd. (深圳市深投科技創業投資有限公司). From September 2002 to January 2005, he served as the deputy general manager of Shenzhen Lvpeng Agricultural Industry Co., Ltd. (深圳市綠鵬農科產業股份有限公司). From January 2005 to June 2007, he served as the deputy director of the general manager 's office of Shenzhen Gas Group Co., Ltd. (深圳市燃氣集團有限公司). During such employment, he also served as the deputy general manager of Shenzhen Gas Investment Co., Ltd. (深圳市燃氣投資有限公司) and the general manager of Jiujiang Tongda Natural Gas Co., Ltd. (九江市通達天然氣有限公司). From June 2007 to March 2009, he served as the deputy general manager of Shenzhen Gas Investment Co., Ltd. During such employment, he also served as the general manager of Jiujiang Shenran Company (九江深燃公司). From March 2009 to May 2018, he worked in Shenzhen Gas Group Co., Ltd. (深圳市燃氣集團股份有限公司), and served successively as the head of the human resources department, general manager of the human resources department, deputy general manager, director and general manager. During such employment, he also served as the chairman of Tai'an Shenran Company (泰安深燃公司), the chairman of Wuzhou Shenran Company (梧州深燃公司) and the executive director of Zhaoqing Shenran Company (肇慶深燃公司). Since May 2018, he has served as director and general manager of Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司).

Name	Major working experience
LIN Facheng	Master of Economics and a senior auditor. From July 1997 to May 2013, Mr. Lin served at the Audit Bureau of Shenzhen (深圳市審計局), where he was previously a clerk of the commercial audit division, a deputy director clerk of the audit division II under the Special Auditing Bureau for Economic Responsibility, a director clerk of the financial audit division and a deputy director of the fiscal audit division. From May 2013 to September 2017, he was a director and chief financial officer of Shenzhen Urban Construction and Development (Group) Co., Ltd. (深圳市城市建設開發(集團)有限公司). He has served as the head of the auditing department of Shenzhen Investment Holdings Co., Ltd. (深圳市投資控股有限公司) from September 2017 to February 2021, and deputy general manager of Shenzhen Smart City Technology Development Group Co., Ltd. since January 2021.
ZHOU Hao	Master of Business Administration. Mr. Zhou was the secretary to the youth league general branch directly under Shanghai Zhuzong (Group) Corporation (上海住總(集團)總公司) from September 1989 to August 1995, a deputy director of office of Shanghai New Jiangwan Development Co., Ltd. (上海市新江灣城開發有限公司) from August 1995 to October 2002, a senior manager of the administrative and human resources department of Shanghai Chengtou Corporation (上海市城市建設投資開發總公司) from October 2002 to October 2003, a director for construction of the New Jiangwan City in Shanghai from October 2003 to February 2006, the general manager of the administrative and human resources department of Shanghai Chengtou Corporation from February 2006 to August 2008, the secretary to the Discipline Inspection Commission and a vice president of Shanghai Chengtou Holding Co., Ltd (上海城投控股股份有限公司) from August 2008 to October 2012 and the secretary to the Discipline Inspection Commission of Shanghai Municipal Investment (Group) Corporation (上海城投(集團)有限公司) from October 2012 to October 2017. He has served as a vice president of Shanghai Municipal Investment (Group) Corporation since October 2017.
AN Hongjun	Doctor of economics. Mr. AN joined New China Asset Management Co., Ltd. (新華資產管理股份有限公司) in May 2010 and successively served as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) since April 2013. He has also been an executive director and president of New China Capital Management Limited (新華資本管理有限公司) since September 2015. He has been a non-executive director of China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a listed company on The Stock Exchange of Hong Kong Limited with stock code of 0817, since November 2015. Prior to joining New China Asset Management Co., Ltd., Mr. AN had held various positions, including project manager, macro researcher and senior analyst, in Northeast Securities Co., Ltd (東北證券股份有限公司), the People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) and China Life Franklin Asset Management Company Limited (中國人壽富蘭克林資產管理有限公司). Mr. An has intensive experiences in securities, insurance and investment sectors.

Name	Major working experience
XIA Dawei	Economics Master, professor, doctor-supervisor. Mr. XIA has previously worked as a teacher, the chancellor assistant and the vice chancellor of Shanghai University of Finance and Economics (上海財經大學) from July 1985 to August 2000 and then served as the dean of Shanghai National Accounting Institute from September 2000 to August 2012. Mr. XIA had successively held positions including a professor, a doctoral tutor and the academic committee director of Shanghai National Accounting Institute since August 2012. Mr. XIA successively held the positions of the deputy chairman of the Chinese Industrial Economic Association (中國工業經濟學會), the consultant of China Accounting Standards Committee of the Ministry of Finance (財政部會計準則委員會), vice chairman of Accounting Society of China, the vice chairman of China Association of Chief Financial Officers, the chairman of Shanghai Accounting Association, the honorary professor of the Chinese University of Hong Kong, the part-time professor of the School of Management of Fudan University and a member of the listed company expert committee of the Shanghai Stock Exchange and enjoys the government allowance of the State Council. Mr. XIA has been serving as an independent non-executive director of various listed companies, including Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0980) since September 2004, and Juneyao Airlines Co., Ltd (上海吉祥航空股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603885) since July 2017, and an independent director of Yango Group Co., Ltd (陽光城集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000671) since November 2020. Mr. XIA has been the external supervisor of the Industrial Bank Co. Ltd. (興業銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601166) since May 2016.
SHI Derong	Engineering Doctor. Mr. SHI has previously held the positions of the secretary of the Communist Youth League branch of Central Hospital of Luwan District of Shanghai (上海盧灣區中心醫院) from October 1974 to August 1982; the deputy youth league secretary of the youth league committee of Luwan District, Shanghai from August 1982 to July 1983; the office director of Luwan District of Shanghai General Trade Union (上海總工會) from July 1983 to June 1984; head of the organization department of the party committee of Luwan District, Shanghai from June 1984 to June 1986; the deputy secretary of the party committee of Luwan District, Shanghai from June 1986 to March 1992; the deputy chief and the deputy secretary of the party committee of Shanghai Civil Affairs Bureau from March 1992 to November 1995; the chief and secretary of the party committee of Shanghai Civil Affairs Bureau from November 1995 to April 2003; the president and the secretary of the party committee of Shanghai Shengrong Investment Co., Ltd. (上海盛融投資有限公司) from April 2003 to October 2009; and concurrently as the chairman of Shanghai Building Materials (Group) Corporation (上海建材(集團)有限公司) from December 2003 to October 2009; the chairman and the secretary of the party committee of Shanghai Guosheng Group Ltd. (上海國盛(集團)有限公司) from July 2007 to May 2012. Mr. SHI has been the director and the chief investment officer of CDB Root-Well Industrial Investment Fund Management Co., Ltd. (國開熔華產業投資基金管理有限責任公司) since June 2013.

Name	Major working experience
CHEN Guogang	Economics Doctor and senior accountant. Mr. CHEN was an assistant professor at Xiamen University (廈門大學) from July 1984 to March 1985, and served as the deputy chief financial officer of Hong Kong Hino Co., Ltd. (香港鑫隆有限公司) from July 1988 to July 1991; as the finance manager of the U.S. agrichemical subsidiary of China National Chemicals Import & Export Corporation (中國化工進出口總公司) from July 1991 to March 1994; the general manager of the petroleum accounting department of China National Chemicals Import & Export Corporation from March 1994 to January 1995; the vice chief of the finance department of China National Chemicals Import & Export Corporation from January 1995 to May 1997; the vice president of China International United Petroleum and Chemicals Co., Ltd. (中國國際石油化工聯合公司) from May 1997 to February 1999; the deputy chief accountant of China National Chemicals Import & Export Corporation from February 1999 to June 1999; the general manager of the finance department of China National Chemicals Import & Export Corporation from June 1999 to December 2000; and the chief accountant of Sinochem Group (中國中化集團公司) from December 2000 to April 2010 and successively as the chief financial officer and the vice president and chief financial officer of New China Life Insurance Co., Ltd. (新華人壽保險股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601336) and the Hong Kong Stock Exchange (stock code: 1336), from April 2010 to May 2015. He has served as the vice-president of China Minsheng Investment Co. Ltd. from May 2015 to August 2018. He has served as the Chief Executive Officer of Shenzhen Qianhai Financial Assets Exchange Co., Ltd. since September 2018. Mr. Chen has served as an independent non-executive director of China Dongxiang (Group) Co., Ltd. (中國動向(集團)有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3818), since June 2016.
LING Tao	(formerly Ling Yaoguang) Economics Doctor. Mr. LING held various positions such as the deputy institute head at the Research Bureau of The People's Bank of China from April 1989 to May 2000 and worked as the chief of Ningbo Central Branch of The People's Bank of China from June 2000 to July 2001; the deputy chief of Shanghai Branch of The People's Bank of China from August 2001 to December 2003; and the director of the Anti-Money Laundering Bureau of The People's Bank of China from December 2003 to July 2005. Mr. LING held various positions such as the deputy chief at the Shanghai Headquarters of The People's Bank of China from July 2005 to June 2014, and the deputy head of the preparation group of Shanghai HuaRui Bank Co., Ltd. (上海華瑞銀行股份有限公司) from June 2014 to January 2015. Mr. Ling has also been the chairman of Shanghai HuaRui Bank Co., Ltd. from January 2015 to January 2018, and the vice chairman of Shanghai June Yao Group Co., Ltd. (上海均瑤(集團)有限公司) from June 2018 to January 2021.

Name	Major working experience
JIN Qingjun	Master of Laws. Mr. JIN previously worked as a lawyer in Zhongxin Law Firm (中信律師事務所) from April 1989 to October 1993; and partner of Xinda Law Firm (信達律師事務所) from October 1993 to August 2002. Mr. JIN has also been serving as senior partner of King & Wood Mallesons since September 2002. Mr. JIN has been serving as an independent non-executive director of Times Property Holdings Limited (香港時代地產控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1233), since October 2015; an independent non-executive director of Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3377), since March 2016; an independent non-executive director of Bank of Tianjin Co., Ltd. (天津銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1578), since March 2017; an independent non-executive director of Zhong Fa Zhan Holdings Limited (中發展控股有限公司),a company listed on Hong Kong Stock Exchange (stock code: 0475), since October 2017; an independent director of Shenzhen Cheng Chung Design Co., Ltd. (深圳市鄭中設計股份有限公司), a company listed on Shenzhen Stock Exchange(stock code: 002811), since September 2018; a director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (深圳市京基智農時代股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000048), since September 2018; and an independent non-executive director of Goldstream Investment Limited (金湧投資有限公司), a company listed on Hong Kong Stock Exchange (stock code: 1328), since December 2019.
LEE Conway Kong Wai	A postgraduate for Master degree. Mr. LEE served as a partner of Ernst & Young from September 1980 to September 2009. Currently, Mr. LEE has been an independent non-executive director of several companies listed on the Hong Kong Stock Exchange, including Chaowei Power Holdings Limited (stock code: 0951) since June 2010, West China Cement Limited (stock code: 2233) since July 2010, China Modern Dairy Holdings Limited (stock code: 1117) since October 2010, Gome Electrical Appliances Holdings Limited (stock code: 0493) since March 2011, NVC Lighting Holding Limited (stock code: 2222) since November 2012, Yashili International Holdings Limited (stock code: 1230) since November 2013, GCL New Energy Holdings Limited (stock code: 0451) since May 2014, WH Group Limited (stock code: 0288) since August 2014. Mr. LI served as an independent non-executive director of Tibet 5100 Water Resources Holdings Ltd. (stock code: 1115) from March 2011 to February 2020, and an independent non-executive director of China Rundong Auto Group Limited (stock code: 1365) from August 2014 to December 2020. Mr. Lee has been appointed as a member of the Chinese People's Political Consultative Conference of Hunan Province in China from 2007 to 2017. Mr. LEE has been a member of several institutes of certified accountants, including the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Macau Society of Registered Accountants.

Name	Major working experience
LI Zhongning	Master in business administration and a senior economist. From October 1980 to April 1984, Ms. LI served as the head of claims and the general manager's assistant of insurance section of Shanghai Xuhui Office of the People's Bank of China; from April 1984 to December 1996, Ms. LI successively served as general manager's assistant and deputy general manager of Shanghai Xuhui Office and deputy general manager of Shanghai Xuhui Branch of The People's Insurance Company of China (中國人民保險公司); from December 1996 to July 1999, Ms. LI successively served as deputy general manager of Shanghai Shinan Branch and director of accounting and finance department of Shanghai Branch of China Life Insurance Company Limited (中保人壽保險有限公司); from July 1999 to August 2004, Ms. Li successively served as general manager of accounting and finance department of Shanghai Branch of China Life Insurance Company (中國人壽保險公司), member of the CPC committee and deputy general manager of Shanghai Branch of China Life Insurance Company Limited (中國人壽保險股份有限公司), the shares of which are listed on The New York Stock Exchange (Stock Code: LFC) and the Hong Kong Stock Exchange (Stock Code: 2628), and The Shanghai Stock Exchange (Stock Code: 601628) respectively. Ms. LI has held the position of secretary of CPC committee, chairman of the board and general manager of Shanghai Anxin Agricultural Insurance Co., Ltd. (上海安信農業保險股份有限公司) from September 2004 to December 2014, deputy secretary of the CPC committee of Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司) from December 2014 to March 2020, and deputy chairman of the board from November 2015 to March 2020. Ms. LI has been working in the Company since March 2020, and has been serving as an Supervisor of the Company since June 2020 and the Chairman of the Supervisory Committee since July 2020.
WANG Lei	Doctor of law and a senior political scientist. Mr. Wang worked at Party School of CPC Jiangsu Committee and Jiangsu Administration Institute from July 1992 to July 1999; worked at General Office of the People's Government of Shanghai Municipality from July 1999 to August 2004; worked at General Office of Shanghai Municipal Committee of the Chinese people's Political Consultative Conference from August 2004 to November 2007. He successively served as deputy general manager, deputy secretary of the party committee, chairman of the trade union, secretary of the disciplinary inspection committee of Shanghai Hengshan (Group) Corporation (上海市衡山(集團)公司) from November 2007 to August 2015. He served successively as a member of the party committee, secretary of the disciplinary inspection committee and vice chairman of the supervisory committee of Bailian (Group) Co., Ltd. from August 2015 to November 2018. Mr. Wang has been serving as a member of the party committee of the Company since November 2018; and served as secretary of the discipline inspection commission of the Company from November 2018 to July 2019, has been serving employee representative supervisor and vice chairman of the supervisory committee of the Company since June 2019; director of discipline and supervision group of the Company assigned by Discipline Inspection and Supervision Committee of Shanghai since July 2019.

Name	Major working experience
SHAO Chong	Doctor of economics and a senior economist. Mr. SHAO worked as a cadre and then the deputy director of the Social and Economic Research Department of National Bureau of Statistics Research Institute from August 1989 to December 1992 and the deputy director of the preparatory office of Shenzhen Energy Corporation Shenzhen Energy Investment Co., Ltd. (深圳市能源總公司深圳能源投資股份有限公司) from January 1993 to June 1993, and held various positions consecutively in Shenzhen Energy Investment Co., Ltd. (深圳能源投資股份有限公司) including the secretary to board of directors, general manager assistant, deputy general manager, director and deputy general manager, director and executive deputy general manager, director and chief economist from June 1993 to January 2008. He served as the deputy director of the preparatory office of Binhai Power Plant Construction Office (濱海電廠籌建辦公室) of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司) between January 2008 and August 2008 and the director and the deputy general manager of CNOOC Shenzhen Natural Gas Co., Ltd. (中海石油深圳天然氣有限公司) from August 2008 and January 2015. Mr. SHAO has been serving as the vice chairman of Great Wall Securities Co., Ltd. (長城證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002939) from April 2008 to October 2020 and the secretary of the board of Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000027) from January 2015 to June 2020.
FENG Xiaodong	Doctor of Management and a senior economist. From July 1988 to December 2000, Mr. Feng subsequently served as the workers' supervisor and a deputy division head of workers' division in labour department, and the business head and division head of personnel management division in human resources department of China FAW Group Corporation (一汽集團公司). From December 2000 to July 2002, he served as the department head of personnel department in FAW Foundry Co., Ltd. (一汽鑄造有限公司). From July 2002 to September 2017, he subsequently served as the deputy department head of human resources department, deputy department head of organizational and personnel department, head of the audit department and the head of the supervisory committee's office in China FAW Group Corporation. From August 2016 to March 2020, he serves as an external director of FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司). From October 2017 to present, he served as the supervisor of Guosen Securities Co., Limited (a company listed on the Shenzhen Stock Exchange, stock code: 002736). From September 2017 to April 2019, he served as the head of the audit and compliance department and head of the supervisory committee's office of China FAW Group Co., Ltd. (中國第一汽車集團有限公司). From May 2019 to December 2019, he served as the general legal advisor and the head of the audit and compliance department of China FAW Group Co., Ltd. (中國第一汽車集團有限公司). From December 2019 to January 2021, he served as the general legal advisor and the general manager of the audit and compliance department of China FAW Group Co., Ltd. (中國第一汽車集團有限公司). From March 2020 to present, he served as chairman of the supervisory committee of FAW Jiefang Group Co., Ltd (一汽解放集團股份有限公司), and since January 2021, served as the general manager of Faw Asset Management Co., Ltd. (一汽資產經營管理公司).

Name	Major working experience
ZUO Zhipeng	(formerly ZUO Fanxiu) Master of business administration and a senior accountant. Mr. ZUO served as a a clerk of the finance division of Anqing Textile Factory (安慶紡織廠) from July 1989 to July 1994; and an assistant of the finance division head of AnHui HuaMao Textile Co., Ltd. (安徽華貿紡織有限公司) from July 1994 to July 1999. Mr. ZUO then has held various positions in AnHui HuaMao Textile Company Limited (安徽華貿紡織股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000850), including director, chief of the finance division, deputy general manager, board secretary and chief financial officer, and concurrently served as a director in many of its subsidiaries since July 1999. Mr. ZUO has been serving as the director and general manager of AnHui HuaMao Textile Company Limited since April 2016 and a director of Anhui HuaMao Group Co., Ltd. (安徽華貿集團有限公司) since March 2007.
WANG Weijie	Master of economics and a senior political scientist. Mr. WANG has previously worked as the chief accountant of the financial department of Shenzhen Cigarette Factory (深圳捲煙廠) from February 1993 to December 1993, an accountant in the listing company department of Shenzhen Jinpeng Accounting Firm (深圳市金鵬會計師事務所) from December 1993 to March 1994, worked in the finance department of Junan Securities from March 1994 to November 1994; worked as the general manager of the financial department of Shandong Province Securities Company (山東省證券公司) from November 1994 to January 1996; and successively served as the deputy director of the auditing office, the deputy general manager of capital planning department, the general manager of Changsha sales department, and the general manager of the finance department of Junan Securities from January 1996 to August 1999. Mr. WANG held various positions in the Company from August 1999, including the assistant general manager and manager of the planning and finance headquarters of our Shenzhen Branch, the general manager of planning and finance headquarters, the executive chairman of the assets and liabilities management committee and team leader of the subsidiary management team, the head of the Supervisory Committee office. He has been serving as the head of discipline inspection and the supervision office from November 2011 to December 2019; the deputy secretary of the discipline inspection commission from February 2016 to December 2019; and deputy director of discipline and supervision group of the Company assigned by Discipline Inspection and Supervision Committee of Shanghai since December 2019.

Name	Major working experience
LIU Xuefeng	Master of business administration. Mr. LIU worked as an officer of the competent financial office and an accountant of the financial division successively at Northern China Nonferrous Metals Group of Anyang Geophysical Division (華北有色公司安陽物探大隊) from July 1987 to March 1991, the officer and then deputy section head (managerial work) at the finance office of Shijiazhuang Iron and Steel Co., Ltd. (石家莊鋼鐵有限公司) from March 1991 to March 1997, a finance manager at Shijiazhuang sales department of Junan Securities from March 1997 to August 1999, and held various positions in the Company, including the assistant general manager of securities sales department and finance manager and deputy general manager of finance department of Shijiazhuang Jianhua South Street Branch, deputy general manager (in charge of work) of Hebei operation and the sales headquarter and the deputy general manager and general manager of the planning and the finance headquarter since August 1999. Mr. LIU served as the general manager of investigation and audit department of the Company from February 2012 to May 2019. Mr. LIU is serving as the standing deputy director of the inspection commission of the Company from May 2019 to July 2020, and the deputy director of the inspection commission of the Company since July 2020.
JIANG Yiming	Doctor of management. Mr. JIANG worked as the accountant of the accounting office of Nanjing College of Pharmacy (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) from July 1981 to September 1987 and the financial manager for Shenzhen Yu Kang Solar Co., Ltd. (深圳宇康太陽能有限公司) from July 1990 to May 1993, and then held various positions in Junan Securities from May 1993 to August 1999, including the deputy manager and then the manager of the financial department, the deputy general manager of securities brokerage business department, the deputy general manager and then the general manager of fund planning department and the chief financial officer. Mr. JIANG held various positions in the Company since August 1999, including the deputy general manager, the chief accountant, the general manager of the clearance headquarters and the chief financial officer of our Shenzhen Branch. Mr. JIANG has been serving as the vice president of the Company since November 2013.
CHEN Yutao	Master of economics. Mr. CHEN served as deputy dean of the management department of Shandong Textile Institute of Technology (山東紡織工學院) from August 1990 to July 1991, a lecturer in industrial economics department of Shanghai University of Finance and Economics (上海財經大學) from July 1991 to August 1992, the manager of the department of Shanghai business of Shenzhen Special Economic Zone Securities Company (深圳經濟特區證券公司) from August 1992 to July 1993, and a clerk of the research department and the deputy general manager of the computer department of Guotai Securities from July 1993 to August 1999. Mr. CHEN held various positions in the Company since August 1999, including the general manager of information technology headquarters, the general manager of our Shenzhen Branch, the general manager of retail customer headquarter, the general manager of human resources headquarter and the chief engineer. He served as the chief information officer of the Company from November 2013 to May 2018 and has been serving as our vice president since November 2016.

Name	Major working experience
GONG Dexiong	Master of business administration. Mr. GONG worked at the Pudong operating office of the securities department of Shanghai Trust from October 1992 to January 1995. Mr. GONG served successively as the deputy head of the Pudong operating office at the securities department, the section chief of the investment research section at the securities department, and the deputy manager of the securities department of Shanghai Trust from January 1995 to February 2001; the deputy general manager of Shanghai Securities from February 2001 to November 2011; the chairman of Hicend Futures concurrently from July 2008 to November 2011; the general manager of the financial management headquarters of International Group from November 2011 to March 2013; the general manager of Shanghai Securities from March 2013 to September 2015, the vice chairman of Shanghai Securities from May 2014 to November 2015, and the chief executive officer of Guotai Junan Asset Management from August 2015 to April 2016. Mr. GONG has been serving as the chairman of Guotai Junan Asset Management from August 2015 to April 2020, and the chairman of Shanghai Securities from May 2016 to June 2018; he also been serving as the chairman of Guotai Junan Innovation Investment Co., Ltd. from August 2017 to April 2020, the general manager and the Chairman of the executive board of Guotai Junan Innovation Investment Co., Ltd. from January 2019 to April 2020, and the Vice president of the Company since November 2016.
ZHANG Zhihong	Doctor of economics and a senior economist. Ms. ZHANG began to work in August 1991. She joined the Shanghai Securities Management Office in March 1994. From May 2000 to August 2004, she served successively as the deputy director of the party committee (discipline inspection) office of the Shanghai Securities Management Office and deputy director of the agency department. From August 2004 to March 2008, she served successively as the director of the agency supervision department, director of the agency supervision department I, and director of the listed companies' supervision department I of the Shanghai Bureau of the CSRC. From March 2008 to October 2011, she served successively as a member of the party committee, secretary of the discipline inspection commission, chief compliance officer, deputy general manager of Great Wall Securities Co., Ltd. From October 2011 to December 2016, she served as the president assistant and vice president of the Investment Banking Business Committee of the Company. From December 2016 to October 2018, she served as the business director and vice president of the Investment Banking Business Committee of the Company, and since November 2018, she served as the Chief Compliance Officer of the Company.

Other Information

□ Applicable √ Not applicable

2. Share awards granted to the Directors and senior management members during the Reporting Period

√ Applicable □ Not applicable

Details of the restricted shares granted to certain directors and senior management members of the Company under the Restricted Incentive Scheme of A Shares are as follows:

Unit: share

Name	Position	Number of restricted shares held at the beginning of the year	Number of new restricted shares granted during the Reporting Period	Grant price of restricted shares (RMB)	Shares unlocked	Shares locked	Number of restricted shares held at the end of the period	Market price at the end of the Reporting Period (RMB)
WANG Song	Vice chairman of the Board, Executive Director, President	0	722,000	7.64	0	722,000	722,000	17.53
YU Jian	Executive Director, Secretary of the Board	0	595,000	7.64	0	595,000	595,000	17.53
JIANG Yiming	Vice president	0	650,000	7.64	0	650,000	650,000	17.53
CHEN Yutao	Vice president	0	650,000	7.64	0	650,000	650,000	17.53
GONG Dexiong	Vice president	0	350,000	7.64	0	350,000	350,000	17.53
ZHANG Zhihong	Chief Compliance Officer	0	595,000	7.64	0	595,000	595,000	17.53
Total		0	3,562,000		0	3,562,000	3,562,000	

Section VIII Directors, Supervisors, Senior Management and Staff

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

1. Positions in Shareholder entities

√ Applicable □ Not applicable

Staff name	Name of shareholder entities	Position held in the shareholder entities	Starting date of term of office	Expiry date of term of office
LIU Xinyi	Shanghai International Group Co., Ltd.	Director, President	November 2019	Until expiry of term
GUAN Wei	Shanghai International Group Co., Ltd.	Vice president, chief financial officer	September 2019	Until expiry of term
ZHOU Lei	Shanghai International Group Co., Ltd.	Vice president, chief investment officer	September 2019	Until expiry of term
	Shanghai State-owned Assets Operation Co., Ltd.	Chairman	May 2017	Until expiry of term
ZHONG Maojun	Shanghai International Group Co., Ltd.	Director, chief operation officer	May 2016	Until expiry of term
	Shanghai State-owned Assets Operation Co., Ltd.	Chairman of the supervisory board	April 2020	Until expiry of term
WANG Wenjie	Shenzhen Investment Holdings Co., Ltd.	Director, general manager	May 2018	Until expiry of term
LIN Facheng	Shenzhen Investment Holdings Co., Ltd.	Head of the auditing department	September 2017	February 2021
ZHOU Hao	Shanghai Municipal Investment (Group) Corporation	Vice president	October 2017	Until expiry of term
AN Hongjun	New China Asset Management (Hong Kong) Limited	Executive director, president	April 2013	Until expiry of term
SHAO Chong	Shenzhen Energy Group Co., Ltd.	Secretary of the board	January 2015	June 2020
ZUO Zhipeng	AnHui HuaMao Textile Company Limited	Director, general manager	March 2016	Until expiry of term
Explanations on the positions in Shareholder Entities	None			

2. Positions in other entities

√ Applicable □ Not applicable

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
WANG Song	Guotai Junan Financial Holdings Co., Ltd.	Chairman of the board	March 2016	Until expiry of term
YU Jian	Guotai Junan Financial Holdings Co., Ltd.	Director	June 2020	Until expiry of term
	Shanghai Guotai Junan Asset Management Co., Ltd (上海國泰君安證券資產管理有限公司)	Director	August 2020	Until expiry of term
	Shanghai Securities Co., Ltd.	Director	January 2021	Until expiry of term
LIU Xinyi	Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd.	Chairman	December 2019	Until expiry of term
	Shanghai International Group (Hong Kong) Co., Limited	Chairman	December 2019	Until expiry of term
	Sailing Capital Management Co., Ltd.	Chairman	January 2020	Until expiry of term
	Sailing Capital International Investment Fund (Shanghai) Co., Ltd.	Chairman	January 2020	Until expiry of term
GUAN Wei	Sailing Capital Management Co., Ltd.	Director	February 2019	Until expiry of term
	Sailing Capital International Investment Fund (Shanghai) Co., Ltd.	Director	February 2019	Until expiry of term
	Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司)	Director	March 2019	Until expiry of term
	Beijing Kunlun Hotel Company Limited	Vice chairman	March 2019	Until expiry of term
	Shanghai Pudong Development Bank Co., Ltd.	Director	July 2019	Until expiry of term
ZHOU Lei	Shanghai Rural Commercial Bank Co., Ltd.	Director	April 2017	Until expiry of term
	Shanghai Equity Exchange Co., Ltd. (上海股權託管交易中心股份有限公司)	Chairman	April 2020	Until expiry of term
	Shanghai Huahong (Group) Co., Ltd.	Director	July 2020	Until expiry of term

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
ZHONG Maojun	Shanghai Xieyi Asset Management Co., Ltd.	Chairman	January 2016	Until expiry of term
LIN Facheng	Guotai Junan Investment Management Co., Ltd.	Director	March 2018	Until expiry of term
	Shenzhen Smart City Technology Development Group Co., Ltd.	Deputy general manager	January 2021	Until expiry of term
ZHOU Hao	Bright Food (Group) Co., Ltd.	Director	November 2017	Until expiry of term
AN Hongjun	Profound Brilliant Star Limited	Director	August 2015	Until expiry of term
	New China Capital International Management Limited	Director	September 2015	Until expiry of term
	New China Capital Management Limited	Director, President	September 2015	Until expiry of term
	China Jinmao Holdings Group Limited	Non-executive director	November 2015	Until expiry of term
XIA Dawei	Lianhua Supermarket Holdings Co., Ltd.	Independent non-executive director	September 2004	Until expiry of term
	Industrial Bank Co., Ltd.	External supervisor	May 2016	Until expiry of term
	Juneyao Airlines Co., Ltd.	Independent director	July 2017	Until expiry of term
	China Three Gorges Corporation	External director	September 2019	Until expiry of term
	Yango Group Co., Ltd (陽光城集團股份有限公司)	Independent director	November 2020	Until expiry of term
SHI Derong	CDB Root-Well Industrial Investment Fund Management Co., Ltd. (國開熔華產業投資基金管理有限責任公司)	Director, chief investment officer	June 2013	Until expiry of term
CHEN Guogang	China Dongxiang (Group) Co., Ltd.	Independent non-executive director	June 2016	Until expiry of term
	COFCO Trust Co., Ltd.	Independent non-executive director	March 2018	Until expiry of term
	Shenzhen Qianhai Financial Assets Exchange Co., Ltd.	Chief executive officer	September 2018	Until expiry of term
	Hong Kong Zhongjiahe Limited (香港眾嘉合有限公司)	Director	October 2018	Until expiry of term
	SDL Capital Limited	Director	November 2018	Until expiry of term

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
LING Tao	Shanghai June Yao Group Co., Ltd. (上海均瑤(集團)有限公司)	Vice chairman	June 2018	January 2021
JIN Qingjun	King & Wood Mallesons, Beijing office	Partner	September 2002	Until expiry of term
	Times Property Holdings Limited	Independent non-executive director	October 2015	Until expiry of term
	Sino-Ocean Group Holding Limited	Independent non-executive director	March 2016	Until expiry of term
	Bank of Tianjin Co., Ltd.	Independent non-executive director	March 2017	Until expiry of term
	Zhong Fa Zhan Holdings Limited	Independent non-executive director	October 2017	Until expiry of term
	Shenzhen Cheng Chung Design Co., Ltd.	Independent director	September 2018	Until expiry of term
	Shenzhen Kingkey Smart Agriculture Times Co., Ltd. (深圳市京基智農時代股份有限公司)	Director	September 2018	Until expiry of term
	Goldstream Investment Limited	Independent non-executive director	December 2019	Until expiry of term
LEE Conway Kong Wai	Chaowei Power Holdings Limited	Independent non-executive director	June 2010	Until expiry of term
	West China Cement Limited	Independent non-executive director	July 2010	Until expiry of term
	China Modern Dairy Holdings Limited	Independent non-executive director	October 2010	Until expiry of term
	Tibet 5100 Water Resources Holdings Ltd.	Independent non-executive director	March 2011	February 2020
	Gome Electrical Appliances Holdings Limited	Independent non-executive director	March 2011	Until expiry of term
	NVC Lighting Holding Limited	Independent non-executive director	November 2012	Until expiry of term
	Yashili International Holdings Limited	Independent non-executive director	November 2013	Until expiry of term
	GCL New Energy Holdings Limited	Independent non-executive director	May 2014	Until expiry of term

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	WH Group Limited	Independent non-executive director	August 2014	Until expiry of term
	China Rundong Auto Group Limited	Independent non-executive director	August 2014	December 2020
SHAO Chong	Dongguan Shenzhen Energy Zhangyang Power Co.,Ltd.	Director	December 2006	January 2020
	Great Wall Securities Co., Ltd.	Vice chairman	April 2008	October 2020
FENG Xiaodong	China FAW Group Co.,Ltd.	General legal advisor and general manager of the audit and legal affairs department	December 2019	January 2021
	FAW Jiefang Automobile Co., Ltd.	External director	August 2016	March 2020
	FAW Jiefang Group Co., Ltd	Chairman of the Supervisory Committee	March 2020	Until expiry of term
	Faw Asset Management Co., Ltd.	General manager	January 2021	Until expiry of term
	Guosen Securities Co., Ltd.	Supervisor	October 2017	Until expiry of term
ZUO Zhipeng	Anhui HuaMao Group Co., Ltd.	Director	March 2007	Until expiry of term
	Anhui Huatai Textile Co., Ltd. (安徽華泰紡織有限公司)	Director	June 2007	Until expiry of term
	Anhui Huayi Sewing Threads Co., Ltd. (安徽華意製線有限公司)	Director	June 2007	Until expiry of term
	Anhui Huamao Weaving and Dyeing Co., Ltd. (安徽華茂織染有限公司)	Director	January 2011	Until expiry of term
	Anqing Huamao Baisite Textile Technology Co., Ltd. (安慶華茂佰斯特紡織科技有限公司)	Director	July 2012	Until expiry of term
	Shanghai Huamao Beishite Textile Technology Co., Ltd. (上海華茂貝世特紡織科技有限公司)	Director	September 2013	Until expiry of term
	Anqing Huaxin Industrial Cloth Co., Ltd. (安慶華欣產業用布有限公司)	Director	August 2015	Until expiry of term
	Anhui Huapeng Textile Co., Ltd. (安徽華鵬紡織有限公司)	Director	October 2011	Until expiry of term

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	Xinjiang Huamao Alaer Textile Co., Ltd. (新疆華茂阿拉爾紡織有限公司)	Director	September 2010	Until expiry of term
	Alashankou Huamao Textile Co., Ltd. (阿拉山口華茂紡織有限公司)	Director	June 2015	Until expiry of term
	Alashankou Huatai Import and Export Co., Ltd. (阿拉山口華泰進出口有限公司)	Director	August 2015	Until expiry of term
	HUAMAO (H.K.) COMPANY LIMITED	Director	February 2013	Until expiry of term
	Desheng Textile Printing and Dyeing (Anqing) Co., Ltd. (德生紡織印染(安慶)有限公司)	Director	April 2010	Until expiry of term
	Anhui Yiyuan Environmental Technology Co., Ltd. (安徽宜源環保科技股份有限公司)	Director	May 2011	Until expiry of term
	Shanghai Huamao Entiaishi Apparel Co., Ltd. (上海華茂恩逖艾世服飾有限公司)	Director	September 2012	Until expiry of term
	Anhui Huamao Industrial Investment Co., Ltd. (安徽華茂產業投資有限公司)	Director	December 2009	Until expiry of term
	Anqing Yuanhong Mining Investment Co., Ltd. (安慶元鴻礦業投資有限公司)	Director	November 2011	Until expiry of term
	Kunming Dongchuan District Laomingcao Mining Co., Ltd. (昆明市東川區老明槽礦業有限公司)	Director	June 2007	Until expiry of term
	Liuyang Xinlei Mining Development Co., Ltd. (瀏陽市鑫磊礦業開發有限公司)	Director	June 2007	Until expiry of term
	Anhui Huamao Textiles (Qianshan) Co., Ltd. (安徽華茂紡織(潛山)有限公司)	Director	May 2010	Until expiry of term
	Anhui Huamao Jingwei New Textile Co., Ltd. (安徽華茂經緯新型紡織有限公司)	Director	June 2016	Until expiry of term

Staff name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
	Anqing Huawei Industrial Cloth Technology Co., Ltd. (安慶華維產業用布科技有限公司)	Director	May 2016	Until expiry of term
	Anqing Zhenfeng Pawn Co., Ltd. (安慶振風典當有限責任公司)	Director	June 2016	Until expiry of term
	Anqing Zhenfeng Auction Co., Ltd. (安慶市振風拍賣有限公司)	Director	June 2016	Until expiry of term
	Anhui Huamao Zhenyang Investment Co., Ltd. (安徽華茂振陽投資有限公司)	Director	June 2017	Until expiry of term
	Guotai Junan Investment Management Co., Ltd.	Supervisor	April 2014	Until expiry of term
WANG Weijie	Shanghai Guoxiang Properties Co., Ltd.	Supervisor	November 2011	July 2020
LIU Xuefeng	Shanghai Guoxiang Properties Co., Ltd.	Supervisor	July 2017	Until expiry of term
JIANG Yiming	Guotai Junan Securities Asset Management Co., Ltd.	Director	August 2010	Until expiry of term
CHEN Yutao	E-Capital Transfer Co., Ltd.	Director	December 2014	Until expiry of term
	Guotai Junan Futures Co., Limited	Chairman	December 2016	Until expiry of term
GONG Dexiong	Guotai Junan Securities Asset Management Co., Ltd.	Chairman	August 2015	April 2020
	Shanghai Securities Co., Ltd.	Director	May 2016	February 2020
	Guotai Junan Innovation Investment Co., Ltd.	Chairman, General Manager, Chairman of the executive board	August 2017 January 2019	April 2020
	Guotai Junan Capital Management Co., Ltd.	Chairman	December 2016	November 2020
ZHANG Zhihong	Hua An Fund Management Co., Ltd.	Chairman of the supervisory board	August 2014	Until expiry of term
Explanations on the positions in Other Entities	None			

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

√ Applicable ☐ Not applicable

Procedure for the determination of compensation for Directors, Supervisors and senior management members of the Company	The Company has established the Remuneration Appraisal and Nomination Committee under the Board, mainly responsible for reviewing and making recommendations on the assessment and remuneration management system for Directors and senior management members of the Company, assessing the Directors and senior management members of the Company and making recommendations. Compensation for the Supervisors shall be proposed by the Supervisory Committee and subject to the approval at the Shareholders' general meeting.
Basis for the determination of compensation for Directors, Supervisors and senior management members of the Company	The Company determines remuneration of senior management according to the Administrative Measures on the Appointment, Appraisal and Remuneration of Senior Management《(高級管理人員聘任、考核及薪酬管理辦法》) and their implementation rules. According to those administrative measures, the remuneration of senior management is composed of basic salary, performance related bonus and term incentive. According to the Implementation Scheme for the Remuneration Policy Reform of Professional Managers (《職業經理人薪酬制度改革實施方案》), the remuneration of professional managers is composed of annual salary and medium and long term incentive, where annual salary includes basic annual salary and performance-related annual salary, and the medium- and long-term incentives for directors and senior management are determined in accordance with the Restricted Share Incentive Scheme of A Shares (《A股限制性股票激勵計劃》) of the Company.
Actual payment of compensation for Directors, Supervisors and senior management members of the Company	See "I. (I) Changes in shareholdings and remunerations of existing directors, supervisors and senior management of the Company and those who resigned during the Reporting Period" in Section VIII.
Actual total amount of remuneration received by the Directors, Supervisors and senior management members of the Company at the end of the Reporting Period	RMB32.651 million

Section VIII Directors, Supervisors, Senior Management and Staff

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

√ Applicable □ Not applicable

Name	Position	Manner of change	Reason of change
HE Qing	Chairman of Board, executive director	Election	On 11 November 2019, the Resolution on Election of Directors of the Company was considered and approved at the 2019 Second Extraordinary General Meeting of the Company and Mr. HE Qing was elected as a director of the fifth session of the Board of the Company and such appointment shall become effective after he has obtained the approval on his qualification as a director of a securities company. On 12 February 2020, Mr. HE Qing was qualified as a chairman of a securities company and his appointment as the chairman and director of the fifth session of the Board became effective according to the resolutions of the eighteenth extraordinary meeting of the fifth session of the Board on the same date.
LIU Xinyi	Non-executive director	Election	On 15 June 2020, the Resolution on Election of Directors of the Company was considered and approved at the 2019 Annual General Meeting of the Company and Mr. LIU Xinyi was elected as a director of the fifth session of the Board of the Company.
LI Zhongning	Chairman of the Supervisory Committee	Election	On 15 June 2020, the Resolution on Election of Supervisor of the Company was considered and approved at the 2019 Annual General Meeting of the Company and Ms. LI Zhongning was elected as a Supervisor of the fifth session of the Supervisory Committee of the Company. On 16 July 2020, the Resolution on Proposed Election of the Chairman of the Fifth Session of the Supervisory Committee of the Company was considered and approved at the 5th extraordinary meeting of the fifth session of the Supervisory Committee of the Company and Ms. LI Zhongning was elected as the chairman of the fifth session of the Supervisory Committee of the Company.

Name	Position	Manner of change	Reason of change
ZHU Jian	Former vice chairman	Resignation	On 31 August 2020, Mr. ZHU Jian resigned as the vice chairman of the Company due to job changes.
XIE Lebin	Chief Risk Officer, Chief Financial Officer	Resignation	On 1 September 2020, Mr. XIE Lebin resigned as the Chief Risk Officer and Chief Financial Officer of the Company due to change of position; and Mr. WANG Song, the Vice chairman of the Board, Executive Director and President of the Company, will perform the duties of Chief Risk Officer and Chief Financial Officer until a replacement is appointed by the Board of the Company.

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

□ Applicable √ Not applicable

VI. SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company entered into the agreements in compliance with relevant laws, regulations and arbitration rules with all the Directors of the fifth session of the Board and all the Supervisors of the fifth session of the Supervisory Committee, which came into effect since the date on which the H Shares was listed on the Hong Kong Stock Exchange or the respective Directors and Supervisors were appointed and will end on the expiry date of the term of this session of the Board and the Supervisory Committee. Saved as disclosed above, none of the Directors or Supervisors entered into any service agreement with the Company or its subsidiaries, which is not determinable within one year or is determinable with payment of compensation other than statutory compensation.

VII. DIRECTORS' INTERESTS IN BUSINESS COMPETING WITH THE COMPANY

Mr. AN Hongjun, a non-executive Director of the Company, has been an executive director and president of New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) since April 2013. Since New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司) currently holds the licenses under the SFO for engaging in the regulated activities of Type 4 (Advising on Securities) and Type 9 (Asset Management), it competes or is likely to compete, either directly or indirectly, with certain businesses of Guotai Junan Financial Holdings and its subsidiaries. Save as disclosed in this annual report, none of the Directors has any interest in the businesses which compete or is likely to compete, either directly or indirectly, with the Company's business.

Section VIII Directors, Supervisors, Senior Management and Staff

VIII. INTERESTS OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

Except for the related party transactions disclosed in "Section V Significant Events XIV. Material Related Party Transactions" (respective Directors have abstained from voting in respect of such transactions), the Company has not entered into any significant transaction, arrangement or contract in which Directors, Supervisors or entities associated with such Directors or Supervisors held or had held any direct or indirect material interests during the Reporting Period.

1. INFORMATION OF EMPLOYEES OF PARENT COMPANY AND PRINCIPAL SUBSIDIARIES

1. Information of employees

Number of existing employees of parent company	11,120
Number of existing employees of major subsidiaries	4,078
Total number of existing employees	15,198
Number of disengaged and retired employees for whom the parent company and major subsidiaries shall be liable to expenses	–

Professions

Type of professions	Number of individuals
Business personnel	10,126
Business support personnel	4,441
Management personnel	631
Total	15,198

Educational background

Level of education	Number of individuals
Doctors	147
Masters and postgraduates	4,204
Bachelors	8,209
Associate degree and below	2,638
Total	15,198

2. Remuneration policy

√ Applicable ☐ Not applicable

The Company has formulated a series of remuneration management systems in line with the practical conditions of the Company pursuant to relevant PRC laws and regulations and the Articles of Association, including the Administrative Measures on Remuneration, and the Administrative Measures on Performance, and the Administrative Measures on Professional Ranking. The Company establishes a post value and competence oriented and performance-related remuneration system to achieve "inside fairness and outside competition", improve the utility efficiency of remuneration resources and motivate excellent employees for the purpose of attracting and retaining excellent talents. The Company has formulated and implemented the Restricted Share Incentive Scheme of A Shares (《A股限制性股票激勵計劃》) in accordance with the PRC laws and regulations, to further strengthen the incentive and retention of core staff. The Company maintains and makes contribution to various social insurances (including the pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing fund and enterprise annuity for its employees in accordance with the PRC laws and regulations.

3. Training programs

√ Applicable ☐ Not applicable

In 2020, the Company actively adapt to the requirements for the pandemic prevention and control, by strengthening the construction of online staff learning platform and curriculum library, with the total number of courses reaching 12,599, covering a total of 22 categories, and completed the initial establishment of a basic online curriculum system, with the staff network learning time of more than 920,000 hours and the per capita learning time of up to 89.15 hours. Meanwhile, the Company actively promoted modular and systematic transformation of training courses for our staff, and provided various multi-module and long-cycle courses series, such as field manager training camps, asset allocation training camps, investment banking professional training camps, and international talent training camps, to effectively enhance the systematicness, comprehensiveness and completeness of our training work.

4. Labour outsourcing

√ Applicable ☐ Not applicable

Number of working hours of labour outsourcing	Standard working hour policies
Total compensation paid for labour outsourcing	RMB16.621 million

Section VIII Directors, Supervisors, Senior Management and Staff

5. OTHERS

√ Applicable □ Not applicable

Information of the brokers

As at the end of 2020, the Group had a total of 2,850 security brokers, representing a decrease of 172 compared with last year; among which, there were 2,039 for the parent company and 708 for Shanghai Securities, representing a decrease of 128 and 38 respectively compared with last year. Brokers signed agency appointment contracts with the Group to accept the appointment of the Group and solicit clients to provide services to them within the authorization of the Group. The Group conducted unified management over brokers and has established a complete system of rules, internal control system and system platform to standardize management over brokers. The Group has taken preventative measures beforehand, processes monitoring and posts reviews in respect of the conduction of business, by brokers. The Group has effectively controlled risks associated with brokers related business, by providing pre-job training and training for the conduction of business to reinforce the management over the practices of brokers, monitoring and tracking transactions of brokers clients via off-site monitoring platforms to identify risks on a timely basis, and conducting audits to standardize management over brokers. In addition, the Group paid regular visits to the clients of the brokers to get feedbacks on practices and assure compliance in conducting business.

Section IX Corporate Governance

1. CORPORATE GOVERNANCE

√ Applicable ☐ Not applicable

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

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

During the Reporting Period, the Company has strictly complied with relevant requirements under the Corporate Governance Code and satisfied most requirements of provisions for recommended best practices. During the Reporting Period, the Chairman of the Company has communicated with non-executive Directors via various channels such as meetings to obtain suggestions and advice; the management of the Company has reported monthly operation and management to directors and supervisors on a monthly basis; the Chairman, Directors, the president, secretary to the Board and other management personnel of the Company have communicated with the Shareholders via result announcement conferences, roadshows, investor receptions, online interactions, telephone and other methods, and continued to improve its corporate governance.

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

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

☐ Applicable √ Not applicable

Section IX Corporate Governance

2. INFORMATION OF GENERAL MEETINGS

Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions
2019 Annual General Meeting	15 June 2020	http://www.sse.com.cn http://www.hkexnews.hk	15 June 2020
2020 First Extraordinary General Meeting	12 August 2020	http://www.sse.com.cn http://www.hkexnews.hk	12 August 2020

General meetings

√ Applicable □ Not applicable

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

1. The 2019 annual general meeting of the Company was held in Shanghai on 15 June 2020, at which the Work Report of the Directors of the Company for 2019, the Work Report of the Supervisors of the Company for 2019, the Resolution on Proposing to Consider the Profit Distribution Plan of the Company for 2019, the Resolution on Proposing to Consider the Appointment of Accounting Firm, the Resolution on Proposing to Consider the Annual Report of the Company for 2019, the Resolution on Anticipated Daily Related Party Transactions of the Company for 2020, the Resolution on Proposing to Consider the General Mandate for the Provision of Corporate Debt Related External Guarantee, the Resolution on the Election of Director of the Company, the Resolution on the Election of Supervisor of the Company, the Resolution on Proposing to Consider the Adjustments to the Validity Periods of the Resolutions on General Mandate to Issue Onshore and Offshore Debt Financing Instruments and Assets-backed Securities, the Resolution on the General Mandate to the Board to Issue additional A Shares and/or H Shares and the Resolution on the Amendments to the Articles of Association were reviewed and approved, and the Work Report of Independent Directors for 2019 was presented.

2. The 2020 first extraordinary general meeting of the Company was held in Shanghai on 12 August 2020, at which the Resolution on Proposing to Consider the Restricted Share Incentive Scheme of A Shares of the Company and its Summary, the Resolution on Proposing to Consider the Measures for the Implementation, Appraisal and Management of the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on the Grant of Authorization to the Board to Deal with Matters in Relation to the Restricted Share Incentive Scheme of A Shares were reviewed and approved.

3. PERFORMANCE OF DUTIES BY THE BOARD AND DIRECTORS

(I) Composition of the Board

As of the date of this announcement, the Board consisted of 17 directors, including: 3 executive Directors, 8 non-executive Directors and 6 independent non-executive Directors. Mr. HE Qing is the chairman of the Board, and Mr. WANG Song is the vice chairman of the Board. The full list is as follows:

Executive Directors: Mr. HE Qing, Mr. WANG Song and Mr. YU Jian;

Non-executive Directors: Mr. LIU Xinyi, Ms. GUAN Wei, Mr. ZHOU Lei, Mr. ZHONG Maojun, Mr. WANG Wenjie, Mr. LIN Facheng, Mr. ZHOU Hao and Mr. AN Hongjun;

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

The Board has six independent non-executive Directors, representing more than one third of the members of the Board. The number and qualifications of independent non-executive Directors are in compliance with domestic regulatory requirements and the requirement of the Hong Kong Listing Rules. Besides, the Company has received annual confirmations issued by each independent non-executive Director in respect of their independence according to Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Company believes that each independent non-executive Director is independent as specified in the Hong Kong Listing Rules.

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

(II) Duties of the Board

The Board is the permanent authority of the Company, and is responsible to the general meeting of Shareholders. According to the Articles of Association, the Board has the following duties: to convene general meetings and to report to shareholders' general meetings; to implement the resolutions of shareholders' general meetings; to research and formulate the medium and long-term development plan of the Company; to determine business operation plans and investment plans of the Company; to formulate annual preliminary and final financial budgets of the Company; to formulate the profit distribution plans and plans for recovery of losses of the Company; to formulate proposals of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing; to formulate plans for any substantial acquisition by the Company, repurchase of the shares (in circumstances specified to Sub-clauses (1) and (2) of Article 25 of the Articles of Association) or merger, division and change of the form and dissolutions of the Company; to decide on matters relating to the Company's external investment, acquisitions or disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and connected transactions as authorized by shareholders' general meetings; to decide on the establishment of the Company' s internal management structure; to appoint or dismiss the Company's president, secretary to the board of directors,

chief risk officer and chief compliance officer and, based on the nominations of president, to appoint or dismiss vice presidents, chief financial officer and other senior management and to determine their remuneration and rewards and penalties; to decide on the proposals for the establishment of subsidiaries; to formulate the basic management system of the Company; to formulate proposals for any amendments to the Articles of Association; to manage the disclosure of information of the Company; to propose to shareholders' general meetings the appointment or change of the accounting firm acting as the auditor of the Company; to hear the work report of the Company' s president and special committees under the board of directors and to review the work of the Company' s president and special committees under the board of directors; to assume ultimate responsibility for the effectiveness of the compliance management and overall risk management of the Company, and perform the respective duties; to determine the compliance management objectives of the Company, and perform the following compliance management duties: consider and approve the basic compliance management rules; consider and approve the annual compliance report; establish the mechanism for direct communication with the person responsible for compliance; evaluate the effectiveness of compliance management; and supervise the resolution of problems existing in compliance management; decide on the Company repurchases its shares in circumstances specified to Sub-clauses (3), (5) and (6) of Article 25 of the Articles of Association and any other powers as conferred by the laws, administrative regulations, departmental rules and the Articles of Association.

(III) Convening of Board meetings

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

(1) The twenty first extraordinary meeting of the fifth session of the Board was held on 14 January 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Specific Plan for Targeted Capital Increase of Shanghai Securities Co., Ltd. was reviewed and approved.

(2) The fifteenth meeting of the fifth session of the Board was held on 24 March 2020, at which the Work Report of the Directors of the Company for 2019, the Report on the Operation and Management of the Company for 2019, the Profit Distribution Plan of the Company for 2019, the Resolution on Proposing to Consider the Appointment of Accounting Firm, the Report on the Performance of Duties by the Audit Committee under the Board for 2019, the Resolution on Proposing to Consider the Group's Risk Appetite for 2020, the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Company for 2020, the Risk Management Report of the Company for 2019, the Resolution on Proposing to Consider the Adjustments to the Validity Periods of the Resolutions on General Mandate to Issue Onshore and Offshore Debt Financing Instruments and Assets-backed Securities, the Resolution on Proposing to Consider the General Mandate for the Provision of Corporate Debt Related External Guarantee, the Resolution on Proposed Amendments to the Measures on Comprehensive Risk Management of the Company, the Compliance Report of the Company for 2019, Internal Control Assessment Report of the Company for 2019, the Resolution on Proposing to Consider the Outline of

Financial Technology Strategy Planning for 2019-2021, the Resolution on Proposing to Consider the Donations by the Company to Shanghai Guotai Junan Social Welfare Foundation in 2020, the Annual Report of the Company for 2019, the Work Report of Independent Directors for 2019, the Resolution on Anticipated Daily Related Party Transactions of the Company for 2020, Social Responsibility Report of the Company for 2019, the Resolution on Proposing the General Meeting to Grant a General Mandate to the Board to issue additional A Shares and/or H Shares, the Resolution on Proposed Amendments to the Articles of Association and the Resolution on Proposing to Consider the Convening of the Annual General Meeting of the Company for 2019 were reviewed and approved.

(3) The sixteenth meeting of the fifth session of the Board was held on 29 April 2020 by means of considering in writing and voting through communications, at which the First Quarterly Report in 2020 and the Resolution on Proposing to Consider the Adjustments to Establishment of Some Divisions in the Headquarters of the Company were reviewed and approved.

(4) The twenty second extraordinary meeting of the fifth session of the Board was held on 7 June 2020, at which the Resolution on Proposing to Consider the Restricted Share Incentive Scheme of A Shares of the Company (Draft) and its Summary, the Resolution on Proposing to Consider the Measures for the Implementation, Appraisal and Management of the Restricted Share Incentive Scheme of A Shares of the Company, the Resolution on Proposing to Grant Authorization to the Board by the General Meeting of the Company to Deal with Matters in Relation to the Restricted Share Incentive Scheme of A Shares, the Resolution on Proposing to Consider the Plan for the Repurchase of the Company's A shares by way of Centralised Price Bidding and the Resolution on Proposing to Consider the Convening of the First Extraordinary General Meeting of the Company for 2020 were reviewed and approved.

(5) The seventeenth meeting of the fifth session of the Board was held on 12 August 2020, at which the Interim Report of 2020 of the Company, the Resolution on Proposing to Consider the Optimization of and Adjustments to the Establishment of the Business Committees of the Company, the 2020 Interim Compliance Report of the Company and the Risk Management Report of the Company for the First Half of 2020 were reviewed and approved.

(6) The twenty third extraordinary meeting of the fifth session of the Board was held on 17 September 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Matters Relating to Adjustments to the Restricted Share Incentive Scheme of A Shares of the Company, the Resolution on Proposing to Consider the First Grant of the Restricted A Shares to the Participants and the Resolution on Proposing to Consider the Capital Increase to Guotai Junan Futures Co., Ltd. were reviewed and approved.

(7) The Eighteenth meeting of the fifth session of the Board was held on 28 October 2020 by means of considering in writing and voting through communications, at which the Third Quarterly Report in 2020 and the Resolution on Proposing to Consider the Co-investment with Related Parties to Participate in the Establishment of Shanghai Biomedical Industrial Fund were reviewed and approved.

(8) The twenty fourth extraordinary meeting of the fifth session of the Board was held on 4 December 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Company's Establishment of Branches in Suzhou was reviewed and approved.

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

		Attendance at Board meetings						Attendance at general meetings
Name	Independent Director or not	Number of Board meetings to be attended this year [Note]	No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of absence	Two consecutive Board meetings not attended or not	No. of general meetings attended
HE Qing	No	7	7	4	0	0	No	1
WANG Song	No	8	8	5	0	0	No	2
YU Jian	No	8	8	5	0	0	No	2
LIU Xinyi	No	4	4	3	0	0	No	0
GUAN Wei	No	8	8	5	0	0	No	1
ZHOU Lei	No	8	8	5	0	0	No	0
ZHONG Maojun	No	8	8	5	0	0	No	1
WANG Wenjie	No	8	7	5	1	0	No	0
LIN Facheng	No	8	8	5	0	0	No	1
ZHOU Hao	No	8	8	5	0	0	No	0
AN Hongjun	No	8	8	5	0	0	No	0
XIA Dawei	Yes	8	8	5	0	0	No	1
SHI Derong	Yes	8	7	5	1	0	No	0
CHEN Guogang	Yes	8	8	5	0	0	No	0
LING Tao	Yes	8	8	5	0	0	No	0
JIN Qingjun	Yes	8	8	5	0	0	No	2
LEE Conway Kong Wai	Yes	8	8	5	0	0	No	2

Note: Mr. HE Qing and Mr. LIU Xinyi have been working for the Company since February 2020 and June 2020, respectively.

Not attending in person at two consecutive Board meetings

☐ Applicable √ Not applicable

Number of Board meetings held during the year	8
Including: Number of on-site meetings	3
Number of meetings held by way of telecommunication	5
Number of meetings held in a mixed model	0

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

☐ Applicable √ Not applicable

During the Reporting Period, the independent Directors had not raised any objection to the matters considered by the Board or the committees under the Board. For details of the performance of duties by independent Directors, please refer to the Work Report of Independent Directors of Guotai Junan Securities Co., Ltd. for 2020 as disclosed by the Company on the website of Shanghai Stock Exchange (http://www.sse.com.cn).

(VI) Others

√ Applicable □ Not applicable

1. Main measures implemented by the Board in respect of corporate governance during the Reporting Period

(1) Corporate governance and related recommendations. In 2020, in the face of the combined impact of the complex international political and economic situation and the Covid-19 epidemic, the Board has adhered to the concept of high-quality and sustainable development, insisted on the general principle of making progress while maintaining stability, and unwaveringly followed the strategic direction to seize policy opportunities for development, bringing about a smooth start along the strategic pathway of "three three-years, three steps (三個三年三步走)". The strategic sub-planning of each business line has started to be implemented, the business performance of the Company has been remarkably improved, and the competitiveness of each business has been significantly enhanced. The Company has received the highest AA ratings in A class in the evaluation of securities companies from the China Securities Regulatory Commission for 13 consecutive years. Through fulfillment of its social responsibilities by participating in public welfare activities, community building and targeted poverty alleviation, the industry brand awareness and social influence of the Company are steadily increasing.

(2) Performance of duties Directors and their development. The Company has established a monthly report system on its operation and management to provide Directors with the operation and management of the Company and the development of the securities industry in a timely manner to facilitate their performance of duties. At the same time, it regularly provides Directors with the latest regulatory developments, engages intermediary agencies to provide professional training for Directors to perform their duties, or organizes Directors to participate in professional training held by regulatory authorities and industry associations, so as to continuously improve Directors' ability to perform their duties.

(3) Implementation of governance system. Based on the implementation of the new Securities Law, the Company has organized special studies for Directors, supervisors and senior management to conduct special studies to learn and grasp the key amendments of the Securities Law, and worked with intermediary agencies to systematically sort out the corporate governance system and earnestly implement the regulatory requirements under the new Securities Law.

(4) Establishment of a long-term incentive and restraint mechanism. The Remuneration Appraisal Committee of the Board managed to formulate the Restricted Share Incentive Scheme of A Shares, which was implemented in November 2020 upon consideration and approval by the Board and the general meeting of shareholders. A total of 79,000,000 shares were granted to 440 core personnel, including executive directors and senior management.

2. Training for Directors

The Company keeps providing training to its Directors. During the Reporting Period, the Company engaged professional firms to provide pre-service trainings to newly appointed directors and provided two on-demand trainings to all directors, and arranged directors to attend the professional trainings organized by the Securities Association of China, Shanghai Bureau of the CSRC, the Listed Companies Association of Shanghai and other institutions. In addition, the Company delivered reading materials such as Monthly Report on Operation and Management (《經營管理情況月度報告》), Briefs on the Regulations in Hong Kong Capital Market (《香港資本市場法規簡報》) and Interpretations of the New "Securities Law" (《新<證券法>解讀》) to its directors to help them to keep up with the latest industry updates, laws, regulations and policies, and keep them informed of significant events in relation to the operation, management, risk compliance and financial positions of the Company. Specific training arrangements for Directors are as follows:

Name	Position	Training method and content
HE Qing	Chairman, Executive Director	In February 2020, participating in the pre-service training for directors provided by Freshfields Bruckhaus Deringer; on 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; from May to December 2020, participating in the Course of Online Learning for Cadres in Shanghai provided by the Organisation Department of Shanghai Municipal Committee; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; from September to December 2020, participating in the follow-up vocational training for securities practitioners in 2020 provided by the Securities Association of China; from November to December 2020, participating in the training on the Capabilities for Innovative Strategies and Organization of Enterprises provided by the Organisation Department of Shanghai Municipal Committee and China Europe International Business School; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.

Name	Position	Training method and content
WANG Song	Vice chairman, Executive Director and President	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; from May to December 2020, participating in the Course of Online Learning for Cadres in Shanghai provided by the Organisation Department of Shanghai Municipal Committee; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; from September to December 2020, participating in the follow-up vocational training for securities practitioners in 2020 provided by the Securities Association of China; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
YU Jian	Executive Director, Secretary to the Board	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; from 15 July to 24 July 2020, participating in the follow-up training for board secretary of listed companies provided by the Shanghai Stock Exchange; from September to December 2020, participating in the follow-up vocational training for securities practitioners in 2020 provided by the Securities Association of China; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
LIU Xinyi	Non-executive Director	In June 2020, participating in the pre-service training for directors provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.

Name	Position	Training method and content
GUAN Wei	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; from 28 October to 30 October 2020, participating in the first session of training course for directors, supervisors and senior management of securities companies (financial technology topics) provided by the Securities Association of China; on 23 November 2020, participating in the webcast course on "Information Disclosure of Key Points Interpretations of the New Securities Law" provided by the Securities Association of China; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
ZHOU Lei	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
ZHONG Maojun	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; on 23 November 2020, participating in the webcast course on "Information Disclosure of Key Points Interpretations of the New Securities Law" provided by the Securities Association of China; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.

Name	Position	Training method and content
WANG Wenjie	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
LIN Facheng	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; from 28 October to 30 October 2020, participating in the first session of training course for directors, supervisors and senior management of securities companies (financial technology topics) provided by the Securities Association of China; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
ZHOU Hao	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
AN Hongjun	Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.

Name	Position	Training method and content
XIA Dawei	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; on 26 November 2020, participating in the training on the Major Changes in Disciplinary Mechanism, Analysis of Compliance Cases, and Update on Guidelines of the Environmental, Social and Governance (ESG) Report of the Hong Kong Stock Exchange provided by Baker & McKenzie and the training on the ESG Governance Requirements of the Board and Share of the Excellent ESG Practice provided by SynTao Co., Ltd. (北京商道縱橫信息科技有限責任公司); reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
SHI Derong	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
CHEN Guogang	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
LING Tao	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.

Name	Position	Training method and content
JIN Qingjun	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; reading and learning the Briefs on the Regulations in Hong Kong Capital Market and the Interpretations of the New "Securities Law", etc.
LEE Conway Kong Wai	Independent Non-executive Director	On 24 March 2020, participating in the training on the Latest Trend of Regulation on Listed Companies in Hong Kong provided by Freshfields Bruckhaus Deringer; on 12 August 2020, participating in the training on the Latest Trend of the Regulation on Hong Kong Capital Market provided by Freshfields Bruckhaus Deringer; in December 2020, participating in the first session of training for directors and supervisors in Shanghai in 2020 provided by Shanghai Bureau of the CSRC and the Listed Companies Association of Shanghai; in December 2020, participating in the training for directors provided by Paul Hastings, the training on major changes in the Listing Rules provided by Sidley Austin and the lecture on the Briefs on Regulations in Hong Kong provided by King & Wood Mallesons; in 2020, reading and learning the Briefs on the Regulations in Hong Kong Capital Market, the Interpretations of the New "Securities Law", the duties of directors in the Hong Kong Code on Takeovers and Mergers, the continuing obligation of listed companies in Hong Kong, and the latest review of listed companies announced by the Hong Kong Stock Exchange, etc.

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

√ Applicable ☐ Not applicable

Section IX Corporate Governance

(I) Composition of Board committees

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

1. Strategy Committee

Chairman: HE Qing

Members: LIU Xinyi, WANG Wenjie, AN Hongjun and LING Tao

2. Remuneration, Appraisal and Nomination Committee

Chairman: XIA Dawei

Members: GUAN Wei, WANG Wenjie, CHEN Guogang and JIN Qingjun

3. Audit Committee

Chairman: CHEN Guogang

Members: ZHOU Lei, LIN Facheng, XIA Dawei and Lee Conway Kong Wai

4. Risk Control Committee

Chairman: LIU Xinyi

Members: WANG Song, ZHONG Maojun, ZHOU Hao and LING Tao

(II) Responsibilities and meetings of the Board Committees

1. Strategy Committee

(1) The main functions and duties of the Strategy Committee: analysing and providing recommendations on the mid- and long-term strategies of the Company; analysing and providing advices on major investments and financing proposals subject to the Board's approval; analysing and providing advices on other material matters affecting the development of the Company; checking and evaluating the implementation of the above matters, and providing timely advices for necessary adjustments; and other duties delegated by the Board.

(2) Major accomplishments of the Strategy Committee in 2020 included:

Formulated the Outline of Financial Technology Strategy Planning for 2019-2021 (《2019-2021年金融科技戰略規劃綱要》) of the Company and provided advice thereon;

Supervised the implementation of the Outline of Development Strategy Planning for 2019-2021 (《2019-2021年發展戰略規劃綱要》) of the Company;

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

(3) During the Reporting Period, the Strategy Committee held two meetings as follows:

On 23 March 2020, the fifth meeting of the fifth session of the Strategy Committee reviewed and approved the Resolution on Proposing to Consider the Outline of Financial Technology Strategy Planning for 2019-2021 of the Company (《關於提請審議公司2019-2021年金融科技戰略規劃綱要的議案》), and approved to submit the aforesaid resolution to the Board for consideration.

On 17 September 2020, the sixth meeting of the fifth session of the Strategy Committee reviewed and approved the Resolution on Proposing to Consider the Capital Increase to Guotai Junan Futures Co., Ltd., and approved to submit the aforesaid resolution to the Board for consideration.

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

Name	Number of meeting to be attended[Note]	Number of meeting actually attended
HE Qing	2	2
LIU Xinyi	1	1
WANG Wenjie	2	2
AN Hongjun	2	2
LING Tao	2	2

Note: Mr. LIU Xinyi served as a member of the Strategy Committee since June 2020.

2. Remuneration, Appraisal and Nomination Committee

(1) The main functions and duties of the Remuneration, Appraisal and Nomination Committee:

Reviewing and advising on the selection criteria and procedures of directors and senior management; looking for qualified directors and senior management candidates, reviewing and advising on the qualifications of directors and senior management candidates; reviewing and advising on the appraisal and remuneration management system of directors and senior management; conducting and advising on the appraisal of directors and senior management; and other functions and duties delegated by the Board.

To carry out the requirements regarding Board Diversity in the Hong Kong Listing Rules and to ensure a more scientific and reasonable composition of the Board, the Company has formulated Board Diversity Policy. The Company selects candidates for Directors taking into account various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The Remuneration, Appraisal and Nomination Committee under the Board discuss and agree expected objectives with aims to promote the implementation of Board diversity policy and advice the Board on acting for such objectives. The composition of the Board satisfies the requirements regarding the Board Diversity Policy. The Company regards enhancing diversification at the level of the Board as a key element for meeting the Group's strategic goal and achieving sustainable and balanced development. As a part of the succession plan for the Board, the Nomination Committee shall review the structure, size and composition of the Board (including skills, knowledge and experience) at least once a year, and make recommendations on changes in the composition of the Board in light of the Company's strategy. In nominating candidates for Directors, the following factors shall be considered: candidates' characters, qualifications (including professional qualifications, skills, knowledge and experience related to the Company's business and strategy), any measurable objectives adopted for implementing the Board Diversity Policy, and conditions required by the stock exchange on which shares were listed and the regulatory authorities in the countries where shares were listed.

(2) Major accomplishments of the Remuneration Appraisal and Nomination Committee in 2020 included:

Reviewing the performance of the duties by the Directors and senior management of the Company, and conducting annual evaluation of the performance of such persons;

Proposing and reviewing the Restricted Share Incentive Scheme of A Shares of the Company;

Reviewing the implementation plan for implementing the reform of the wage determination mechanism of the Company;

Reviewing the resolution on organization and allocation of 2019 salary incentives for senior management and professional managers of the Company.

Participating in the selection and employment of some mid-level management staff as expert judges.

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

On 23 March 2020, the sixteenth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company reviewed and approved that the settlement of the total remuneration of the parent company for 2019; approved the budget and agreed on withholding of remuneration of the parent company for 2020 according to the current method; was presented with the work reports of the President for 2019; made a secondary appraisal and rating on the performance of the professional managers and other senior management members of the Company for 2019; made a special appraisal on Ms. ZHANG Zhihong, the chief compliance officer, based on her work report, and issued the annual appraisal report for 2019; approved the Performance Management Contracts of senior management of the Company for 2020.

On 7 June 2020, the seventeenth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company reviewed and approved the Resolution on the Restricted Share Incentive Scheme of A Shares (Draft) and its Summary, the Resolution on the Measures for the Implementation, Appraisal and Management of the Restricted Share Incentive Scheme of A Shares and the Resolution on Proposing to Grant Authorization to the Board by the General Meeting of the Company to Deal with Matters in Relation to the Restricted Share Incentive Scheme of A Shares; approved that the Incentive Scheme (Draft) and its summary, the Measures for the Implementation, Appraisal and Management of the Incentive Scheme and the relevant resolutions shall be submitted to the Board for consideration.

On 6 July 2020, the eighteenth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company reviewed and approved the Plan on Implementing the Reform of the Wage Determination Mechanism, which has been reported and filed to the relevant departments of the Shanghai State-owned Assets Supervision and Administration Commission; approved that the 2020 performance management contract for the senior management of the Company shall be adjusted and the adjustments to the 2020 performance management contract for the senior management of the Company shall be reported to the Board; approved the 2019 salary incentives for the senior management of the Company.

On 17 September 2020, the nineteenth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company reviewed and approved the Resolution on the Matters Relating to Adjustments to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution in relation to the First Grant of Restricted A Shares to the Participants; approved that the abovementioned resolutions shall be submitted to the Board for consideration.

On 22 October 2020, the twentieth meeting of the Remuneration, Appraisal and Nomination Committee under the fifth session of the Board of the Company reviewed and approved the Resolution on the Organization and Allocation of 2019 Salary Incentives for Senior Management and Professional Managers of the Company.

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

Name	Number of meetings to be attended	Number of meetings actually attended
XIA Dawei	5	5
GUAN Wei	5	5
WANG Wenjie	5	5
CHEN Guogang	5	5
JIN Qingjun	5	5

3. Audit Committee

(1) The main functions and duties of the Audit Committee: proposing to the Board about the engagement or replacement of external auditors, advising on the terms of engagement and remuneration of external auditors, supervising the practice of external auditors; auditing the Company's financial information and the disclosure thereof; supervising and inspecting the Company's internal control system; coordinating between the internal and external auditors; reviewing the financial and accounting policies of the Company and their implementation; and other functions and duties delegated by the Board.

In accordance with the requirements of the Working Rules of the Audit Committee under the Board, the Audit Committee plays full role in the working of the annual report and financial statements, actively performs responsibilities of preparing and reviewing the disclosures in annual reports and financial statements, improves the quality and transparency of the disclosure in the annual reports and financial statements.

During the Reporting Period, through reviewing the Company's periodic financial statements, annual audit work report and the proposal of related party/connected transactions, the Audit Committee obtained a full picture of the Company's financial status, supervised the progress of audit work and the implementation of related party/connected transactions, and reviewed the effectiveness of the Company's internal control.

(2) Major accomplishments of the Audit Committee in 2020 included:

reviewing the Company's periodic reports including the annual report, semi-annual reports and quarterly reports;

reviewing and proposing to the Board about the engagement and remuneration of the external auditors of 2020;

reviewing the Company's internal audit work reports and the Company's annual internal control assessment report, annual special audit report of anti-money laundering, audit report of the significant related party transactions;

reviewing and approving the list of related parties of the Company, regular related party transactions and occasional related party transactions, and estimate of the related party transactions in 2020.

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

On 23 March 2020, the nineteenth meeting of the Audit Committee under the fifth session of the Board was presented the report on auditing work in 2019 of the Company by Ernst & Young Hua Ming LLP, considered and approved the Report on Auditing of the Company for 2019 (《公司2019年度審計報告》), the Report on Internal Control and Auditing of the Company (《公司內部控制審計報告》), the Report on Special Audit of Anti-money Laundering of the Company for 2019 (《公司2019年度反洗錢專項審計報告》), the Resolution on Audit Report of the Significant Related Party Transactions for 2019 (《2019年度重大關聯交易審計報告的議案》), approved the submission of the Resolution on the Profit Distribution Plan of the Company for 2019 (《關於公司2019年度利潤分配預案的議案》), the Resolution on the Appointment of Accounting Firm (《關於公司聘任會計師事務所的議案》), the Resolution on the Report on the Performance of Duties by the Audit Committee for 2019 (《公司董事會審計委員會2019年度履職情況報告的議案》), the Resolution on the Annual Report of the Company for 2019 (《公司2019年年度報告的議案》), the Resolution on Anticipated Daily Related Party Transactions of the Company for 2020 (《關於預計2020年度日常關聯交易的議案》) and the Resolution on the Internal Control Assessment Report of the Company for 2019 (《公司2019年度內部控制評價報告的議案》) to the Board for consideration, approved and finalized the List of Related Parties of the Company (《公司關聯方名單》) and was presented the report on summary of internal auditing work for 2019 and work plan for 2020 of the Company.

On 29 April 2020, the twentieth meeting of the Audit Committee under the fifth session of the Board approved the submission of the Resolution on Proposing to Consider the First Quarterly Report of the Company in 2020 (《關於提請審議公司2020年第一季度報告的議案》) to the Board for consideration.

On 12 August 2020, the twenty first meeting of the Audit Committee under the fifth session of the Board was presented the Report on Reviewing of the Interim Financial Statements of 2020 of the Company (《關於公司2020年半年度財務報表審閱工作的匯報》) by KPMG Huazhen LLP, and approved the submission of the Interim Report of 2020 of the Company (《公司2020年半年度報告》) to the Board for consideration; and approved and finalized the List of Related Parties of the Company (《公司關聯方名單》), and was presented the Report on Adjustments to the Implementation Plan by the Group Audit Center (《關於集團稽核審計中心調整實施方案的匯報》) and the Report on Work for the First Half of 2020 (《2020年上半年工作匯報》) of the group audit center. The committee conducted specific discussion over the connection between the previous and current accounting firms and the progress of credit business impairment assessment.

On 28 October 2020, the twenty second meeting of the Audit Committee under the fifth session of the Board approved the submission of the Third Quarterly Report of the Company in 2020 (《公司2020年第三季度報告》) and the Resolution on Proposing to Consider the Co-investment with Related Parties to Participate in the Establishment of Shanghai Biomedical Industrial Fund (《關於提請審議公司與關聯方共同投資參與設立上海生物醫藥產業基金的議案》) to the Board for consideration.

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

Name	Number of meetings to be attended	Number of meetings actually attended
CHEN Guogang	4	4
ZHOU Lei	4	4
LIN Facheng	4	4
XIA Dawei	4	4
LEE Conway Kong Wai	4	4

4. Risk Control Committee

(1) The main functions and duties of the Risk Control Committee: reviewing and advising on the overall objectives and basic policies for compliance management and risk management; reviewing and advising on the organization design and duties of compliance management and risks management; evaluating and advising on the risks of important decisions and solutions to resolve significant risks which require the review by the Board; reviewing and advising on the compliance reports and risk assessment reports which require the review by the Board; discussing the effectiveness of risk management and internal control systems of the Company and its subsidiaries at least annually as delegated by the Board, and reporting to Shareholders and the scopes of such discussion shall cover each and every key aspect of the control systems including the financial control system, operation control system and compliance control system; and performing other functions and duties as delegated by the Board.

(2) In 2020, the major achievements of the Risk Control Committee included:

reviewing and proposing the Board to determine the risk preference of 2020;

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

reviewing the Anti-money Laundering Report of the Company for 2019;

revising the Measures on Comprehensive Risk Management of the Company;

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

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

On 23 March 2020, the ninth meeting of the Risk Control Committee under the fifth session of Board considered and approved the Resolution on Proposing to Consider the Anti-money Laundering Report of the Company for 2019 (《關於提請審議公司反洗錢2019年度報告的議案》), and approved the submission of the Resolution on Proposing to Consider the Group Companies' Risk Preference for 2020 (《關於提請審議2020年度集團公司風險偏好的議案》), the Resolution on Proposing to Consider the Scale of Proprietary Trading Business of the Group Companies for 2020 (《關於提請審議2020年度集團公司自有資金業務規模的議案》), the Resolution on Proposing to Consider the Risk Management Report of the Company for 2019 (《關於提請審議公司2019年度風險管理報告的議案》), the Resolution on Proposing to Consider the Compliance Report of the Company for 2019 (《關於提請審議公司2019年度合規報告的議案》) and the Resolution on Proposing to Consider the "Measures on Comprehensive Risk Management (2020 Revision Draft)" of the Company (《關於提請審議公司<全面風險管理辦法(2020年修訂草案)>的議案》) to the Board for consideration.

On 12 August 2020, the tenth meeting of the Risk Control Committee under the fifth session of Board approved the submission of the Resolution on Proposing to Consider the 2020 Interim Compliance Report of the Company (《關於提請審議公司2020年中期合規報告的議案》) and the Resolution on Proposing to Consider the Risk Management Report of the Company for the First Half of 2020 (《關於提請審議公司2020年上半年風險管理報告的議案》) to the Board for consideration.

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

Name	Number of meetings to be attended[Note]	Number of meetings actually attended
LIU Xinyi	1	1
WANG Song	2	2
ZHONG Maojun	2	2
ZHOU Hao	2	2
LING Tao	2	2

Note: Mr. LIU Xinyi served as a chairman of the Risk Control Committee since June 2020.

5. PERFORMANCE OF DUTIES BY THE SUPERVISORY COMMITTEE

√ Applicable ☐ Not applicable

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

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

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

During the Reporting Period, the Supervisory Committee has convened nine meetings in total, including four regular meetings and five extraordinary meetings. All Supervisors voted for all resolutions considered at those meetings, without abstention or objections. Information on those meetings of the Supervisory Committee is as follows:

1. The fifteenth meeting of the fifth session of Supervisory Committee was held by the Company on-site on 24 March 2020, at which the Resolution on Proposing to Consider the Work Report of the Supervisors for 2019 (《關於提請審議公司2019年度監事會工作報告的議案》), the Resolution on Proposing to Consider the Profit Distribution Plan of the Company for 2019 (《關於提請審議公司2019年度利潤分配預案的議案》), the Resolution on Proposing to Consider the Risk Management Report of the Company for 2019 (《關於提請審議公司2019年度風險管理報告的議案》), the Resolution on Proposing to Consider the Compliance Report of the Company for 2019 (《關於提請審議公司2019年度合規報告的議案》), the Resolution on Proposing to Consider the Anti-money Laundering Report of the Company for 2019 (《關於提請審議公司2019年度反洗錢工作報告的議案》), the Resolution on Proposing to Consider the Report on the Special Audit of Anti-money Laundering of the Company for 2019 (《關於提請審議公司2019年度反洗錢專項審計報告的議案》), the Resolution on Proposing to Consider the Internal Control Assessment Report of the Company for 2019 (《關於提請審議公司2019年度內部控制評價報告的議案》), the Resolution on Proposing to Consider the Annual Report of the Company for 2019 (《關於提請審議公司2019年年度報告的議案》) and the Resolution on Proposing to Consider the Social Responsibility Report of the Company for 2019 (《關於提請審議公司2019年度社會責任報告的議案》) and the Resolution on Proposing to Consider the Nomination of Ms. LI Zhongning as a Candidate for Supervisor of the Company (《提請審議提名李中寧女士為公司監事候選人的議案》) were reviewed and approved, and the Report on Implementation of the Financial Final Accounts and Budget of the Company for 2019 (《公司2019年度財務決算及預算執行情況的報告》) was presented, and written review opinions on the Annual Report and the Profit Distribution Plan were given.

2. The sixteenth meeting of the fifth session of Supervisory Committee was held on 29 April 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the First Quarterly Report of the Company in 2020 (《關於提請審議公司2020年第一季度報告的議案》) was reviewed and approved, and written review opinions on the report were given.

3. The fourth extraordinary meeting of the fifth session of Supervisory Committee was held by the Company on-site on 7 June 2020, at which the Resolution on Proposing to Consider the Restricted Share Incentive Scheme of A Shares of the Company (Draft) and its Summary (《關於提請審議公司A股限制性股票激勵計劃(草案)及其摘要的議案》) and the Resolution on Proposing to Consider the Measures for the Implementation, Appraisal and Management of the Restricted Share Incentive Scheme of A Shares of the Company (《關於提請審議公司A股限制性股票激勵計劃實施考核管理辦法的議案》) were reviewed and approved, and written review opinions on the Restricted Share Incentive Scheme of A Shares (draft) and related matters were given.

4. The fifth extraordinary meeting of the fifth session of Supervisory Committee was held on 16 July 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Election of the Chairman of the Fifth Session of Supervisory Committee (《關於提請選舉公司第五屆監事會主席的議案》) was reviewed and approved, and Ms. LI Zhongning was elected as the chairman of the fifth session of Supervisory Committee of the Company, formally performing her duties immediately.

5. The sixth extraordinary meeting of the fifth session of Supervisory Committee was held on 6 August 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Publicity and the Verification Opinion of the Participants of the Restricted Share Incentive Scheme of A share of the Company (《關於提請審議公司A股限制性股票激勵計劃激勵對象名單公示情況及核查意見的議案》) was reviewed and approved, and written review opinions on the publicity of the participants of the Restricted Share Incentive Scheme of A Shares of the Company and related matters were given.

6. The seventeenth meeting of the fifth session of Supervisory Committee was held by the Company on-site on 12 August 2020, at which the Resolution on Proposing to Consider the Interim Report of 2020 of the Company (《關於提請審議公司2020年半年度報告的議案》), the Resolution on Proposing to Consider the 2020 Interim Compliance Report of the Company (《關於提請審議公司2020年中期合規報告的議案》) and the Resolution on Proposing to Consider the Risk Management Report of the Company for the First Half of 2020 (《關於提請審議公司2020年上半年風險管理報告的議案》) were reviewed and approved, and written review opinions on the interim report were given.

7. The seventh extraordinary meeting of the fifth session of Supervisory Committee was held on 17 September 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Matters Relating to Adjustments to the Restricted Share Incentive Scheme of A Shares of the Company (《關於提請審議調整公司A股限制性股票激勵計劃相關事項的議案》) and the Resolution on Proposing to Consider the First Grant of the Restricted A Shares to the Participants (《關於提請審議向激勵對象首次授予A股限制性股票的議案》) were reviewed and approved, and written review opinions on the matters relating to adjustments to the Restricted Share Incentive Scheme of A Shares of the Company and the First Grant of the Restricted A Shares to the participants were given.

8. The eighteenth meeting of the fifth session of Supervisory Committee was held on 28 October 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the Third Quarterly Report of the Company in 2020 (《關於提請審議公司2020年第三季度報告的議案》) was reviewed and approved, and written review opinions on the report were given.

9. The eighth extraordinary meeting of the fifth session of Supervisory Committee was held on 31 December 2020 by means of considering in writing and voting through communications, at which the Resolution on Proposing to Consider the "Measures for Management of External Report of the Supervisory Committee of the Company" (《關於提請審議<公司監事會對外報告管理辦法>的議案》), the Resolution on Proposing to Consider the "Measures for Joint Meetings on Supervision Work of the Company (2020 Revision)" (《關於提請審議<公司監督工作聯席會議辦法(2020修訂)>的議案》) and the Resolution on Proposing to Consider the "Provision of Guidelines on Operational Management Information Work to the Supervisory Committee by the Company" (《關於提請審議<公司向監事會提供經營管理信息工作指引>的議案》) were reviewed and approved, and the above three systems were approved to be released and implemented.

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

		Attendance at meetings of the Supervisory Committee					Attendance at general meetings
Name	Position	Number of meetings of the Supervisory Committee to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	No. of meetings attended by proxy	Number of absence	No. of general meetings attended
LI Zhongning [Note]	The chairwoman of the Supervisory Committee	6	6	5	0	0	0
Wang Lei	The vice chairman of the Supervisory Committee, employee supervisor	9	9	6	0	0	2
SHAO Chong	Supervisor	9	9	6	0	0	1
FENG Xiaodong	Supervisor	9	9	6	0	0	1
ZUO Zhipeng	Supervisor	9	8	6	1	0	1
WANG Weijie	Employee supervisor	9	8	6	1	0	2
LIU Xuefeng	Employee supervisor	9	9	6	0	0	2
Number of the meetings of the Supervisory Committee held during the year				9			The Company convened two general meetings during the year
Including: Number of on-site meetings				3			
Number of meetings held by way of telecommunication				6			

Note: Ms. LI Zhongning served as a supervisor since June 2020, and served as a chairwoman of the Supervisory Committee since July 2020.

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

√ Applicable □ Not applicable

The Company formulated the Interim Measures for Engagement, Evaluation and Remuneration, Assessment and Compensation Management of Senior Management (《高級管理人員聘任、考核及薪酬管理暫行辦法》) and the Implementing Rules of Interim Measures for Appointment, Assessment and Compensation Management of Senior Management (《高級管理人員聘任、考核及薪酬管理暫行辦法實施細則》). After the end of each accounting year, the Board shall conduct annual evaluation of the performance of the senior management and determine the remuneration and incentive.

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

During the Reporting Period, the Company formulated and implemented the Restricted Share Incentive Scheme of A Shares, set unlocking conditions with high standards and strict requirements, and closely linked the medium and long term incentive of professional managers with the Company's strategy and shareholder returns, to promote the high-quality development of the Company.

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

√ Applicable □ Not applicable

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

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

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

According to the identification criteria of material deficiency of internal control in the financial reporting of the Company, as at the basis date (31 December 2020) of internal control evaluation report, material deficiency of internal control in the financial reporting did not exist. The Board is of the view that the Company has maintained efficient internal control in the financial report in all material respects in accordance with requirements of corporate internal control standard system and relevant regulations.

According to the identification of material deficiency of internal control in the non-financial reporting of the Company, as at the basis date of internal control evaluation report, material deficiency of internal control in non-financial reporting did not exist.

Meanwhile, during the period from the basis date of the internal control evaluation report to the date of the internal control evaluation report, no factors have occurred which affected the effectiveness of findings of the internal control evaluation.

(II) Basis for establishing internal control in financial reporting

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

(III) Establishment and overall operation of internal control system

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

In 2020, the Company continued to improve the construction of internal control system, optimized its organizational structure and supporting operation and management mechanism, and formulated the strategic plan of "three three-years in three steps (三個三年三步走)". In addition, it clarified the strategic sub-planning of compliance management and risk management and carried out consolidated management work in an orderly manner to continue to promote the consolidated management and control at the group level. It also adjusted and optimized authorization management, innovated business management mechanism and updated compliance risk control management system, so that the internal control system of the Company has been generally operating well. The Company conducted a self-evaluation on the effectiveness of internal control as at 31 December 2020. For details, please refer to the annual internal control evaluation report for 2020 of the Company.

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

□ Applicable √ Not applicable

9. MATTERS RELATING TO THE AUDIT REPORT ON INTERNAL CONTROL

√ Applicable □ Not applicable

The Company has appointed KPMG Huazhen LLP as the internal control auditor. KPMG Huazhen LLP has issued the Internal Control Audit Report of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司內部控制審計報告》), and considered that the Company has maintained an effective financial reporting internal control in all material aspects according to the Basic Norms for Enterprise Internal Control (《企業內部控制基本規範》) and relevant regulations on 31 December 2020, which is consistent with the self-assessment conclusion of internal control of the Company.

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

Whether to disclose internal control audit report: Yes

Type of opinion in the internal control audit report: Standard unqualified opinion

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

(I) Development of compliance management system

The Company has established and perfected a four-level compliance management organization system consisting of the Board (including the Risk Control Committee) and the Supervisory Committee, the Chief Compliance Officer, the legal compliance department and first-line compliance risk control personnel by appointing chief compliance officer, establishing the legal compliance department, and building first-line compliance risk control team. The Company's Chief Compliance Officer, as the person in charge of all the Company's compliance, is a senior manager of the Company, responsible for the legal compliance department, the internal audit risk management department, and the group audit center. The Chief Compliance Officer organizes and coordinates each internal control department and relevant management departments, jointly perform various internal control responsibilities including compliance management. The Company's headquarters are equipped with full-time compliance management staff, and has set first-line compliance risk control personnel at each department and branch of the Company's headquarters, who are responsible for the compliance check, training, advisory, audit, supervision, and communication of each unit.

In 2020, the Company combined the former legal department and compliance department into the legal compliance department to further strengthen its professional expertise in compliance management. The development to build a stronger system of rules and regulations continued. The implementation of the Securities Law and other new regulatory requirements was actively promoted. The rules and regulations of the Company were streamlined and the compliance management systems were formulated with multiple amendments. The Company supported stronger legal compliance of its innovate businesses by optimizing the review mechanism and continuously tracking and evaluating innovative businesses launched. The development of compliance management mechanism was strengthened at group level by perfecting the management mechanism and supervising and directing subsidiaries in improving their compliance management system. There were continuous efforts to increase the application of financial technology in compliance management and a comprehensive upgrade of the legal compliance platform. Management of the risk of money laundering was promoted and implemented. No anti-money laundering administrative penalty was imposed against the headquarter and branches of the Company by the PBOC. The culture of compliance was strengthened with a variety or awareness-raising and training activities to foster the value of integrity. All daily tasks of compliance management were carried out in a smooth and orderly manner.

(II) Compliance inspections

In 2020, insisting to be problem-oriented and risk-oriented and focusing on key links or developments of various business, the Company has conducted a total of 43 compliance inspections, organized several key special self-inspections and self-rectifications, proposed rectification suggestions and strictly procured rectification of the problems and potential defects identified during such inspections.

(III) Audit work conducted

In 2020, the Company established the group audit center to realize the centralized and unified management of group audit work. adhering to risk orientation and focusing on significant areas and key aspects, the newly established group audit center optimized the allocation of audit resources, and improved the audit workflows, to promote the audit standardization, strengthen the closed-loop management of audit rectification, and conduct the group audit work uniformly and efficiently. In 2020, a total of 175 audit projects were organized and implemented, among these projects, 33 were projects for headquarters and subsidiaries, fully covering securities and futures brokerage business, financial product sales business, investment banking business, margin financing and securities lending business, stock pledging business, trading and investment business, asset custody and outsourcing business, international business, asset management business and equity investment business, as well as financial management, compliance management and information technology management, etc., and 142 were projects for branches, including 86 audits on resignation and 56 audits on leave.

Through the above-mentioned audit work, the group audit center examined and evaluated the integrity and effectiveness of the internal control of audited units, and revealed the existing major risks and supervised the rectification, which effectively played the role of supervision and safeguard, to promote the steady and healthy development of the Company.

11. OTHERS

√ Applicable □ Not applicable

(I) Rights of Shareholders

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

Pursuant to Article 76 of the Articles of Association and Article 12 of the Rules of Procedure for General Meetings of the Company, the Shareholders individually or jointly holding more than 10% of the Shares are entitled to request the Board in writing to convene an extraordinary general meeting. The Board shall give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receipt of such request according to laws, administrative rules, listing rules of the listing place of the Company's shares and the Articles of Association. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Board disagrees with the holding of an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholders individually or jointly holding 10% or more of the shares of the Company are entitled to propose in writing for the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to the holding of an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after receipt of such request. The consent of the relevant Shareholders shall be obtained if any change is to be made in the notice to the original request. If the Supervisory Committee fails to issue a notice calling such meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and chair such meeting. Shareholders individually or jointly holding 10% or more of the shares of the Company for ninety (90) consecutive days (the "Convening Shareholders") shall then be entitled to convene and chair such meeting on their own.

In addition, pursuant to Article 79 of the Articles of Association, when a general meeting is convened by the Company, the Board, the Supervisory Committee or Shareholders individually or jointly holding 3% or more of the shares of the Company shall be entitled to raise proposals to the Company. Shareholders individually or jointly holding 3% or more of the shares of the Company may submit ad hoc proposed resolutions in writing to the convener of the general meeting 10 days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the proposals and announce the contents thereof. Otherwise, the convener, after issuing the notice and announcement of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals.

(II) Amendments to the Articles of Association

The Annual General Meeting for 2019 of the Company was held on 15 June 2020, at which the Resolution on the Amendments to the Articles of Association (《關於修訂公司章程的議案》) was reviewed and approved. The amendments to the Articles of Association shall take effect from 15 June 2020.

(III) Investor relations

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

In 2020, the Company held two result announcement analyst conference calls, involving a total of 331 analysts and investors from domestic and foreign institutions; held 2 investor reception days for the purpose of online communication and answering questions from investors; maintained communication with investors by conducting reverse roadshows, receiving on-site surveys by investors, participating in strategy meetings organized by seller institutions and other means, with a total of 35 occasions; and answered 1,107 investor hotlines.

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

The Company has established and amended the Measures for the Administration of the Holding and Changes in the Holding of the Shares by the Directors, Supervisors and Senior Management (the "Administration Measures"), to regulate the holding and dealing of the Shares by the Directors, Supervisors and senior management of the Company, which was effective from the date when the listing of the H Shares on the Hong Kong Stock Exchange, i.e. 11 April 2017. Compared with the compulsory management requirements in the Model Code, the Administration Measures have adopted the standards in the Model Code as the standards of conduct for securities transactions by Directors, supervisors and relevant employees of the Company, and the requirements are stricter.

On 19 August 2020, Mr. CHEN Guogang, an independent non-executive Director of the company, purchased 100,000 A shares of the Company at a price of approximately RMB19.68 per share. On 28 August 2020, all the above 100,000 A shares were sold at a price of approximately RMB19.32 per share, without prior notice to the Board according to the Model Code in Appendix 10 to the Hong Kong Listing Rules.

Mr. CHEN Guogang has confirmed that the aforesaid purchase and sale of the Company's A shares were caused by his relative's mishandling of his security accounts, and he has promised that he will comply with the requirements set out in the Model Code in the future.

The Board believes that the Company has established an effective system for the dealings of the Company's securities by its Directors and Supervisors to trade the securities of the Company to ensure compliance with Appendix 10 to the Hong Kong Listing Rules. In order to avoid similar incidents in the future, the Company has implemented and will implement the following actions:

(i) Remind all its Directors and Supervisors of the importance of compliance with the Model Code when trading the securities of the Company, especially the importance of giving written notice before any proposed transactions.

(ii) The Company will also provide briefings and training materials to strengthen and update the knowledge of its Directors and Supervisors and increase their awareness of good corporate governance practices.

After making enquiries, except for the above circumstances, all Directors, Supervisors and senior management of the Company have confirmed that they had been in strict compliance with the Administration Measures and the Model Code throughout the Reporting Period.

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

The Board acknowledges its responsibility for preparing the report of the Group for the year ended 31 December 2020.

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

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

Section IX Corporate Governance

(VI) Duty of the management

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

(VII) Company secretary

Joint company secretaries of the Company are Mr. YU Jian and Ms. KWONG Yin Ping Yvonne. Mr. YU Jian also acts as an Executive Director, the secretary to the Board and primary internal contact person of the Company. Ms. KWONG Yin Ping Yvonne is the vice president of SWCS Corporate Services Group (Hong Kong) Limited. During the Reporting Period, Mr. YU Jian has accepted over 15 hours of professional trainings in total, please refer to "III. Performance of Duties by Board and Directors – (VII) Training for Directors" in "Section IX Corporate Governance" of this annual report for contents of training.

(VIII) Compliance with relevant laws and regulations

As a public company listed both in Mainland China and Hong Kong, the Company abode, in strict accordance, by domestic and foreign laws, regulations and normative documents including the Company Law, Securities Law, Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation, and devoted itself to maintaining and improving its market image. Please see the "X. Material Litigation and Arbitration" in "Section V Significant Events" of this annual report for punishment and public condemnation the Company has suffered during the Reporting Period.

(IX) Administration of insider registration

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

Section X Corporate Bonds

√ Applicable □ Not applicable

(1). BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading
2016 Corporate Bonds (First Tranche) (Type II)	16 GUOJUN G2	136368	11 April 2016	12 April 2023	1,000,000,000	3.25%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2016 Corporate Bonds (Second Tranche) (Type II)	16 GUOJUN G4	136623	11 August 2016	12 August 2021	3,000,000,000	3.14%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2017 Corporate Bonds (First Tranche) (Type II)	17 GUOJUN G2	143230	3 August 2017	4 August 2022	600,000,000	4.70%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (First Tranche)	18 GUOJUN G1	143528	20 March 2018	21 March 2021	4,300,000,000	5.15%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (Second Tranche)	18 GUOJUN G2	143607	23 April 2018	25 April 2021	4,300,000,000	4.55%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Section X Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading
2018 Corporate Bonds (Third Tranche) (Type I)	18 GUOJUN G3	143732	12 July 2018	16 July 2021	4,700,000,000	4.44%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (Third Tranche) (Type II)	18 GUOJUN G4	143733	12 July 2018	16 July 2023	300,000,000	4.64%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2019 Corporate Bonds (First Tranche) (Type I)	19 GUOJUN G1	155371	23 April 2019	24 April 2022	3,000,000,000	3.90%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2019 Corporate Bonds (Second Tranche)	19 GUOJUN G3	155423	15 May 2019	17 May 2022	2,900,000,000	3.73%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2019 Corporate Bonds (Third Tranche)	19 GUOJUN G4	155771	14 October 2019	16 October 2022	2,500,000,000	3.48%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (First Tranche)	20 GUOJUN G1	163105	7 January 2020	9 January 2023	4,000,000,000	3.37%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Section X Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading
2020 Corporate Bonds (Second Tranche) (Type I)	20 GUOJUN G2	163325	19 March 2020	23 March 2023	4,000,000,000	3.05%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (Third Tranche)	20 GUOJUN G4	163756	20 July 2020	22 July 2023	5,000,000,000	3.55%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (Fourth Tranche)	20 GUOJUN G5	175099	2 September 2020	4 September 2023	4,000,000,000	3.75%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (Fifth Tranche) (Type I)	20 GUOJUN G6	175462	19 November 2020	23 November 2022	3,900,000,000	3.80%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (Fifth Tranche) (Type II)	20 GUOJUN G7	175463	19 November 2020	23 November 2023	2,000,000,000	3.90%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Corporate Bonds (Sixth Tranche) (Type I)	20 GUOJUN G8	175520	3 December 2020	7 December 2021	2,200,000,000	3.40%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading
2020 Corporate Bonds (Sixth Tranche) (Type II)	20 GUOJUN G9	175521	3 December 2020	7 December 2023	2,900,000,000	3.77%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Short-term Corporate Bonds (First Tranche)	20 GUOJUN S1	163817	10 August 2020	12 August 2021	4,700,000,000	2.95%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Short-term Corporate Bonds (Second Tranche)	20 GUOJUN S2	163833	17 September 2020	17 September 2021	3,000,000,000	3.20%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Short-term Corporate Bonds (Third Tranche)	20 GUOJUN S3	163842	5 November 2020	27 October 2021	4,500,000,000	3.25%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2020 Short-term Corporate Bonds (Fourth Tranche)	20 GUOJUN S4	163856	22 December 2020	24 December 2021	2,500,000,000	3.12%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
EUR Floating-rate Bonds	GTJA SECB 2203	5883.hk	12 March 2019	12 March 2022	EUR 255,000,000	3MEURIBOR+1.15%	Interest payable on quarterly basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange
Guotai Junan Financial Holdings Guaranteed Bonds	GTJAHOLDB2203	5853.hk	11 March 2019	11 March 2022	USD500,000,000	3.875%	Interest payable on semi-annual basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange

Section X Corporate Bonds

Interest payment of corporate bonds

√ Applicable □ Not applicable

The current interests on 2018 Corporate Bonds (First Tranche) was paid in March 2020, and Guotai Junan Financial Holdings Guaranteed Bonds for the current period were paid in March and September 2020 and interests on EUR Floating-rate Bonds for the current period were paid in March, June, September and December 2020. Interests on 2016 Corporate Bonds (First Tranche) (Type II), 2018 Corporate Bonds (Second Tranche) and 2019 Corporate Bonds (First Tranche) (Type I) for the current period were paid in April 2020, interest on 2019 Corporate Bonds (Second Tranche) for the current period was paid in May 2020, interest on 2018 Corporate Bonds (Third Tranche) for the current period were paid in July 2020, interests on 2017 Corporate Bonds (First Tranche) (Type II) and 2016 Corporate Bonds (Second Tranche) (Type II) for the current period were paid in August 2020, interest on 2019 Corporate Bonds (Third Tranche) for the current period was paid in October 2020, interest and principal on 2017 Corporate Bonds (First Tranche) (Type I) for the current period was paid in August 2020, and interest and principal on 2017 Corporate Bonds (Second Tranche) for the current period was paid in October 2020.

Other matters related to corporate bonds

√ Applicable □ Not applicable

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

(2). CONTACT PERSONS AND INFORMATION OF THE TRUSTEE MANAGER AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY OF THE CORPORATE BONDS

16 GUOJUN G2 Trustee manager of bonds	Name	Changjiang Financing Services Co., Limited
	Address of office	21/F, Chamtime International Financial Centre, No. 1589 Century Avenue, Pudong New Area, Shanghai
	Contact persons	Zhang Zhipeng, Zheng Menghan
	TEL	021-38784899
16 GUOJUN G4 17 GUOJUN G2 Trustee manager of bonds	Name	Everbright Securities Company Limited
	Address of office	No. 1508 Xinzha Road, Jing'an District, Shanghai
	Contact persons	Huang Liang, Xing Yiwei
	TEL	021-22169877/021-22169842
18 GUOJUN G1 18 GUOJUN G2 18 GUOJUN G3 18 GUOJUN G4 Trustee manager of bonds	Name	Industrial Securities Co., Ltd.
	Address of office	6/F, East Tower, Lilacs International Commercial Center, 36 Changliu Road, Pudong New Area, Shanghai
	Contact persons	Yang Lingshan
	TEL	021-38565900
19 GUOJUN G1 19 GUOJUN G3 Trustee manager of bonds	Name	GF Securities Co., Ltd.
	Address of office	16/F, IFC I, No. 8 Century Avenue, Pudong New Area, Shanghai
	Contact persons	Xie Tian, Yan Jin, Ma Qian, Lu Yicheng, Lou Heng
	TEL	020-66338888
19 GUOJUN G4 Trustee manager of bonds	Name	China Merchants Securities Co., Ltd.
	Address of office	26/F, China Merchants Securities Building, No. 111, Fuhua Yi Road, Futian District, Shenzhen
	Contact persons	Chen Yujing
	TEL	0755-82943666
20 GUOJUN G1 20 GUOJUN G2 20 GUOJUN G4 20 GUOJUN G5 20 GUOJUN G6 20 GUOJUN G7 20 GUOJUN G8 20 GUOJUN G9 Trustee manager of bonds	Name	Essence Securities Co. Ltd.
	Address of office	35/F & Unit A02, 28/F, Anlian Building, No. 4018, Jintian Road, Futian District, Shenzhen
	Contact persons	Zhuang Guochun, Xu Yingjie, Su Qingrui, Yao Yifei and Li Zeyan
	TEL	0755-82825447

Section X Corporate Bonds

20 GUOJUN S1	Name	CSC Financial Co., Ltd.
20 GUOJUN S2	Address of office	Suite 2203, North Tower, Shanghai Stock Exchange Building, 528
20 GUOJUN S3		Pudong South Road, Shanghai
20 GUOJUN S4	Contact persons	Zhou Wei, Li Huayun, Dong Yan
Trustee manager of bonds	TEL	021-68801581

16 GUOJUN G2	Name	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
16 GUOJUN G4	Address of office	14/F, Huasheng Building, No. 398 Hankou Road, Shanghai
17 GUOJUN G2		
18 GUOJUN G1		
18 GUOJUN G2		
18 GUOJUN G3		
18 GUOJUN G4		
19 GUOJUN G1		
19 GUOJUN G3		
19 GUOJUN G4		
20 GUOJUN G1		
20 GUOJUN G2		
20 GUOJUN G4		
20 GUOJUN G5		
20 GUOJUN G6		
20 GUOJUN G7		
20 GUOJUN G8		
20 GUOJUN G9		
20 GUOJUN S1		
20 GUOJUN S2		
20 GUOJUN S3		
20 GUOJUN S4		
Credit rating agency		

Other explanations:

□ Applicable √ Not applicable

(3). USE OF PROCEEDS FROM THE CORPORATE BONDS

√ Applicable □ Not applicable

As at 31 December 2020, all the proceeds from the corporate bonds above have been used to supplement the working capital of the Company in order to meet the needs of its business operation, which was in line with the intended use, use plan and other agreements as set out in the bond prospectus.

(4). RATINGS OF THE CORPORATE BOND

√ Applicable ☐ Not applicable

In July, August and November 2020, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit ratings for "20 GUOJUN G4", "20 GUOJUN G5", "20 GUOJUN G6", "20 GUOJUN G7", "20 GUOJUN G8" and "20 GUOJUN G9". As assessed by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit rating of this bond is AAA, and the credit rating outlook is stable.

In July, September, October and December 2020, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit ratings for "20 GUOJUN S1", "20 GUOJUN S2", "20 GUOJUN S3" and "20 GUOJUN S4". As assessed by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit rating of this bond is AAA, and the credit rating outlook is stable.

In May 2020, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. conducted follow-up credit ratings for "16 GUOJUN G2", "16 GUOJUN G4", "17 GUOJUN G2", "18 GUOJUN G1", "18 GUOJUN G2", "18 GUOJUN G3","18 GUOJUN G4", "19 GUOJUN G1", "19 GUOJUN G3", "19 GUOJUN G4", "20 GUOJUN G1"and "20 GUOJUN G2", as assessed by Shanghai Brilliance, the credit ratings of those bonds remained at AAA, the credit rating of the Company remained at AAA, and the credit rating outlook is stable.

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

√ Applicable ☐ Not applicable

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

(6). MEETINGS OF THE HOLDERS OF THE CORPORATE BONDS

☐ Applicable √ Not applicable

Section X Corporate Bonds

(7). PERFORMANCE OF DUTIES BY THE TRUSTEES OF THE CORPORATE BONDS

√ Applicable □ Not applicable

Changjiang Financing Services Co., Ltd., trustee manager of "16 GUOJUN G2" bond, issued the Report of Changjiang Financing Services Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (2019) (《長江證券承銷保薦有限公司關於國泰君安証券股份有限公司公司債券受託管理事務報告(2019年度)》) in June 2020, and issued the 2020 First Extraordinary Report of Changjiang Financing Services Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《長江證券承銷保薦有限公司關於國泰君安証券股份有限公司公司債券2020年度第一次臨時受託管理事務報告》), the 2020 Second Extraordinary Report of Changjiang Financing Services Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《長江證券承銷保薦有限公司關於國泰君安証券股份有限公司公司債券2020年度第二次臨時受託管理事務報告》) and the 2020 Third Extraordinary Report of Changjiang Financing Services Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《長江證券承銷保薦有限公司關於國泰君安証券股份有限公司公司債券2020年度第三次臨時受託管理事務報告》) in March, August and November 2020, respectively.

Everbright Securities Company Limited, trustee manager of "16 GUOJUN G4"and "17 GUOJUN G2" bonds, issued the 2019 Bond Trustee Management Services Report of 2016 Corporate Bonds (Tranches II and III) and 2017 Corporate Bonds (Tranches I and II) of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司2016年公司債券(第二期)、(第三期)、2017年公司債券(第一期)、(第二期)受託管理事務報告(2019年度)》) in June 2020, and issued the 2020 First Extraordinary Report of Everbright Securities Company Limited on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《光大證券股份有限公司關於國泰君安証券股份有限公司公司債券2020年度第一次臨時受託管理事務報告》), the 2020 Second Extraordinary Report of Everbright Securities Company Limited on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《光大證券股份有限公司關於國泰君安証券股份有限公司公司債券2020年度第二次臨時受託管理事務報告》), the 2020 Third Extraordinary Report of Everbright Securities Company Limited on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《光大證券股份有限公司關於國泰君安証券股份有限公司公司債券2020年度第三次臨時受託管理事務報告》) and the 2020 Fourth Extraordinary Report of Everbright Securities Company Limited on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《光大證券股份有限公司關於國泰君安証券股份有限公司公司債券2020年度第四次臨時受託管理事務報告》) in February, March, August and November 2020, respectively.

Industrial Securities Co., Ltd., trustee manager of "18 GUOJUN G1", "18 GUOJUN G2", "18 GUOJUN G3" and "18 GUOJUN G4"bonds, issued the 2019 Bond Trustee Management Services Report of Corporate Bonds of Guotai Junan Securities Co., Ltd.《(國泰君安証券股份有限公司公司債券受託管理事務報告(2019年度)》) in June 2020, and issued the Extraordinary Report of Industrial Securities Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《興業證券股份有限公司關於國泰君安証券股份有限公司公司債券受託管理事務臨時報告》) and the Extraordinary Report of Industrial Securities Co., Ltd. on Trustee Management Services in respect of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《興業證券股份有限公司關於國泰君安証券股份有限公司公司債券受託管理事務臨時報告》) in August and November 2020, respectively.

GF Securities Co., Ltd., trustee manager of "19 GUOJUN G1" and "19 GUOJUN G3" bonds, issued the 2019 Bond Trustee Management Services Report of Corporate Bonds of Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司公司債券受託管理事務報告(2019年度)》) in June 2020, and issued the 2020 First Extraordinary Report of GF Securities Co., Ltd. on Trustee Management Services in respect of Corporate Bonds Publicly Issued by Guotai Junan Securities Co., Ltd. (《廣發証券股份有限公司關於國泰君安証券股份有限公司公開發行公司債券2020年度第一次受託管理事務臨時報告》), the 2020 Second Extraordinary Report of GF Securities Co., Ltd. on Trustee Management Services in respect of Corporate Bonds Publicly Issued by Guotai Junan Securities Co., Ltd. (《廣發証券股份有限公司關於國泰君安証券股份有限公司公開發行公司債券2020年度第二次受託管理事務臨時報告》) and the 2020 Third Extraordinary Report of GF Securities Co., Ltd. on Trustee Management Services in respect of Corporate Bonds Publicly Issued by Guotai Junan Securities Co., Ltd. (《廣發証券股份有限公司關於國泰君安証券股份有限公司公開發行公司債券2020年度第三次受託管理事務臨時報告》) in February, August and November 2020, respectively.

China Merchants Securities Co., Ltd., trustee manager of "19 GUOJUN G4" bond, issued the 2019 Bond Trustee Management Services Report of 2019 Corporate Bonds (Tranche III) Publicly Issued by Guotai Junan Securities Co., Ltd. (《國泰君安証券股份有限公司公開發行2019年公司債券(第三期)受託管理事務報告(2019年度)》) in April 2020, and issued the Extraordinary Report of China Merchants Securities Co., Ltd. on Trustee Management Services in respect of "19 GUOJUN G4" Bond (《招商證券股份有限公司關於"19國君G4"的臨時受託管理事務報告》), the 2020 Second Extraordinary Report of China Merchants Securities Co., Ltd. on Trustee Management Services in respect of "19 GUOJUN G4" Bond (《招商證券股份有限公司關於"19國君G4"2020年度第二次臨時受託管理事務報告》), the 2020 Third Extraordinary Report of China Merchants Securities Co., Ltd. on Trustee Management Services in respect of "19 GUOJUN G4" Bond (《招商證券股份有限公司關於"19國君G4"2020年度第三次臨時受託管理事務報告》) and the 2020 Fourth Extraordinary Report of China Merchants Securities Co., Ltd. on Trustee Management Services in respect of "19 GUOJUN G4" Bond (《招商證券股份有限公司關於"19國君G4"2020年度第四次臨時受託管理事務報告》) in February, March, August and November 2020, respectively.

Essence Securities Co. Ltd., trustee manager of "20 GUOJUN G1", "20 GUOJUN G2", "20 GUOJUN G4", "20 GUOJUN G5", "20 GUOJUN G6", "20 GUOJUN G7", "20 GUOJUN G8"and "20 GUOJUN G9"bonds, issued the 2020 First Extraordinary Report of Essence Securities Co. Ltd. on Trustee Management Services in respect of Major Issues Regarding 2020 Corporate Bonds (First Tranche) Publicly Issued by Guotai Junan Securities Co., Ltd. (《安信證券股份有限公司關於國泰君安証券股份有限公司公開發行2020年公司債券(第一期)重大事項受託管理事務臨時報告(2020年第一次)》), the 2020 Second Extraordinary Report of Essence Securities Co. Ltd. on Trustee Management Services in respect of Major Issues Regarding 2020 Corporate Bonds Publicly Issued by Guotai Junan Securities Co., Ltd. (《安信證券股份有限公司關於國泰君安証券股份有限公司公開發行2020年公司債券重大事項受託管理事務臨時報告(2020年第二次)》) and the 2020 Third Extraordinary Report of Essence Securities Co. Ltd. on Trustee Management Services in respect of Major Issues Regarding 2020 Corporate Bonds Publicly Issued by Guotai Junan Securities Co., Ltd. (《安信證券股份有限公司關於國泰君安証券股份有限公司公開發行2020年公司債券重大事項受託管理事務臨時報告(2020年第三次)》) in February, August and November 2020, respectively.

CSC Financial Co., Ltd., trustee manager of "20 GUOJUN S1", "20 GUOJUN S2", "20 GUOJUN S3"and "20 GUOJUN S4"bonds, issued the Extraordinary Report of CSC Financial Co., Ltd. on Trustee Management Services in respect of Major Issues Regarding Corporate Bonds of Guotai Junan Securities Co., Ltd. (《中信建投證券股份有限公司關於國泰君安証券股份有限公司公司債券重大事項臨時受託管理事務報告》) in November 2020.

Section X Corporate Bonds

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

√ Applicable □ Not applicable

Unit: yuan Currency: RMB

Major indicators	2020	2019	Increase/decrease for the Reporting Period as compared with the corresponding period of last year (%)	Reasons for change
EBITDA	25,048,151,193	20,139,639,466	24.37	
Current ratio	135	151	Decrease by 16 percentage points	
Quick ratio	135	151	Decrease by 16 percentage points	
Gearing ratio (%)	73.19	67.53	Increase by 5.66 percentage points	
Debt-to-EBITDA ratio	0.06	0.06	–	
Interest coverage ratio	2.69	2.55	5.49	
Cash interest coverage ratio	3.96	6.74	-41.25	mainly due to decrease in net cash generated from operating activities and increase in cash interest expenses
EBITDA interest coverage ratio	2.84	2.72	4.41	
Loan repayment ratio (%)	100	100	–	
Interest repayment ratio (%)	100	100	–	

(9). INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

√ Applicable ☐ Not applicable

During the Reporting Period, other bonds and debt financing instruments of the Company mainly included short-term financing bills, medium-term notes, structured notes and subordinated bonds. Please refer to Section XI Independent Auditor's Report and notes to the Consolidated Financial Statements of this announcement for further details. The principal amounts and interests of each financing instrument have been paid on time.

(10). BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

√ Applicable ☐ Not applicable

As at the end of December 2020, the banking facilities the Company obtained from the major cooperation banks amounted to about RMB442.4 billion in aggregate, of which about RMB85.8 billion had been utilized and about RMB356.6 billion had been unutilized.

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

☐ Applicable √ Not applicable

(12). SIGNIFICANT EVENTS OF THE COMPANY AND THE IMPACTS ON THE OPERATION POSITION AND SOLVENCY OF THE COMPANY

☐ Applicable √ Not applicable

Section XI Independent Auditor's Report and Notes to Financial Statements

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

We have audited the consolidated financial statements of Guotai Junan Securities Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 218 to 364, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

The Key Audit Matter	How the matter was addressed in our audit

Consolidation of structured entities

Refer to Note 26 to the consolidated financial statements and the accounting policies in Note 2.2.

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity.

In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.

The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.

Our audit procedures to assess the consolidation of structured entities included the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;
- selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:
  - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

The Key Audit Matter

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.

How the matter was addressed in our audit

- evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;
- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;
- evaluating management's judgement over whether the structured entity should be consolidated or not;

- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

The Key Audit Matter	How the matter was addressed in our audit
Loss allowances of financial assets measured at amortised cost *Refer to Note 30, 37 to the consolidated financial statements and the accounting policies in Note 3.11.*	
The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default, economic indicators for forward-looking adjustment, impact of the COVID-19 and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions. In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for financial assets measured at amortised cost are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience and other adjustment factors. Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement.	Our audit procedures to assess loss allowances of financial assets measured at amortised cost included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of financial assets measured at amortised cost, the credit grading process and the measurement of loss allowances; • with the assistance of our internal specialists, assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments;

The Key Audit Matter

We identified loss allowances of financial assets measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment with the general ledger; selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with external sources;

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development, taking into consideration the impact of COVID-19;

- evaluating the validity of management's assessment on whether the credit risk of the financial assets has, or has not, increased significantly since initial recognition and whether the financial assets is credit-impaired by selecting risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers;

The Key Audit Matter	How the matter was addressed in our audit
	• for selected samples of the financial assets measured at amortised cost that are credit- impaired, evaluating management's assessment of the value of the collateral held. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; • recalculating the amount of credit loss allowance for 12 month and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of financial assets measured at amortised cost where the credit risk has not, or has, increased significantly since initial recognition, respectively; and • evaluating whether the disclosures on impairment of financial assets measured at amortised cost meet the disclosure requirements of prevailing accounting standards.

The Key Audit Matter	How the matter was addressed in our audit
Assessing the fair value of financial instruments *Refer to Note 63 to the consolidated financial statements and the accounting policies in Note 3.3.* The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 3 financial instruments, estimates need to be developed which can involve significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of financial instruments included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments; • assessing the fair values of, for a sample of financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data; • reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments; • engaging our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; and • assessing whether the disclosures in the consolidated financial statements reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all 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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2021

Section XI Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

year ended 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Revenue			
Fee and commission income	6	**16,719,616**	12,124,791
Interest income	7	**14,495,682**	12,630,205
Net investment gains	8	**8,901,197**	8,096,610
Total revenue		**40,116,495**	32,851,606
Other income and gains	9	**6,328,845**	6,198,039
Total revenue and other income		**46,445,340**	39,049,645
Fee and commission expenses	10	**(2,580,447)**	(1,838,426)
Interest expenses	11	**(8,804,654)**	(7,403,450)
Staff costs	12	**(9,250,380)**	(7,766,427)
Depreciation and amortization expenses	13	**(1,371,553)**	(1,291,570)
Tax and surcharges		**(168,819)**	(136,880)
Other operating expenses and costs	14	**(8,240,709)**	(7,271,807)
Provision for impairment losses		**(62)**	(20,902)
Credit loss expense	15	**(1,312,297)**	(2,049,577)
Total expenses		**(31,728,921)**	(27,779,039)
Operating profit		**14,716,419**	11,270,606
Share of profits of associates and joint ventures		**155,525**	174,013
Profit before income tax		**14,871,944**	11,444,619
Income tax expense	16	**(3,134,874)**	(2,393,263)

The accompanying notes form part of the consolidated financial statements.

		Year ended 31 December	
	Note	**2020**	2019
Profit for the year		**11,737,070**	9,051,356
Attributable to:			
Equity holders of the Company		**11,122,099**	8,637,037
Non-controlling interests		**614,971**	414,319
Total		**11,737,070**	9,051,356
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)	20		
— Basic		**1.20**	0.90
— Diluted		**1.19**	0.90

The accompanying notes form part of the consolidated financial statements.

Section XI Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2020	2019
Profit for the year	**11,737,070**	9,051,356
Other comprehensive income for the year		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
— Net changes in fair value	**67,425**	178,194
— Changes in allowance for expected credit losses	**4,560**	70,405
— Reclassified to profit or loss	**(586,392)**	(238,891)
— Income tax impact	**129,474**	(2,320)
Share of other comprehensive income of associates and joint ventures		
— Share of other comprehensive income	**(56)**	3,193
— Reclassified to profit or loss	**—**	(10,584)
Exchange differences on translation of financial statements in foreign currencies	**(815,369)**	298,820
Total items that may be reclassified to profit or loss	**(1,200,358)**	298,817
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
— Net changes in fair value	**15,748**	707,402
— Income tax impact	**(3,937)**	(176,851)
Share of other comprehensive income of associates and joint ventures		
— Share of other comprehensive income	**(98,117)**	124,342
— Income tax impact	**24,529**	(31,085)
Total items that will not be reclassified to profit or loss	**(61,777)**	623,808
Other comprehensive income for the year, net of tax	**(1,262,135)**	922,625
Total comprehensive income for the year	**10,474,935**	9,973,981
Attributable to:		
Equity holders of the Company	**10,165,609**	9,474,748
Non-controlling interests	**309,326**	499,233
Total	**10,474,935**	9,973,981

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

		As at 31 December	
	Note	**2020**	2019
Non-current assets			
Property and equipment	21	**5,024,307**	5,211,423
Right-of-use assets	22	**2,490,743**	2,926,043
Goodwill	23	**599,812**	599,812
Other intangible assets	24	**1,677,813**	1,574,249
Investments in associates	27	**1,169,765**	1,183,891
Investments in joint ventures	27	**2,844,778**	1,274,671
Debt instruments at fair value through other comprehensive income	28	**65,511,217**	53,408,720
Equity instruments at fair value through other comprehensive income	29	**17,637,062**	17,547,076
Financial assets held under resale agreements	30	**2,616,287**	1,959,737
Financial assets at fair value through profit or loss	31	**26,628,714**	13,433,691
Refundable deposits	32	**29,415,401**	12,975,377
Deferred tax assets	33	**1,761,582**	1,251,032
Other non-current assets	34	**691,128**	1,154,839
Total non-current assets		**158,068,609**	114,500,561
Current assets			
Accounts receivable	35	**7,230,325**	3,484,166
Other current assets	36	**2,983,541**	2,017,453
Margin accounts receivable	37	**99,429,347**	72,088,344
Debt instruments at fair value through other comprehensive income	28	**6,981,585**	6,858,108
Financial assets held under resale agreements	30	**53,245,514**	51,980,260
Financial assets at fair value through profit or loss	31	**202,097,430**	175,588,501
Derivative financial assets	38	**2,214,226**	550,081
Clearing settlement funds	39	**6,049,697**	4,460,152
Cash held on behalf of brokerage customers	40	**139,323,440**	102,533,823
Cash and bank balances	41	**25,275,458**	25,252,829
Total current assets		**544,830,563**	444,813,717
Total assets		**702,899,172**	559,314,278

The accompanying notes form part of the consolidated financial statements.

	Note	As at 31 December 2020	2019
Current liabilities			
Loans and borrowings	42	**9,769,331**	10,312,724
Short-term debt instruments	43	**48,724,368**	17,424,352
Placements from other financial institutions	44	**13,810,630**	9,488,642
Accounts payable to brokerage customers	45	**157,408,158**	109,336,526
Employee benefits payable	46	**7,568,772**	5,685,105
Income tax payable		**1,572,828**	1,414,731
Financial assets sold under repurchase agreements	47	**144,721,315**	126,017,296
Financial liabilities at fair value through profit or loss	48	**30,304,839**	37,845,046
Derivative financial liabilities	38	**5,526,472**	1,358,809
Bonds payable	49	**24,744,699**	17,672,144
Lease liabilities	22	**466,697**	638,382
Other current liabilities	50	**25,405,255**	14,229,188
Total current liabilities		**470,023,364**	351,422,945
Net current assets		**74,807,199**	93,390,772
Total assets less current liabilities		**232,875,808**	207,891,333
Non-current liabilities			
Loans and borrowings	42	**—**	1,490,000
Bonds payable	49	**66,947,715**	51,901,409
Lease liabilities	22	**1,486,932**	1,725,455
Deferred tax liabilities	33	**139,059**	13,762
Financial liabilities at fair value through profit or loss	48	**17,789,620**	6,441,647
Other non-current liabilities	51	**274,664**	225,237
Total non-current liabilities		**86,637,990**	61,797,510
Net assets		**146,237,818**	146,093,823

The accompanying notes form part of the consolidated financial statements.

		As at 31 December	
	Note	**2020**	2019
Equity			
Share capital	52	**8,908,448**	8,907,948
Other equity instruments	53	**11,071,661**	16,129,799
Treasury shares		**(776,909)**	—
Reserves	54	**71,645,598**	71,127,776
Retained profits	54	**46,504,462**	41,335,967
Equity attributable to equity holders of the Company		**137,353,260**	137,501,490
Non-controlling interests		**8,884,558**	8,592,333
Total equity		**146,237,818**	146,093,823

Approved and authorized for issue by the Board of Directors on 25 March 2021.

He Qing

Chairman

Wang Song

Executive Director

The accompanying notes form part of the consolidated financial statements.

Section XI Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity shareholders of the Company											
			Reserves									
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Treasury shares	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2019	8,907,948	16,129,799	46,208,639	(40,809)	290,279	7,172,530	17,497,137	–	41,335,967	137,501,490	8,592,333	146,093,823
Profit for the year	–	–	–	–	–	–	–	–	11,122,099	11,122,099	614,971	11,737,070
Other comprehensive income for the year	–	–	–	(376,358)	(580,132)	–	–	–	–	(956,490)	(305,645)	(1,262,135)
Total comprehensive income for the year	–	–	–	(376,358)	(580,132)	–	–	–	11,122,099	10,165,609	309,326	10,474,935
Issue of perpetual bonds	–	4,943,396	–	–	–	–	–	–	–	4,943,396	–	4,943,396
Redemption of perpetual bonds	–	(10,000,000)	–	–	–	–	–	–	–	(10,000,000)	–	(10,000,000)
Appropriation to general reserve	–	–	–	–	–	–	1,952,783	–	(1,952,783)	–	–	–
Dividends (note 19)	–	–	–	–	–	–	–	–	(3,439,391)	(3,439,391)	–	(3,439,391)
Distribution to other equity instrument holders (note 19)	–	–	–	–	–	–	–	–	(402,500)	(402,500)	–	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(203,777)	(203,777)
Other comprehensive income that has been reclassified to retained profits	–	–	–	158,930	–	–	–	–	(158,930)	–	–	–
Conversion of convertible bonds	500	(1,534)	10,068	–	–	–	–	–	–	9,034	–	9,034
Equity transactions with minority stockholder	–	–	–	–	–	–	–	–	–	–	203,735	203,735
Acquisition of treasury shares	–	–	–	–	–	–	–	(1,543,209)	–	(1,543,209)	–	(1,543,209)
Equity Settled share-based transactions	–	–	(679,534)	–	–	–	–	766,300	–	86,766	–	86,766
Others	–	–	32,065	–	–	–	–	–	–	32,065	(17,059)	15,006
At 31 December 2020	8,908,448	11,071,661	45,571,238	(258,237)	(289,853)	7,172,530	19,449,920	(776,909)	46,504,462	137,353,260	8,884,558	146,237,818

The accompanying notes form part of the consolidated financial statements.

	Attributable to equity shareholders of the Company										
			Reserves								
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2018	8,713,941	11,129,819	43,715,696	(916,167)	78,588	7,176,439	15,481,374	38,070,373	123,450,063	10,223,329	133,673,392
Impact of adopting IFRS 16 (note 2.2)	–	–	–	–	–	(3,909)	(9,851)	(56,806)	(70,566)	(9,769)	(80,335)
Restated opening balance	8,713,941	11,129,819	43,715,696	(916,167)	78,588	7,172,530	15,471,523	38,013,567	123,379,497	10,213,560	133,593,057
Profit for the year	–	–	–	–	–	–	–	8,637,037	8,637,037	414,319	9,051,356
Other comprehensive income for the year	–	–	–	626,020	211,691	–	–	–	837,711	84,914	922,625
Total comprehensive income for the year	–	–	–	626,020	211,691	–	–	8,637,037	9,474,748	499,233	9,973,981
Placement of H shares	194,000	–	2,513,597	–	–	–	–	–	2,707,597	–	2,707,597
Issue of perpetual bonds	–	5,000,000	–	–	–	–	–	–	5,000,000	–	5,000,000
Appropriation to general reserve	–	–	–	–	–	–	2,025,614	(2,025,614)	–	–	–
Dividends (note 19)	–	–	–	–	–	–	–	(2,449,685)	(2,449,685)	–	(2,449,685)
Distribution to other equity instrument holders (note 19)	–	–	–	–	–	–	–	(590,000)	(590,000)	–	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	–	–	–	–	–	–	–	–	–	(1,691,430)	(1,691,430)
Other comprehensive income that has been reclassified to retained profits	–	–	–	249,338	–	–	–	(249,338)	–	–	–
Conversion of convertible bonds	7	(20)	152	–	–	–	–	–	139	–	139
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	101,181	101,181
Redemption of other equity instruments issued by a subsidiary	–	–	(11,362)	–	–	–	–	–	(11,362)	(307,558)	(318,920)
Acquisition of non-controlling interests in a subsidiary	–	–	(7,788)	–	–	–	–	–	(7,788)	(212,705)	(220,493)
Others	–	–	(1,656)	–	–	–	–	–	(1,656)	(9,948)	(11,604)
At 31 December 2019	8,907,948	16,129,799	46,208,639	(40,809)	290,279	7,172,530	17,497,137	41,335,967	137,501,490	8,592,333	146,093,823

The accompanying notes form part of the consolidated financial statements.

Section XI Independent Auditor's Report and Notes to Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December	
	2020	2019
Cash flows from operating activities:		
Profit before income tax	**14,871,944**	11,444,619
Adjustments for:		
Interest expenses	**8,804,654**	7,403,450
Share of profits of associates and joint ventures	**(155,525)**	(174,013)
Depreciation and amortization expenses	**1,371,553**	1,291,570
Provision for impairment losses	**62**	20,902
Credit loss expense	**1,312,297**	2,049,577
Net gains on disposal of property and equipment	**(20,774)**	(4,520)
Foreign exchange (gains)/losses	**(61,556)**	65,187
Net realized gains from financial instruments at fair value through other comprehensive income	**(586,392)**	(238,891)
Gain on disposal of subsidiaries, associates and joint ventures	**(175,811)**	(740,835)
Dividend income and other income from financial assets at fair value through other comprehensive income	**(2,378,495)**	(3,087,006)
Interest income from time deposits, loans and receivables	**(751,152)**	(688,299)
Unrealized fair value changes in financial instruments at fair value through profit or loss	**(2,133,395)**	(2,520,443)
Unrealized fair value changes in derivatives	**1,700,108**	1,054,702
	21,797,518	15,876,000

The accompanying notes form part of the consolidated financial statements.

	Year ended 31 December	
	2020	2019
Increase in refundable deposits	**(16,477,459)**	(5,422,699)
Increase in margin accounts receivable	**(27,816,991)**	(19,153,530)
Increase/(decrease) in accounts receivable, other current assets and other non-current assets	**(4,102,330)**	1,403,862
Decrease in financial assets held under resale agreements	**5,302,950**	4,714,435
Increase in financial instruments at fair value through profit or loss and derivative financial instruments	**(33,830,468)**	(35,902,444)
Increase in cash held on behalf of brokerage customers	**(36,789,617)**	(25,120,438)
Increase in accounts payable to brokerage customers	**21,498,209**	26,687,698
Increase in other liabilities	**49,133,523**	6,269,926
Increase in employee benefits payable	**1,883,666**	700,242
Increase in financial assets sold under repurchase agreements	**18,130,148**	55,458,751
Increase/(decrease) in placements from other financial institutions	**4,321,986**	(674,604)
Cash generated from operations	**3,051,135**	24,837,199
Income taxes paid	**(3,213,575)**	(2,671,778)
Interest paid	**(4,130,934)**	(3,365,066)
Net cash (used in)/generated from operating activities	**(4,293,374)**	18,800,355

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2020	2019
Cash flows from investing activities:			
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		**54,361**	13,694
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		**3,248,324**	3,615,194
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		**99,734,928**	57,310,732
Proceeds from disposal of subsidiaries, associates and joint ventures		**685,085**	85,512
Proceeds from purchases of subsidiaries, associates and joint ventures		**—**	47,883
Purchases of property and equipment, other intangible assets and other non-current assets		**(796,343)**	(1,782,708)
Purchases of financial assets at fair value through other comprehensive income and other investments		**(125,307,240)**	(82,415,900)
Net cash used in investing activities		**(22,380,885)**	(23,125,593)

The accompanying notes form part of the consolidated financial statements.

	Note	Year ended 31 December 2020	2019
Cash flows from financing activities:			
Net proceeds from issuance of H shares		—	2,711,819
Proceeds from issuance of short-term debt instruments		**99,390,441**	39,064,773
Proceeds from issuance of a perpetual bond		**4,943,396**	5,000,000
Proceeds from issuance of shares upon placement by a subsidiary		**201,056**	—
Proceeds from issuance of bonds payable		**39,553,422**	23,213,393
Proceeds from loans and borrowings		**10,963,243**	55,252,471
Cash received from restricted share Incentive scheme of A shares		**603,560**	—
Redemption of other equity investments issued by a subsidiary		—	(318,920)
Repayment of debt securities issued		**(85,671,134)**	(51,225,094)
Repayment of loans and borrowings		**(11,056,795)**	(53,027,955)
Interest paid		**(4,147,089)**	(3,282,221)
Dividends paid		**(4,437,259)**	(4,739,996)
Redemption of perpetual debt instrument		**(10,000,000)**	—
Purchase of treasury shares		**(1,543,209)**	—
Capital element of lease rentals paid		**(585,848)**	(537,076)
Interest element of lease rentals paid		**(88,946)**	(101,686)
Cash used in other financing activities		**(40,000)**	(24,547)
Net cash generated from financing activities		**38,084,838**	11,984,961
Net increase in cash and cash equivalents		**11,410,579**	7,659,723
Cash and cash equivalents at the beginning of the year		**45,771,060**	37,947,251
Effect of foreign exchange rate changes		**(357,963)**	164,086
Cash and cash equivalents at the end of the year	55(a)	**56,823,676**	45,771,060

The accompanying notes form part of the consolidated financial statements.

Section XI Independent Auditor's Report and Notes to Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

(Amounts expressed in thousands of RMB unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

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

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Basis of consolidation *(continued)*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Investments in associates and joint ventures

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

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

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

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

3.1 Investments in associates and joint ventures *(continued)*

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

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

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

3.2 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

3.2 Business combinations and goodwill *(continued)*

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

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

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

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

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

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

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

3.2 Business combinations and goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

3.3 Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.4 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

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

3.5 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

3.6 Property and equipment and depreciation

Property and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.26%-3.20%
Leasehold improvements	Over the shorter of the remaining lease terms and 5 years
Machinery	8.64%-19.20%
Electronic equipment	19.00%-50.00%
Communication equipment	10.55%-32.00%
Motor vehicles	9.50%-32.00%
Others	9.50%-32.00%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

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

3.7 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, whether there is any indicator of impairment or not. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Useful lives of each category of intangible assets are as follows:

	Useful lives
Trading seats rights	Indefinite
Securities and futures brokerage qualification	Indefinite
Software	5 years

3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) as a single lease component.

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

3.8 Leases *(continued)*

Group as a lessee *(continued)*

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

3.8 Leases *(continued)*

Group as a lessee *(continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

3.9 Investments and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

3.9 Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

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

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

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

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

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

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

3.9 Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately.

3.10 Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

3.10 Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.11 Impairment of financial assets

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

General approach

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

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

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

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

3.11 Impairment of financial assets *(continued)*

General approach *(continued)*

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

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

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

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

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

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

Simplified approach

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

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

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

3.12 Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term debt instruments, placements from other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

3.12 Financial liabilities *(continued)*

Subsequent measurement *(continued)*

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

3.13 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

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

3.14 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.15 Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3.16 Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase are recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

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

3.17 Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognizes the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of purchased securities exceeds that of sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of sold securities exceeds that of purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

3.18 Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognizes margin financing services to customers as margin accounts receivable, and recognizes the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivables is determined with reference to the policy of provision for impairment of financial assets measured at amortized cost.

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognized as interest revenue according to the securities lending agreement. The securities transferred under the securities lending services are not derecognized.

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

3.19 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.20 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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

3.21 Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above; and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the policy for revenue recognition.

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

3.22 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

3.22 Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

3.23 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

3.24 Revenue recognition

Revenue from contracts with customers

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

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

3.24 Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

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

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

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognized on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognized when the related services are rendered.

Income from the investment consulting business is recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

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

(c) Asset management business

Income from asset management business is recognized when contingent criteria associated are met.

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

3.24 Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(d) Other business

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

3.25 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

3.26 Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.27 Contract costs

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

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

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

(c) The costs are expected to be recovered.

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

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

3.28 Expenses recognition

Commission expenses

Commission expenses relate mainly to transactions, which are recognized as expenses when the services are received.

Interest expenses

Interest expenses are recognized based on the amortized cost and at the effective interest rate applicable.

Other expenses

Other expenses are recognized on an accrual basis.

3.29 Fiduciary wealth management

The Group's fiduciary wealth management business includes targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

3.30 Employee benefits

Employee benefits refer to all forms of consideration and other related expenses except share-based payments given by the Group in exchange for services rendered by employees. The employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits (Defined contribution plan)

The Group participates in a defined contribution plan in which the employees benefit from pensions and unemployment insurance managed by the government, and annuity plans managed by the Group. Such expenditure is charged to the statement of profit or loss in the period when it is incurred.

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

3.30 Employee benefits *(continued)*

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Other long-term employee benefits are applicable to the rules on post-employment benefits, to recognize their net liabilities or net assets, while the changes are recorded in current profit or loss or related asset cost.

Share-based payments

(i) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognized in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

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

3.30 Employee benefits *(continued)*

Share-based payments *(continued)*

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognizes an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognizes the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

3.31 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.32 Dividends

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

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

3.33 Foreign currencies

The consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

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

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is transferred to the statement of profit or loss.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates for the year. The impact on cash caused by the fluctuation of exchange rates is presented as a separate line item in the statement of cash flows.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in these consolidated financial statements is included in the following note:

Note 2.2 – consolidation: whether the Group has control over a structured entity.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3.3 – measurement of fair value;

Note 3.4 – the impairment of non-financial assets;

Note 3.6 and 3.7 – depreciation rates for property and equipment, and other intangible assets;

Note 3.11 – measurement of 'expected credit loss' (ECL) allowance for financial assets;

Note 3.22 – recognition of deferred tax assets; and

Note 3.30 – Share-based payments.

5. TAXATION

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Taxable profits	16.5%-25%
Value added tax ("VAT")	Taxable revenue	3%-13%
City maintenance and construction tax	Value added tax paid	1%-7%
Education surcharge	Value added tax paid	3%

Corporate Income tax

The income tax rate applicable to the Company and its subsidiaries in Mainland China is 25%. The income tax rate applicable to subsidiaries in Hong Kong is 16.5%.

Value added tax

According to the Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products (《關於資管產品增值稅有關問題的通知》) promulgated by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC on 30 June 2017, starting from 1 January 2018, with respect to any VAT-able activities in the course of managing asset management products, managers of the asset management products could be temporarily subject to the simplified VAT calculation method and thus liable to VAT at 3%. With respect to VAT-able income arising from asset management products prior to 1 January 2018, if VAT had not been paid previously, no VAT will be payable; if VAT had been paid previously, the previously paid VAT can be used to offset against the VAT payable of the managers.

6. FEE AND COMMISSION INCOME

(a) Revenue streams

	Year ended 31 December	
	2020	2019
Securities brokerage and investment consulting business	**10,347,975**	6,773,457
Underwriting and sponsorship business	**3,590,771**	2,415,790
Asset management business	**1,545,904**	1,665,495
Futures brokerage business	**713,472**	548,639
Financial advisory business	**296,397**	327,048
Custodian and outsourcing service	**222,302**	391,243
Others	**2,795**	3,119
Total	**16,719,616**	12,124,791

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

(b) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	2020		2019	
	At a point in time	**Over time**	At a point in time	Over time
Securities brokerage and investment consulting business	**10,347,975**	**—**	6,773,457	—
Underwriting and sponsorship business	**3,590,771**	**—**	2,415,790	—
Asset management business	**—**	**1,545,904**	—	1,665,495
Futures brokerage business	**713,472**	**—**	548,639	—
Financial advisory business	**296,397**	**—**	327,048	—
Custodian and outsourcing service	**—**	**222,302**	—	391,243
Others	**2,795**	**—**	3,119	—
Total	**14,951,410**	**1,768,206**	10,068,053	2,056,738

7. INTEREST INCOME

	Year ended 31 December	
	2020	2019
Margin financing and securities lending	**6,104,191**	4,562,080
Deposits in financial institutions	**3,696,267**	3,236,272
Debt instruments at fair value through other comprehensive income	**2,177,121**	2,007,844
Stock-pledged financing and securities repurchase	**1,851,917**	2,269,365
Other financial assets held under resale agreements	**354,691**	326,502
Term loan	**51,898**	127,380
Others	**259,597**	100,762
Total	**14,495,682**	12,630,205

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2020	2019
Dividend and other income		
Financial instruments at fair value through profit or loss	**4,231,757**	3,996,756
Equity instruments at fair value through other comprehensive income	**201,374**	1,079,162
Net realized gains		
Financial instruments at fair value through profit or loss	**3,773,681**	592,579
Debt instruments at fair value through other comprehensive income	**586,392**	238,891
Derivative financial instruments	**(325,823)**	493,368
Unrealized gains/(losses)		
Financial assets at fair value through profit or loss	**2,162,322**	3,784,512
Financial liabilities at fair value through profit or loss	**(28,927)**	(1,264,069)
Derivative financial instruments	**(1,700,108)**	(819,993)
Others[(1)]	**529**	(4,596)
Total	**8,901,197**	8,096,610

(1) Third-party interests in consolidated structured entities.

9. OTHER INCOME AND GAINS

	Year ended 31 December	
	2020	2019
Income from bulk commodity trading	**5,396,352**	4,744,329
Government grants[1]	**563,871**	618,989
Gain on disposal of joint ventures and associates	**175,811**	740,835
Foreign exchange gains or losses	**61,556**	(65,187)
Commission from tax withholding and remitting	**42,940**	35,571
Gains on disposal of property and equipment	**22,010**	8,406
Others	**66,305**	115,096
Total	**6,328,845**	6,198,039

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

10. FEE AND COMMISSION EXPENSES

	Year ended 31 December	
	2020	2019
Securities brokerage and investment consulting business	**2,157,675**	1,528,378
Futures brokerage business	**233,028**	138,035
Underwriting and sponsorship business	**151,724**	147,374
Others	**38,020**	24,639
Total	**2,580,447**	1,838,426

11. INTEREST EXPENSES

	Year ended 31 December	
	2020	2019
Bonds payable	**3,325,141**	3,127,553
Financial assets sold under repurchase agreements	**2,749,939**	2,463,699
Short-term debt instruments	**732,913**	440,587
Accounts payable to brokerage customers	**611,282**	415,104
Placements from other financial institutions	**483,837**	244,897
Loans and borrowings	**433,752**	314,273
Securities lending	**165,343**	88,148
Derivative financial instruments	**100,688**	74,077
Lease liabilities	**88,946**	101,686
Gold leasing	**75,756**	65,940
Priority tranche holders of structured entities	**31,483**	65,402
Others	**5,574**	2,084
Total	**8,804,654**	7,403,450

12. STAFF COSTS

	Year ended 31 December	
	2020	2019
Salaries, bonuses and allowances	**8,244,400**	6,641,222
Other social welfare	**580,371**	553,561
Contributions to defined contribution schemes	**425,609**	571,644
Total	**9,250,380**	7,766,427

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

12. STAFF COSTS *(continued)*

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

13. DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 31 December	
	2020	2019
Depreciation of right-of-use assets	**635,589**	620,685
Depreciation of property and equipment	**543,238**	514,545
Amortization of other intangible assets	**169,630**	130,560
Amortization of long-term deferred expenses	**23,096**	25,780
Total	**1,371,553**	1,291,570

14. OTHER OPERATING EXPENSES AND COSTS

	Year ended 31 December	
	2020	2019
Cost of bulk commodity trading	**5,392,031**	4,688,979
Information technology expenses	**424,081**	354,456
Promotion and business development expenses	**279,469**	287,609
Rental and property management expenses	**242,420**	345,673
Consulting fees	**241,935**	145,881
Postal and communication expenses	**221,737**	187,617
Fund and asset management scheme distribution expenses	**192,709**	99,804
Administrative and office operating expenses	**192,130**	228,891
Stock exchange management fees	**175,419**	125,605
Marketing and advertising expenses	**166,632**	146,558
Business travel expenses	**146,742**	214,293
Securities investor protection funds	**121,575**	112,507
Utilities	**41,971**	47,563
Donation	**38,824**	35,623
Auditors' remuneration	**14,228**	14,539
Others	**348,806**	236,209
Total	**8,240,709**	7,271,807

15. CREDIT LOSS EXPENSE

	Year ended 31 December	
	2020	2019
Financial assets held under resale agreements	**616,772**	1,037,739
Margin accounts receivable	**610,349**	764,754
Others	**85,176**	247,084
Total	**1,312,297**	2,049,577

16. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
Current tax		
Mainland China income tax	**3,295,428**	2,369,164
Hong Kong Profits Tax	**92,099**	281,496
Adjustments in respect of prior years		
Mainland China income tax	**29,188**	1,272
Hong Kong Profits Tax	**7,933**	(415)
Deferred tax	**(289,774)**	(258,254)
Total tax charges for the year	**3,134,874**	2,393,263

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

16. INCOME TAX EXPENSE *(continued)*

A reconciliation of the tax expense applicable to profit before income tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries is domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2020	2019
Profit before income tax	**14,871,944**	11,444,619
Tax at the PRC statutory tax rate of 25%	**3,717,986**	2,861,155
Effect of different tax rates of subsidiaries	**(208,330)**	(74,542)
Adjustments in respect of current tax and deferred tax of prior years	**37,121**	857
Non-taxable income	**(348,845)**	(384,002)
Profits and losses attributable to joint ventures and associates	**(35,478)**	(18,100)
Non-deductible expenses	**192,480**	214,513
Utilization of tax losses and deductible temporary differences previously not recognized	**(14,312)**	(39,157)
Tax losses and deductible temporary differences not recognized	**14,752**	539
Deductible distribution of other equity instrument	**(220,500)**	(168,000)
Total tax charges for the year	**3,134,874**	2,393,263

Section XI Independent Auditor's Report and Notes to Financial Statements

17. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors paid by the Group who held office for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December 2020					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Restricted share incentive scheme	Total remuneration
Executive Directors						
He Qing[2]	–	732	95	57	–	884
Wang Song	–	920	107	1,236	793	3,056
Yu Jian	–	1,615	176	3,037	653	5,481
Non-Executive Directors						
Liu Xinyi[1][3]	–	–	–	–	–	–
Guan Wei[1]	–	–	–	–	–	–
Zhou Lei[1]	–	–	–	–	–	–
Zhong Maojun[1]	–	–	–	–	–	–
Wang Wenjie[1]	–	–	–	–	–	–
Lin Facheng	150	–	–	–	–	150
Zhou Hao[1]	–	–	–	–	–	–
An Hongjun[1]	–	–	–	–	–	–
Independent Non-executive Directors						
Xia Dawei	250	–	–	–	–	250
Shi Derong[1]	–	–	–	–	–	–
Chen Guogang	250	–	–	–	–	250
Ling Tao	250	–	–	–	–	250
Jin Qingjun	250	–	–	–	–	250
LEE Conway Kong Wai	250	–	–	–	–	250

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

	Year ended 31 December 2020					
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Restricted share incentive scheme	Total remuneration
Supervisors						
Li Zhongning[4]	–	466	60	–	–	526
Wang Lei	–	719	104	308	–	1,131
Shao Chong	150	–	–	–	–	150
Feng Xiaodong	150	–	–	–	–	150
Zuo Zhipeng	150	–	–	–	–	150
Wang Weijie	–	1,132	141	1,606	–	2,879
Liu Xuefeng	–	1,346	141	1,362	–	2,849
	1,850	6,930	824	7,606	1,446	18,656

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

(2) Appointed on 12 February 2020.

(3) Appointed on 15 June 2020.

(4) Appointed on 15 June 2020.

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

	Year ended 31 December 2019				
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Executive Directors					
He Qing[2]	—	—	—	—	—
Wang Song	—	925	16	503	1,444
Yu Jian	—	1,828	26	3,135	4,989
Yang Dehong[3]	—	603	16	163	782
Non-Executive Directors					
Zhong Maojun[1]	—	—	—	—	—
Zhou Lei[1]	—	—	—	—	—
Lin Facheng	150	—	—	—	150
Zhou Hao[1]	—	—	—	—	—
Wang Wenjie[1][4]	—	—	—	—	—
Guan Wei[1][5]	—	—	—	—	—
An Hongjun[1][6]	—	—	—	—	—
Liu Ying[1][7]	—	—	—	—	—
Wang Yongjian[7]	63	—	—	—	63
Fu Fan[1][8]	—	—	—	—	—
Independent Non-executive Directors					
Xia Dawei	250	—	—	—	250
Shi Derong[1]	—	—	—	—	—
Chen Guogang	250	—	—	—	250
Ling Tao	250	—	—	—	250
Jin Qingjun	250	—	—	—	250
LEE Conway Kong Wai	250	—	—	—	250

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

	Year ended 31 December 2019				
Name	Fees	Salaries, allowances and benefits	Pension scheme contributions and other social welfare	Discretionary bonuses	Total remuneration
Supervisors					
Shao Chong	150	—	—	—	150
Zuo Zhipeng	150	—	—	—	150
Feng Xiaodong	150	—	—	—	150
Wang Weijie	—	1,138	21	2,070	3,229
Liu Xuefeng	—	1,252	21	2,077	3,350
Wang Lei[9]	—	420	2	—	422
Zhu Ning[10]	—	157	16	146	319
Shang Hongbo[11]	—	—	—	—	—
	1,913	6,323	118	8,094	16,448

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

(2) Appointed on 12 February 2020.

(3) Resigned on 23 September 2019.

(4) Appointed on 28 June 2019.

(5) Appointed on 25 July 2019.

(6) Appointed on 14 November 2019.

(7) Resigned on 9 May 2019.

(8) Resigned on 5 December 2019.

(9) Appointed on 4 June 2019.

(10) Resigned on 6 May 2019.

(11) Resigned on 17 June 2019.

18. FIVE HIGHEST PAID EMPLOYEES

Among the five highest paid employees, there were neither directors nor supervisors for the years ended 31 December 2020 and 2019. Details of the remuneration of the five highest paid employees are as follows:

	Year ended 31 December	
	2020	2019
Salaries, allowances and benefits	**12,709**	10,873
Pension scheme contributions and other social welfare	**64**	48
Discretionary bonuses	**55,495**	57,502
Share-based payments	**4,406**	9,384
Total	**72,674**	77,807

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2020	2019
HKD13,000,001 to HKD14,000,000	**–**	1
HKD14,000,001 to HKD15,000,000	**1**	1
HKD15,000,001 to HKD16,000,000	**2**	2
HKD17,000,001 to HKD18,000,000	**1**	–
HKD23,000,001 to HKD24,000,000	**1**	–
HKD28,000,001 to HKD29,000,000	**–**	1
Total	**5**	5

19. DIVIDENDS

	Year ended 31 December	
	2020	2019
Proposed and paid dividends	**3,439,391**	2,449,685
Distribution to other equity instrument holders	**402,500**	590,000

Pursuant to the resolution of the meeting of shareholders held on 15 June 2020, the Company distributed cash dividends of RMB3.9 yuan for every 10 shares (tax included) amounting to RMB3,439 million in total for the year ended 31 December 2019.

Pursuant to the resolution of the meeting of shareholders held on 24 June 2019, the Company distributed cash dividends of RMB2.75 yuan for every 10 shares (tax included) amounting to RMB2,450 million in total for the year ended 31 December 2018.

The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. The Company recognized dividend payable to other equity instrument holders of RMB403 million and RMB590 million as at 31 December 2020 and 2019 for the years then ended respectively.

Pursuant to the resolution of the 19th meeting of the 5th term of the Board held on 25 March 2021, the Board has proposed the annual profit distribution plan for the year ended 31 December 2020 as follows: after appropriating 10% of profit after tax each for general risk reserves and trading risk reserves, respectively, in accordance with relevant regulations, based on the total number of ordinary shares as indicated in the statutory records on that date, the Company shall distribute cash dividends of RMB5.60 yuan for every 10 shares (tax included). Based on the total of 8,898,448,221 ordinary shares without considering the shares that may be converted from convertible bonds after 31 December 2020, calculated by total shares of 8,908,448,211 as at 31 December 2020 less 9,999,990 shares that are held by the specified account for repurchase, RMB4,983 million of dividends would be distributed. The profit distribution plan is subject to shareholders' approval in the upcoming shareholders' meeting.

20. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from the conversion of dilutive potential ordinary shares into ordinary shares, (c) the dilutive effect of subsidiaries' potential ordinary shares and (d) the tax impact of the above adjustments.

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, and (c) the weighted average number of restricted shares that could fulfil the vesting conditions.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years are assumed to be converted at the beginning of the year and those issued in the year are assumed to be converted at the issuance date. The Group has convertible corporate bonds and share based payment as dilutive potential ordinary shares.

When calculating the weighted average number of restricted shares, the vesting conditions are tested at the reporting date.

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

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

	Year ended 31 December	
	2020	2019
Earnings		
Profit attributable to equity holders of the Company	**11,122,099**	8,637,037
Less: Profit attributable to other equity holders of the Company[(1)]	**456,585**	647,534
Profit attributable to ordinary equity holders of the Company	**10,665,514**	7,989,503
Add: Interest expense on convertible bonds, net of tax	**298,476**	295,573
Less: Dilutive effect of a subsidiary's potential ordinary shares[(2)]	**1,634**	1,307
Adjusted profit attributable to ordinary equity holders of the Company	**10,962,356**	8,283,769
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the year	**8,865,324**	8,843,279
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	**363,727**	356,925
Add: Dilutive effect of share-based transactions	**16,897**	—
Adjusted weighted average number of ordinary shares in issue during the year	**9,245,948**	9,200,204
Earnings per share attributable to ordinary equity holders of the Company (RMB yuan per share)		
— Basic	**1.20**	0.90
— Diluted	**1.19**	0.90

(1) For the purpose of calculating basic earnings per ordinary share in respect of the year ended 31 December 2020, RMB457 million (2019: RMB648 million) attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company.

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

21. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2020	3,666,148	929,585	65,000	1,583,317	18,773	153,369	1,255,495	161,326	7,833,013
Additions	372	22,168	1,141	186,869	1,484	2,751	340,888	1,777	557,450
Transfers during the year	1,009,459	24,308	6,135	130,553	–	265	(1,330,917)	18,080	(142,117)
Disposals	(69)	(21,278)	(3,032)	(140,649)	(305)	(5,912)	–	(5,820)	(177,065)
As at 31 December 2020	4,675,910	954,783	69,244	1,760,090	19,952	150,473	265,466	175,363	8,071,281
Accumulated depreciation									
As at 1 January 2020	(848,941)	(472,873)	(7,555)	(995,010)	(9,979)	(105,640)	–	(89,339)	(2,529,337)
Depreciation charge	(129,963)	(153,036)	(7,906)	(220,744)	(2,378)	(16,468)	–	(12,743)	(543,238)
Disposals	–	16,767	2,788	90,712	291	5,146	–	2,150	117,854
As at 31 December 2020	(978,904)	(609,142)	(12,673)	(1,125,042)	(12,066)	(116,962)	–	(99,932)	(2,954,721)
Impairment									
As at 1 January 2020 and 31 December 2020	(92,253)	–	–	–	–	–	–	–	(92,253)
Net carrying amount									
As at 31 December 2020	3,604,753	345,641	56,571	635,048	7,886	33,511	265,466	75,431	5,024,307

21. PROPERTY AND EQUIPMENT *(continued)*

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
Cost									
As at 1 January 2019	3,650,829	643,356	57,248	1,369,333	18,651	153,274	271,146	193,613	6,357,450
Additions	12,153	75,824	10,113	235,981	3,862	12,973	1,425,118	9,690	1,785,714
Transfers during the year	–	244,694	–	75,471	–	–	(439,181)	47	(118,969)
Acquisition of a subsidiary	3,739	–	–	–	–	–	–	–	3,739
Disposals	(573)	(34,289)	(2,361)	(97,468)	(3,740)	(12,878)	(1,588)	(42,024)	(194,921)
As at 31 December 2019	3,666,148	929,585	65,000	1,583,317	18,773	153,369	1,255,495	161,326	7,833,013
Accumulated depreciation									
As at 1 January 2019	(729,919)	(392,410)	(2,680)	(827,958)	(11,532)	(102,958)	–	(115,666)	(2,183,123)
Depreciation charge	(119,065)	(110,970)	(7,036)	(246,134)	(2,045)	(14,687)	–	(14,608)	(514,545)
Disposals	43	30,507	2,161	79,082	3,598	12,005	–	40,935	168,331
As at 31 December 2019	(848,941)	(472,873)	(7,555)	(995,010)	(9,979)	(105,640)	–	(89,339)	(2,529,337)
Impairment									
As at 1 January 2019 and 31 December 2019	(92,253)	–	–	–	–	–	–	–	(92,253)
Net carrying amount									
As at 31 December 2019	2,724,954	456,712	57,445	588,307	8,794	47,729	1,255,495	71,987	5,211,423

As at 31 December 2020 and 2019, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB365,469 thousand and RMB231,000 thousand, respectively.

22. LEASES

(a) Right-of-use assets

	Buildings	Prepaid land lease payments	Total
Cost			
As at 1 January 2019	3,203,089	876,029	4,079,118
Increases	419,959	—	419,959
Decreases	(333,182)	—	(333,182)
As at 31 December 2019	3,289,866	876,029	4,165,895
Increases	341,758	—	341,758
Decreases	(614,879)	—	(614,879)
As at 31 December 2020	**3,016,745**	**876,029**	**3,892,774**
Accumulated depreciation			
As at 1 January 2019	(760,007)	(90,717)	(850,724)
Depreciation charge	(601,609)	(19,076)	(620,685)
Decreases	253,609	—	253,609
As at 31 December 2019	(1,108,007)	(109,793)	(1,217,800)
Depreciation charge	(616,513)	(19,076)	(635,589)
Decreases	473,410	—	473,410
As at 31 December 2020	**(1,251,110)**	**(128,869)**	**(1,379,979)**
Impairment			
As at 1 January 2019	—	—	—
Increases	(22,052)	—	(22,052)
As at 31 December 2019	(22,052)	—	(22,052)
Increases	—	—	—
As at 31 December 2020	**(22,052)**	**—**	**(22,052)**
Net carrying amount			
As at 31 December 2020	**1,743,583**	**747,160**	**2,490,743**
As at 31 December 2019	2,159,807	766,236	2,926,043

22. LEASES *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 31 December	
	2020	2019
Carrying amount at 1 January	**2,363,837**	2,565,287
New leases	**296,005**	419,959
Accretion of interest recognized during the year	**88,946**	101,686
Acquisition of a subsidiary	**—**	2,338
Modification of leases	**(120,365)**	(86,671)
Payments	**(674,794)**	(638,762)
Carrying amount at 31 December	**1,953,629**	2,363,837
Analyzed into:		
Current portion	**466,697**	638,686
Non-current portion	**1,486,932**	1,725,151

As at 31 December 2020, the maturity analysis of lease liabilities is as follows:

	Year ended 31 December	
	2020	2019
Within 1 year (inclusive)	**466,697**	638,382
1 to 5 years (inclusive)	**1,211,052**	1,246,655
After 5 years	**275,880**	478,800
Total	**1,953,629**	2,363,837

22. LEASES *(continued)*

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December	
	2020	2019
Interest on lease liabilities	**88,946**	101,686
Depreciation charge of right-of-use assets	**635,589**	620,685
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2020 (included in other operating expenses and costs)	**181,997**	284,282
Expense relating to leases of low-value assets (included in other operating expenses and costs)	**8,535**	9,092
Total amount recognized in profit or loss	**915,067**	1,015,745

(d) Extension and termination options

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Those options will not have a significant impact on the Group's financial statements.

23. GOODWILL

	As at 31 December	
	2020	2019
Cost	**599,812**	599,812
Less: Impairment losses	**—**	—
Carrying amount	**599,812**	599,812

23. GOODWILL *(continued)*

Impairment testing on goodwill

	As at 31 December	
	2020	2019
Cost and carrying value		
Unit A — Guotai Junan Futures Co., Ltd.	**2,491**	2,491
Unit B — Shanghai Securities Co., Ltd.	**578,916**	578,916
Unit C — Vietnam Investment Securities Company	**18,405**	18,405
Total	**599,812**	599,812

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in July 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit ("CGU") of Guotai Junan Futures Co., Ltd..

The Company acquired 51% of the equity interests in Shanghai Securities Co., Ltd. ("Shanghai Securities") from Shanghai International Group Co., Ltd. in July 2014. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Shanghai Securities.

GJIHL acquired 50.97% equity interests in Vietnam Investment Securities Company from a third party in December 2019. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Vietnam Investment Securities Company.

The recoverable amount of Shanghai Securities was determined based on the fair value less cost of disposal. The net assets value attributable to equity holders of Shanghai Securities was approximately RMB10,057.5 million as set out in the valuation report prepared with market approach. Other than Shanghai Securities, the recoverable amount has been determined on the basis of value-in-use calculation. Main assumptions include budgeted income and gross margin estimated based on the past performance and management's expectations of market developments, etc.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

24. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2020	**979,336**	**206,186**	**1,066,264**	**16,347**	**2,268,133**
Additions	**273,628**	**–**	**–**	**255**	**273,883**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**
Disposal	**(711)**	**–**	**–**	**(699)**	**(1,410)**
As at 31 December 2020	**1,252,253**	**206,186**	**1,066,264**	**15,903**	**2,540,606**
Accumulated amortization					
As at 1 January 2020	**(550,391)**	**(126,539)**	**–**	**(1,723)**	**(678,653)**
Amortization	**(168,677)**	**–**	**–**	**(953)**	**(169,630)**
Disposal	**502**	**–**	**–**	**390**	**892**
As at 31 December 2020	**(718,566)**	**(126,539)**	**–**	**(2,286)**	**(847,391)**
Impairment					
As at 1 January 2020	**–**	**(4,756)**	**–**	**(10,475)**	**(15,231)**
Additions	**–**	**(171)**	**–**	**–**	**(171)**
As at 31 December 2020	**–**	**(4,927)**	**–**	**(10,475)**	**(15,402)**
Net carrying amount					
As at 31 December 2020	**533,687**	**74,720**	**1,066,264**	**3,142**	**1,677,813**

24. OTHER INTANGIBLE ASSETS *(continued)*

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
Cost					
As at 1 January 2019	747,443	205,867	1,066,264	16,330	2,035,904
Additions	232,048	—	—	17	232,065
Acquisition of a subsidiary	—	319	—	—	319
Disposal	(155)	—	—	—	(155)
As at 31 December 2019	979,336	206,186	1,066,264	16,347	2,268,133
Accumulated amortization					
As at 1 January 2019	(420,436)	(126,539)	—	(1,274)	(548,249)
Amortization	(130,111)	—	—	(449)	(130,560)
Disposal	156	—	—	—	156
As at 31 December 2019	(550,391)	(126,539)	—	(1,723)	(678,653)
Impairment					
As at 1 January 2019 and 31 December 2019	—	(4,756)	—	(10,475)	(15,231)
Net carrying amount					
As at 31 December 2019	428,945	74,891	1,066,264	4,149	1,574,249

The other intangible assets of securities and futures brokerage qualification are generated from the acquisition of Shanghai Securities, and the impairment of which is tested together with the goodwill arising from the acquisition of Shanghai Securities, that is, the carrying amount of securities and futures brokerage qualification was included in the cash-generating unit to which the goodwill was allocated for impairment testing purposes. Management believes that securities and futures brokerage qualification was not impaired as at 31 December 2020 and 2019. Refer to note 23 for impairment testing of goodwill arising from the acquisition of Shanghai Securities.

Section XI Independent Auditor's Report and Notes to Financial Statements

25. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2020	2019
Unlisted shares, carried at cost	**21,433,557**	20,422,043
Less: Impairment losses	**—**	—
Total	**21,433,557**	20,422,043

(a) Details of the subsidiaries held by the Company

The following list contains particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2020	Equity interests held as at 31 December 2019
Guotai Junan Innovation Investment Co., Ltd.[(1)(4)]	Shanghai PRC	RMB7,500,000,000	Equity investment and investment consulting	**100%**	100%
Shanghai Guotai Junan Securities Asset Management Co., Ltd. ("GTJA Asset Management")[(1)(4)]	Shanghai PRC	RMB2,000,000,000	Securities asset management	**100%**	100%
Guotai Junan Zhengyu Investment Co., Ltd.[(1)(4)]	Shanghai PRC	RMB2,000,000,000	Equity investment Financial products investment Industrial investment	**100%**	100%
Shanghai Guoxiang Real Estate Co., Ltd.[(1)(4)]	Shanghai PRC	RMB1,050,000,000	Real estate and property management	**100%**	100%
Guotai Junan Financial Holdings Limited[(1)]	HK PRC	HKD2,611,980,000	Investment service	**100%**	100%
Guotai Junan Risk Management Co., Ltd.[(4)]	Shanghai PRC	RMB800,000,000	Warehouse service Cooperation hedge Investment management Corporate management consulting	**100%**	100%
Shanghai Gelong Entrepreneurship Investment Co., Ltd.[(4)]	Shanghai PRC	RMB100,000,000	Venture capital investment and management	**100%**	100%
Shanghai GTJA Juntong Investment Management Co., Ltd.[(4)]	Shanghai PRC	RMB20,000,000	Investment management Industrial investment Investment consulting	**100%**	100%

25. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2020	Equity interests held as at 31 December 2019
Guotai Junan (Shanghai) Science and Technology Equity Investment Fund Management Co., Ltd.[4]	Shanghai PRC	RMB20,000,000	Equity investment Venture capital investment Asset management	**100%**	100%
Guotai Junan Futures Co., Ltd.[1][4]	Shanghai PRC	RMB3,000,000,000	Futures brokerage Futures investment consulting	**100%**	100%
Shanghai Securities Co., Ltd.[1][2][4]	Shanghai PRC	RMB2,610,000,000	Securities brokerage Securities investment Underwriting and consulting	**51%**	51%
Hicend Futures Co., Ltd.[4]	Shanghai PRC	RMB560,000,000	Futures brokerage Futures investment consulting	**51%**	51%
Guotai Junan Capital Management Co., Ltd. ("Guotai Junan Capital")[4]	Shanghai PRC	RMB1,233,563,200	Asset management Equity investment Fund management	**99%**	90%
Shanghai North Industries GTJA Investment Management Co., Ltd.[4]	Shanghai PRC	RMB730,025,345	Investment management Industrial investment Investment consulting	**99%**	61%
Shanghai GTJA Haojing Investment Management Co., Ltd.[4]	Shanghai PRC	RMB10,000,000	Investment management Industrial investment Investment consulting	**100%**	100%
Guotai Junan Investments (Hong Kong) Limited	HK PRC	HKD33,500,000	Investment	**100%**	100%
Guotai Junan Consultancy Services (Shenzhen) Limited[4]	Shenzhen PRC	HKD12,000,000	Investment consulting Marketing planning Corporate management consulting	**100%**	100%
Guotai Junan Holdings Limited (BVI)	British Virgin Is.	USD1	Investment	**100%**	100%
GJIHL	HK PRC	HKD10,908,748,771	Investment and financing	**73.25%**	68.48%
Guotai Junan (Hong Kong) Limited	Samoa	USD820,400,000	Investment Administrative management	**73.25%**	68.48%
Guotai Junan Fund Management Limited[3]	HK PRC	HKD10,000,000	Fund management Securities trading	**36.63%**	34.24%
Guotai Junan Securities (Hong Kong) Limited	HK PRC	HKD7,500,000,000	Securities brokerage	**73.25%**	68.48%

25. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

Name of company	Place of registration or primary business	Paid-in capital	Principal activities	Equity interests held as at 31 December 2020	Equity interests held as at 31 December 2019
Guotai Junan Finance (Hong Kong) Limited	HK PRC	HKD300,000,000	Investment and financing	**73.25%**	68.48%
Guotai Junan Futures (Hong Kong) Limited	HK PRC	HKD50,000,000	Futures brokerage	**73.25%**	68.48%
Guotai Junan Capital (Hong Kong) Limited	HK PRC	HKD50,000,000	Investment consulting	**73.25%**	68.48%
Guotai Junan Asset Management (Asia) Limited	HK PRC	HKD50,000,000	Fund management	**73.25%**	68.48%
Guotai Junan FX Limited	HK PRC	HKD30,000,000	Foreign exchange dealing	**73.25%**	68.48%
Guotai Junan Finance Holdings Limited (BVI)	British Virgin Is.	USD1	Financial financing	**100%**	100%
Guotai Junan International (Singapore) Holdings Pte. Limited	Singapore	SGD9,300,000	Investment management	**73.25%**	68.48%
Guotai Junan International Asset Management (Singapore) Pte. Limited	Singapore	SGD4,200,000	Asset management	**73.25%**	68.48%
Guotai Junan Financial Products Limited	HK PRC	HKD1,000,000	Investment and securities trading	**73.25%**	68.48%
Guotai Junan International Securities (Singapore) Pte. Limited	Singapore	SGD3,500,000	Securities brokerage	**73.25%**	68.48%
Guotai Junan Global Limited	British Virgin Is.	USD5,000,000	Investment management	**100%**	100%
Guotai Junan Securities USA Holding, Inc.	USA	USD5,000,000	Investment management	**100%**	100%
Guotai Junan Securities USA, Inc.	USA	USD5,000,000	M&A consulting services	**100%**	100%
Shanghai Shipping Capital (Hong Kong) Holding Co., Ltd.	HK PRC	–	Equity investment Fund management	**100%**	100%
Vietnam Investment Securities Company	Vietnam	VND693.5 Billion	Securities brokerage	**37.34%**	34.90%

25. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Details of the subsidiaries held by the Company *(continued)*

(1) These subsidiaries are directly held by the Company.

(2) In August 2019, on the 16th extraordinary meeting of the fifth session of the Board, the Proposal on Adopting the Resolution on the Issue of Same Industry Competition through the Targeted Capital Increase of Shanghai Securities Co., Ltd. was considered and approved, pursuant to which it was agreed that the issue of competition shall be solved by targeted capital increase of Shanghai Securities. In January 2020, at the 21st extraordinary meeting of the fifth session of the Board, the Proposal on Adopting the specific Plan of Targeted Capital Increase of Shanghai Securities Co., Ltd. was considered and approved. In 7 December, Shanghai Securities has received from CSRC *the Reply on Approving the Change of Major Shareholders of Shanghai Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 3358)* in which CSRC approves that Bailian Group is to become a major shareholder and a controlling shareholder. Shanghai Securities will conduct the business registration procedures for the change of increased registered share capital in time after the completion of the capital verification and the registration procedure of the change of state-owned property rights in accordance with the requirements of the reply from CSRC and regulations of state-owned assets management.

(3) GJIHL, a subsidiary controlled by the Company through its voting rights of 73.25%, via its wholly-owned subsidiary Guotai Junan (Hong Kong) Limited controls Guotai Junan Fund Management Limited through contractual arrangement between shareholders whereby Guotai Junan (Hong Kong) Limited has been granted the authority to direct relevant activities of Guotai Junan Fund Management Limited unilaterally. As a result, Guotai Junan Fund Management Limited is accounted for as a subsidiary of the Company.

(4) All of the subsidiaries established in the PRC are registered as companies with limited liability under PRC law.

(b) Partially-owned subsidiaries with material non-controlling interests

The following table lists the information related to the major subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

Shanghai Securities	**As at 31 December**	
	2020	2019
NCI percentage	**49.00%**	49.00%
Current assets	**29,886,821**	24,852,704
Non-current assets	**15,975,846**	9,968,729
Current liabilities	**31,073,670**	23,091,987
Non-current liabilities	**6,029,152**	3,181,822
Net assets	**8,759,845**	8,547,624
Carrying amount of NCI	**5,339,507**	5,235,519

25. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

	Year ended 31 December	
	2020	2019
Total revenue and other income	**2,616,685**	2,244,831
Total expenses and income tax expense	**2,150,772**	1,970,265
Profit for the year	**437,910**	274,566
Total comprehensive income	**322,221**	270,047
Profit attributable to NCI	**256,396**	176,357
Distribution to NCI	**82,000**	1,552,000
Cash flows generated from operating activities	**5,929,895**	5,759,018
Cash flows used in investing activities	**(5,999,683)**	(3,423,467)
Cash flows generated from/(used in) financing activities	**652,406**	(1,772,353)

GJIHL	As at 31 December	
	2020	2019
NCI percentage	**26.75%**	31.52%
Current assets	**87,600,313**	77,981,893
Non-current assets	**14,844,732**	8,674,214
Current liabilities	**79,630,924**	69,531,052
Non-current liabilities	**9,988,228**	6,902,604
Net assets	**12,825,893**	10,222,451
Carrying amount of NCI	**3,513,644**	3,335,875

	Year ended 31 December	
	2020	2019
Total revenue and other income	**4,338,264**	3,739,003
Total expenses and income tax expense	**2,944,075**	2,944,995
Profit for the year	**1,394,188**	794,008
Total comprehensive income	**1,387,295**	793,608
Profit attributable to NCI	**358,234**	239,329
Distribution to NCI	**121,777**	139,430
Cash flows used in operating activities	**(13,403,940)**	(4,735,478)
Cash flows used in investing activities	**(32,144)**	(110,254)
Cash flows generated from financing activities	**11,928,233**	7,443,907

26. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in consolidated structured entities

The Group has consolidated certain structured entities, including asset management schemes, trust schemes and limited partnerships. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

Interests held by other investors in these consolidated structured entities were classified as financial liabilities at fair value through profit or loss, other current liabilities and other non-current liabilities in the consolidated statement of financial position.

(b) Interests in unconsolidated structured entities

The Group exercised the power over the structured entities including limited partnerships and asset management products by acting as a manager or general partner during the year. Except for the structured entities the Group has consolidated as stated in note 26(a), in management's opinion, the Group's exposure to variable returns of these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated limited partnerships and asset management products managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 31 December 2020 and 2019, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB7,412 million and RMB5,939 million, respectively. The management fee arising from these unconsolidated structured entities in which the group did not hold interest amounted to RMB643 million and RMB875 million for the years ended 31 December 2020 and 2019, respectively..

The carrying amounts of interests in unconsolidated structured entities in the consolidated statement of financial position approximate the maximum loss exposure for these unconsolidated structured entities.

27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December	
	2020	2019
Share of net assets		
— Associates	**1,169,765**	1,183,891
— Joint ventures	**2,844,778**	1,274,671
Total	**4,014,543**	2,458,562

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

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

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital/ Capital commitment (Expressed in yuan)	Principal activities	Percentage of equity interests as at 31 December 2020	2019
Associates:					
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	RMB400,000,000	Investment management and advisory	**25%**	25%
Shenzhen GTJA Leading Junding Phase 1 Investment Fund LLP	Shenzhen PRC	RMB130,000,000	Investment management and advisory	**38%**	38%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd.[2]	Shanghai PRC	RMB100,000,000	Investment management and equity investment	**13%**	13%
Huaan Fund Management Co., Ltd. ("Hua An Fund")	Shanghai PRC	RMB150,000,000	Fund management	**20%**	20%
Shenzhen United Property and Share Rights Exchange[2]	Shenzhen PRC	RMB500,000,000	Provision of intermediary services and equity registration services for equity trading	**10%**	10%
Joint ventures:					
Xiamen Junxin Equity Investment Company LLP[2]	Xiamen PRC	RMB200,100,000	Equity investment and advisory	**10%**	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	RMB100,000,000	Industrial investment and Investment management	**25%**	25%
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	RMB500,000,000	Industrial investment and Investment management	**20%**	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP[1]	Shanghai PRC	RMB1,000,200,000	Industrial investment and Investment management	**55%**	55%
Shanghai Junzheng Investment Management Co., Ltd.[1]	Shanghai PRC	RMB10,000,000	Investment management and advisory	**51%**	51%
Shanxi GTJA Chuangtou Equity Investment Company LLP	Taiyuan PRC	RMB220,000,000	Investment management and advisory	**27%**	30%
Shanghai Guojun Chuangtou Zhengjun No. 2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	**25%**	25%
Shanghai North Industries GTJA Investment Centre LLP[2]	Shanghai PRC	RMB652,000,000	Investment management and advisory	**16%**	16%
Shanghai Juntong Jinglian Investment LLP[1]	Shanghai PRC	RMB701,000,000	Investment management and advisory	**100%**	100%
Juntong Phase II Fund	Shanghai PRC	RMB401,000,000	Investment management and advisory	**50%**	50%
Shanghai GTJA Chuangxin Equity Investment Master Fund Center LLP	Shanghai PRC	RMB8,008,000,000	Equity investment and advisory	**50%**	–
Qingdao GTJA Xinxing No. 1 Equity Investment Fund LLP	Qingdao PRC	RMB728,500,000	Equity investment and advisory	**48%**	–

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

(1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

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

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

	Year ended 31 December	
	2020	2019
Share of associates' profit for the year	**150,120**	72,945
Share of joint ventures' profit for the year	**5,405**	101,068

	Year ended 31 December	
	2020	2019
Share of associates' total comprehensive income for the year	**150,120**	75,637
Share of joint ventures' total comprehensive income for the year	**(92,768)**	225,912

	As at 31 December	
	2020	2019
Aggregate carrying amount of the Group's investments in associates	**1,169,765**	1,183,891
Aggregate carrying amount of the Group's investments in joint ventures	**2,844,778**	1,274,671

28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2020	2019
Government bonds	**28,379,934**	10,979,202
Financial bonds	**12,701,962**	9,003,336
Corporate bonds	**16,571,307**	24,533,966
Other bonds	**7,858,014**	8,892,216
Total	**65,511,217**	53,408,720
Analyzed as:		
Listed in Hong Kong	**557,227**	—
Listed outside Hong Kong	**37,253,895**	28,065,608
Unlisted	**27,700,095**	25,343,112
Total	**65,511,217**	53,408,720

Current

	As at 31 December	
	2020	2019
Government bonds	**70,326**	1,355,652
Financial bonds	**2,550,394**	337,463
Corporate bonds	**2,442,565**	3,313,903
Other bonds	**1,918,300**	1,851,090
Total	**6,981,585**	6,858,108
Analyzed as:		
Listed inside Hong Kong	**33,810**	—
Listed outside Hong Kong	**4,280,518**	4,303,152
Unlisted	**2,667,257**	2,554,956
Total	**6,981,585**	6,858,108

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

As at 31 December 2020, debt instruments at fair value through other comprehensive income of the Group included approximately RMB54,315,951 thousand (as at 31 December 2019: RMB47,317,435 thousand) of pledged, restricted or transferred assets.

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

	Year ended 31 December	
	2020	2019
At the beginning of the year	**208,151**	151,826
Charge for the year	**68,848**	76,027
Reversal	**(64,288)**	(5,622)
Amounts written off and others	**(58,402)**	(14,080)
At the end of the year	**154,309**	208,151

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

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	**56,167**	**34,543**	**63,599**	**154,309**
As at 31 December 2019	122,265	85,886	—	208,151

29. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Non-current

	As at 31 December	
	2020	2019
Contribution to designated accounts at China Securities Finance Corporation Limited ("CSFC investment")[1][2]	**13,307,522**	13,011,129
Equity securities[2]	**4,329,540**	4,535,947
Total	**17,637,062**	17,547,076
Analyzed as:		
Listed in Hong Kong	**477,160**	136,648
Listed outside Hong Kong	**3,594,012**	3,376,626
Unlisted	**13,565,890**	14,033,802
Total	**17,637,062**	17,547,076

(1) As at 31 December 2020, the equity instruments at fair value through other comprehensive income included funds contributed by the Company together with various PRC securities firms, to designated accounts managed by China Securities Finance Corporation Limited ("CSFC"). CSFC manages the operations and investment of the designated accounts and securities firms will share the risks and returns from the investments in proportion to their respective contributions. As at 31 December 2020, the fair value of the Company's contribution was RMB13,308 million, based on the investment account statement provided by CSFC.

(2) The Group has designated some investments, including CSFC investment and those held for strategic investment purposes or for securities lending, as equity instruments at fair value through other comprehensive income during the year ended 31 December 2020. The dividend income relating to equity instruments at fair value through other comprehensive income is disclosed in note 8.

During the year ended 31 December 2020, the Group disposed of some of the equity instruments at fair value through other comprehensive income in response to an adjustment in its investment strategy. The accumulated net realized losses and the dividend income of the equity instruments disposed of amounted to RMB216 million and RMB201 million, respectively.

(3) As at 31 December 2020, equity instruments at fair value through other comprehensive income of the Group included approximately RMB357,653 thousand of pledged, restricted or transferred shares.

30. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by collateral type:

Non-current

	As at 31 December	
	2020	2019
Equity securities	**2,645,258**	1,977,491
Less: Allowance for ECLs	**(28,971)**	(17,754)
Total	**2,616,287**	1,959,737

Current

	As at 31 December	
	2020	2019
Equity securities	**28,841,160**	31,763,998
Debt securities	**27,667,914**	22,668,973
Precious metals	**–**	191,701
Others	**–**	10,134
Less: Allowance for ECLs	**(3,263,560)**	(2,654,546)
Total	**53,245,514**	51,980,260

(b) Analyzed by market:

Non-current

	As at 31 December	
	2020	2019
Stock exchanges	**2,645,258**	1,977,491
Less: Allowance for ECLs	**(28,971)**	(17,754)
Total	**2,616,287**	1,959,737

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

(b) Analyzed by market: *(continued)*

Current

	As at 31 December	
	2020	2019
Stock exchanges	**38,701,633**	34,808,253
Interbank market	**15,256,807**	19,624,718
Over the counter	**2,550,634**	201,835
Less: Allowance for ECLs	**(3,263,560)**	(2,654,546)
Total	**53,245,514**	51,980,260

(c) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2020	2019
At the beginning of the year	**2,672,300**	1,634,561
Charge for the year	**616,772**	1,310,009
Reversal	**—**	(272,270)
Amounts written-off and others	**3,459**	—
At the end of the year	**3,292,531**	2,672,300

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

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2020	**120,364**	**1,285**	**3,170,882**	**3,292,531**
As at 31 December 2019	129,378	295,877	2,247,045	2,672,300

The carrying amount of financial assets held under resale agreements, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB51,797,197 thousand and RMB4,064,604 thousand respectively.

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

(e) Analyzed by the stages of allowance for ECLs of stock-pledged financing:

	As at 31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**23,228,325**	**250,904**	**6,984,577**	**30,463,806**
Allowance for ECLs	**110,628**	**1,286**	**3,170,882**	**3,282,796**
Fair value of collateral	**67,416,503**	**574,152**	**5,515,373**	**73,506,028**

	As at 31 December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	23,999,121	4,160,204	4,856,790	33,016,115
Allowance for ECLs	122,872	295,877	2,247,045	2,665,794
Fair value of collateral	74,968,637	10,747,268	3,637,303	89,353,208

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Non-current

	As at 31 December	
	2020	2019
At fair value through profit or loss:		
Asset-backed securities	**6,366,144**	2,100,845
Debt securities	**6,202,442**	1,356,921
Equity securities	**5,036,538**	2,427,263
Funds	**4,463,010**	7,212,279
Preferred stock/Perpetual bonds	**3,958,649**	—
Asset management schemes	**601,931**	—
Other investments[1]	—	336,383
Total	**26,628,714**	13,433,691

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

	As at 31 December	
	2020	2019
Analyzed as:		
Listed in Hong Kong	**404,301**	470,935
Listed outside Hong Kong	**6,039,532**	2,728,098
Unlisted	**20,184,881**	10,234,658
Total	**26,628,714**	13,433,691

Current

	As at 31 December	
	2020	2019
At fair value through profit or loss:		
Debt securities	**101,769,785**	95,314,955
Funds	**54,897,601**	44,112,122
Equity securities	**20,046,359**	17,999,884
Asset management schemes	**8,084,911**	5,009,153
Wealth management products	**3,331,081**	6,078,196
Asset-backed securities	**3,270,990**	1,289,836
Preferred stock/Perpetual bonds	**1,718,527**	3,502,108
Other investments[(1)]	**8,978,176**	2,282,247
Total	**202,097,430**	175,588,501
Analyzed as:		
Listed in Hong Kong	**18,188,836**	18,639,994
Listed outside Hong Kong	**71,416,760**	103,402,041
Unlisted	**112,491,834**	53,546,466
Total	**202,097,430**	175,588,501

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

(2) As at 31 December 2020, financial assets at fair value through profit or loss of the Group included approximately RMB90,984,609 thousand (as at 31 December 2019: RMB56,436,807 thousand) of pledged, restricted or transferred assets.

32. REFUNDABLE DEPOSITS

	As at 31 December	
	2020	2019
Deposits with exchanges and other financial institutions:		
Futures deposits	**24,216,302**	10,204,363
Trading deposits	**2,787,107**	1,082,727
Performance deposits	**1,324,111**	1,201,915
Credit deposits	**607,752**	319,882
Other deposits	**480,129**	166,490
Total	**29,415,401**	12,975,377

33. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2020	2019
Deferred tax assets	**1,761,582**	1,251,032
Deferred tax liabilities	**(139,059)**	(13,762)
Total	**1,622,523**	1,237,270

33. DEFERRED TAX *(continued)*

The following are the major deferred tax assets and liabilities recognized and the movements thereon for the years ended 31 December 2020 and 2019:

Deferred tax arising from:	Allowance for ECLs/impairment losses	Employee benefits payable	Changes in fair value of financial instruments	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Others	Total
As at 31 December 2018	748,797	799,187	35,874	(442,987)	12,437	92,728	1,246,036
Impact of adopting IFRS 16	–	–	–	–	–	26,778	26,778
As at 1 January 2019	748,797	799,187	35,874	(442,987)	12,437	119,506	1,272,814
Recognized in profit or loss	454,540	212,779	(329,990)	9,334	45,365	(133,774)	258,254
Recognized in other comprehensive income	(13,364)	–	(165,807)	–	–	(31,085)	(210,256)
Transferred out	–	–	(82,980)	–	–	(562)	(83,542)
As at 31 December 2019	1,189,973	1,011,966	(542,903)	(433,653)	57,802	(45,915)	1,237,270
Recognized in profit or loss	(12,424)	464,996	(291,001)	9,334	28,182	90,687	289,774
Recognized in other comprehensive income	–	–	125,537	–	–	24,529	150,066
Transferred out	(500)	–	(54,087)	–	–	–	(54,587)
As at 31 December 2020	1,177,049	1,476,962	(762,454)	(424,319)	85,984	69,301	1,622,523

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

34. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2020	2019
Prepayments	**343,704**	—
Advances relating to lawsuits	**256,037**	256,037
Long-term deferred expenses	**97,231**	58,156
Deposit	**26,369**	69,346
Term loan	**—**	776,571
Others	**901,451**	859,913
Less: Allowance for ECLs	**(933,664)**	(865,184)
Total	**691,128**	1,154,839

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

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

	Year ended 31 December	
	2020	2019
At the beginning of the year	**865,184**	666,235
Charge for the year	**125,777**	210,879
Reversal	**(57,297)**	(11,930)
Amounts written off and others	**—**	—
At the end of the year	**933,664**	865,184

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	**—**	**—**	**933,664**	**933,664**
As at 31 December 2019	—	25,489	839,695	865,184

35. ACCOUNTS RECEIVABLE

	As at 31 December	
	2020	2019
Accounts receivable from:		
— Settlement	**2,911,489**	314,738
— Brokers and dealers	**2,575,059**	2,125,007
— Fee and commission	**1,520,971**	932,281
— Fund management fee	**136,754**	83,092
— Cash and custodian clients	**93,176**	36,141
Less: Allowance for ECLs	**(7,124)**	(7,093)
Total	**7,230,325**	3,484,166

35. ACCOUNTS RECEIVABLE *(continued)*

(a) Analyzed by aging:

	As at 31 December	
	2020	2019
Within 1 year	**7,228,658**	3,484,166
1 to 2 years	**1,667**	—
	7,230,325	3,484,166

(b) Analysis of the movements of allowance for ECLs:

	Year ended 31 December	
	2020	2019
At the beginning of the year	**7,093**	26,465
Charge for the year	**—**	—
Reversal	**—**	(19,372)
Amounts written off and others	**31**	—
At the end of the year	**7,124**	7,093

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

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	**7,124**	**—**	**—**	**7,124**
As at 31 December 2019	7,093	—	—	7,093

36. OTHER CURRENT ASSETS

	As at 31 December	
	2020	2019
Term loans	**1,416,275**	562,070
Bulk commodity trading inventories	**485,427**	587,019
Deposit	**123,737**	76,569
Dividends receivable	**123,531**	24,068
Prepayment for expenses	**54,543**	99,176
Prepayments	**14,058**	44,956
Receivable from disposal of an associate	**—**	139,078
Others	**931,967**	616,685
Less: Allowance for ECLs/impairment losses	**(165,997)**	(132,168)
Total	**2,983,541**	2,017,453

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

	Year ended 31 December	
	2020	2019
At the beginning of the year	**132,168**	135,196
Charge for the year	**2,106**	—
Reversal	**—**	(3,028)
Amounts written off and others	**31,723**	—
At the end of the year	**165,997**	132,168

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 31 December 2020	**—**	**—**	**165,997**	**165,997**
As at 31 December 2019	—	—	132,168	132,168

37. MARGIN ACCOUNTS RECEIVABLE

	As at 31 December	
	2020	2019
Individuals	**75,666,184**	55,160,769
Institutions	**25,595,984**	18,284,407
Less: Allowance for ECLs	**(1,832,821)**	(1,356,832)
Total	**99,429,347**	72,088,344

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

	Year ended 31 December	
	2020	2019
At the beginning of the year	**1,356,832**	592,078
Charge for the year	**610,349**	777,089
Reversal	**—**	(12,335)
Amounts written off and others	**(134,360)**	—
At the end of the year	**1,832,821**	1,356,832

(b) Analyzed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	**127,633**	**12,524**	**1,692,664**	**1,832,821**
As at 31 December 2019	83,731	4,836	1,268,265	1,356,832

The carrying amount of margin accounts receivable, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB98,452,695 thousand and RMB976,652 thousand respectively. (2019: RMB71,577,263 thousand and RMB511,081 thousand respectively).

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

	As at 31 December	
	2020	2019
Fair value of collateral:		
— Stocks	**317,770,299**	228,668,761
— Cash	**12,060,505**	10,135,486
— Funds	**10,586,789**	2,405,770
— Bonds	**351,309**	206,371
Total	**340,768,902**	241,416,388

38. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2020		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate derivatives			
— Treasury futures	**32,636,355**	—	(34,094)
— Interest rate swap	**1,957,101,467**	98,145	(270,747)
— Interest rate options	**26,706,073**	185,954	(18,530)
— Others	**27,967,923**	690,623	(671,458)
Equity derivatives			
— Stock index futures	**19,832,674**	246,068	(15,921)
— Forward contracts	**2,461,129**	105,258	(3,414)
— Equity return swaps	**18,912,259**	(38,670)	(1,669,634)
— Stock options	**33,432,255**	379,230	(2,081,860)
Currency derivatives			
— Currency swaps	**4,489,131**	—	(145,037)
— Foreign exchange forward	**40,332,929**	730,893	(154,838)
— Foreign exchange options	**2,031,451**	9,142	(44,982)
— Others	**2,131,843**	18,171	(3,537)
Other derivatives			
— Precious metals futures	**5,250,939**	—	(260,526)
— Au (T+D)	**292,510**	849	—
— Commodity futures	**1,556,810**	4,395	—
— Gold options	**20,109,849**	17,837	(179,473)
— Commodity options	**15,223,902**	67,695	(174,025)
— Credit default swap	**3,461,632**	10,718	(13,600)
— Others	**3,635,044**	66,158	(55,927)
Less: Cash (received)/paid as settlement		(378,240)	271,131
Total		2,214,226	(5,526,472)

38. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

	As at 31 December 2019		
		Fair value	
	Nominal amount	Assets	Liabilities
Interest rate derivatives			
— Treasury futures	8,309,245	—	(20,147)
— Interest rate swap	1,037,310,494	10,024	(135,363)
— Interest rate options	594,000	408	(3,139)
— Others	6,319,305	50,345	(7,019)
Equity derivatives			
— Stock index futures	8,097,994	5,807	—
— Forward contracts	8,159,500	131,605	(120,853)
— Equity return swaps	6,546,765	120,986	(729,967)
— Stock options	29,727,888	93,584	(281,697)
Currency derivatives			
— Currency swaps	23,495,013	13,100	(23,004)
— Foreign exchange forward	8,698,694	71,236	(52,531)
— Foreign exchange options	208,053	7,609	(17,390)
— Others	1,364,569	5,611	—
Other derivatives			
— Precious metals futures	2,315,137	—	(59,235)
— Au (T+D)	273,636	1,058	—
— Commodity futures	2,606,484	—	(2,508)
— Gold options	18,571,491	1,803	(25,502)
— Commodity options	15,183,850	53,889	(47,541)
— Others	1,432,076	8,497	(4,307)
Less: Cash (received)/paid as settlement		(25,481)	171,394
Total		550,081	(1,358,809)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap and currency swap contracts settled in the Shanghai Clearing House, stock index futures, treasury futures, precious metals futures, Au (T+D) and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

39. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2020	2019
Deposits with stock exchanges		
— China Securities Depository and Clearing Corporation Limited	**5,999,167**	4,248,348
— Others	**50,530**	211,804
Total	**6,049,697**	4,460,152

40. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Customer Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

41. CASH AND BANK BALANCES

	As at 31 December	
	2020	2019
Cash on hand	**398**	513
Bank balances	**25,275,060**	25,252,316
Total	**25,275,458**	25,252,829

As at 31 December 2020 and 2019, the Group's bank balances of RMB199,514 thousand and RMB706,908 thousand, respectively, were restricted.

As at 31 December 2020, the ECL allowance for cash and bank balances amounted to RMB13,361 thousand (31 December 2019: RMB5,919 thousand).

42. LOANS AND BORROWINGS

Current

	As at 31 December	
	2020	2019
Unsecured loans and borrowings[1]	**9,769,331**	10,312,724
Total	**9,769,331**	10,312,724

Non-current

	As at 31 December	
	2020	2019
Unsecured loans and borrowings	**–**	1,490,000
Total	**–**	1,490,000

(1) As at 31 December 2020 and 2019, the current unsecured loans and borrowings of the Group were repayable within one year and bore interest at rates ranging from 1.09% to 4.09% per annum and from 2.41% to 5.31% per annum, respectively.

43. SHORT-TERM DEBT INSTRUMENTS

	Nominal interest rate	**As at 1 January 2020**	**Increase**	**Decrease**	**As at 31 December 2020**
Short-term financing bills payable	**1.40%-3.35%**	**6,018,550**	**43,244,815**	**40,221,408**	**9,041,957**
Short-term corporate bonds	**2.95%-3.70%**	**2,007,578**	**18,027,007**	**2,011,353**	**18,023,232**
Medium-term notes	**1.00%-3.70%**	**3,133,819**	**11,968,642**	**5,316,986**	**9,785,475**
Structured notes	**2.30%-4.50%**	**6,264,405**	**26,838,994**	**21,229,695**	**11,873,704**
Total		**17,424,352**	**100,079,458**	**68,779,442**	**48,724,368**

	Nominal interest rate	As at 1 January 2019	Increase	Decrease	As at 31 December 2019
Short-term financing bills payable	2.57%-3.15%	3,019,418	21,122,439	18,123,307	6,018,550
Short-term corporate bonds	3.70%-4.25%	507,862	2,020,992	521,276	2,007,578
Medium-term notes	1.50%-3.70%	2,289,294	3,151,646	2,307,121	3,133,819
Structured notes	2.70%-5.00%	1,228,850	13,209,915	8,174,360	6,264,405
Total		7,045,424	39,504,992	29,126,064	17,424,352

44. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2020	2019
Placements from banks[1]	**11,712,124**	5,469,923
Placements from CSFC[2]	**2,008,794**	4,018,719
Others	**89,712**	—
Total	**13,810,630**	9,488,642

(1) As at 31 December 2020 and 2019, placements from banks were repayable within one year, and bore interest at annual interest rates ranging from 1.30% to 3.10% and from 1.85% to 2.95%, respectively.

(2) As at 31 December 2020 and 2019, placements from CSFC were repayable within one year, and bore interest at annual interest rates ranging from 2.50% to 2.80% and from 3.25% to 3.50%, respectively.

45. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at 31 December	
	2020	2019
Margin financing and securities lending deposits	**18,142,491**	12,305,984
Other brokerage business deposits	**139,265,667**	97,030,542
Total	**157,408,158**	109,336,526

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing and futures trading activities under the normal course of business. Only amounts in excess of the required deposits and cash collateral stipulated are repayable on demand.

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

46. EMPLOYEE BENEFITS PAYABLE

	As at 31 December	
	2020	2019
Salaries, bonuses and allowances	**7,288,856**	5,382,418
Social welfare and others	**256,275**	278,175
Contributions to a defined contribution scheme	**23,641**	24,512
Total	**7,568,772**	5,685,105

47. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by collateral type:

Current

	As at 31 December	
	2020	2019
Bonds	**122,832,607**	104,028,206
Funds	**10,991,957**	8,090,127
Precious metals	**9,494,853**	10,896,125
Margin accounts receivable-backed repurchase	**1,401,898**	3,002,838
Total	**144,721,315**	126,017,296

(b) Analyzed by market:

Current

	As at 31 December	
	2020	2019
Interbank market	**72,942,370**	73,411,056
Stock exchanges	**60,882,194**	38,707,277
Over the counter	**10,896,751**	13,898,963
Total	**144,721,315**	126,017,296

48. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Current

	As at 31 December	
	2020	2019
At fair value through profit or loss[1]		
— Equity securities	**847,312**	—
— Debt securities	**4,447,835**	5,668,354
— Gold	**265,094**	—
Designated as at fair value through profit or loss		
— Debt securities[2]	**21,858,279**	32,049,360
— Interest attributable to other holders of consolidated structured entities[3]	**2,886,319**	127,332
Total	**30,304,839**	37,845,046

Non-current

	As at 31 December	
	2020	2019
Designated as at fair value through profit or loss		
— Debt securities[2]	**17,456,170**	5,891,494
— Interest attributable to other holders of consolidated structured entities[3]	**333,450**	550,153
Total	**17,789,620**	6,441,647

(1) As at 31 December 2020 and 2019, included in the Group's financial liabilities through profit or loss were bonds and gold borrowed by the Group.

(2) As at 31 December 2020 and 2019, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments and unlisted fund investments.

(3) As at 31 December 2020 and 2019, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

49. BONDS PAYABLE

Current

	As at 31 December	
	2020	2019
Corporate bonds[1]	**16,743,305**	9,357,582
Structured notes	**4,986,221**	—
Subordinated bonds[1]	**3,015,173**	8,297,637
Medium-term notes	**—**	16,925
Total	**24,744,699**	17,672,144

Non-current

	As at 31 December	
	2020	2019
Corporate bonds[1]	**56,705,384**	47,507,688
Structured notes	**6,298,302**	—
Subordinated bonds[1]	**2,639,855**	3,000,000
Medium-term notes	**1,304,174**	1,393,721
Total	**66,947,715**	51,901,409

49. BONDS PAYABLE *(continued)*

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

As at 31 December 2020

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
16 GUOJUN G4	**3,000,000**	**2016.08**	**2021.08**	**3.14%**
18 GUOJUN G1	**4,300,000**	**2018.03**	**2021.03**	**5.15%**
18 GUOJUN G2	**4,300,000**	**2018.04**	**2021.04**	**4.55%**
18 GUOJUN G3	**4,700,000**	**2018.07**	**2021.07**	**4.44%**
Subordinated bond				
16 GUOJUN C4	**3,000,000**	**2016.11**	**2021.11**	**3.55%**
Non-current				
Corporate bonds				
16 GUOJUN G2 (i)	**1,000,000**	**2016.04**	**2023.04**	**3.25%**
17 GUOJUN G2	**600,000**	**2017.08**	**2022.08**	**4.70%**
18 GUOJUN G4	**300,000**	**2018.07**	**2023.07**	**4.64%**
19 GUOJUN G1	**3,000,000**	**2019.04**	**2022.04**	**3.90%**
19 GUOJUN G3	**2,900,000**	**2019.05**	**2022.05**	**3.73%**
19 GUOJUN G4	**2,500,000**	**2019.10**	**2022.10**	**3.48%**
20 GUOJUN G1	**4,000,000**	**2020.01**	**2023.01**	**3.37%**
20 GUOJUN G2	**4,000,000**	**2020.03**	**2023.03**	**3.05%**
20 GUOJUN G4	**5,000,000**	**2020.07**	**2023.07**	**3.55%**
20 GUOJUN G5	**4,000,000**	**2020.09**	**2023.09**	**3.75%**
20 GUOJUN G6	**3,900,000**	**2020.11**	**2022.11**	**3.80%**
20 GUOJUN G7	**2,000,000**	**2020.11**	**2023.11**	**3.90%**
20 GUOJUN G9	**2,900,000**	**2020.12**	**2023.12**	**3.77%**
GUOJUN Convertible bonds (ii)	**7,000,000**	**2017.07**	**2023.07**	**1.50%**
GTJA HOLD B2203 (iii)	**3,437,271**	**2019.03**	**2022.03**	**3.875%**
GTJA SEC B2203 (iv)	**1,993,335**	**2019.03**	**2022.03**	**0.584%**
19 GTJA Financial Bond 01	**8,000,000**	**2019.08**	**2022.08**	**3.48%**
Subordinated bond				
20 Shanghai Securities C1	**2,600,000**	**2020.08**	**2023.08**	**4.55%**

49. BONDS PAYABLE *(continued)*

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

As at 31 December 2019

Name	Par value	Issue date	Maturity date	Coupon rate
Current				
Corporate bonds				
17 GUOJUN G1	4,700,000	2017.08	2020.08	4.57%
17 GUOJUN G3	3,700,000	2017.10	2020.10	4.78%
Subordinated bonds				
17 GUOJUN C1	5,000,000	2017.02	2020.02	4.60%
17 Shanghai Securities C1	1,400,000	2017.05	2020.05	5.30%
17 Shanghai Securities C2	600,000	2017.08	2020.08	5.30%
17 GUOZI 01	1,000,000	2017.05	2020.05	4.60%
Non-current				
Corporate bonds				
15 GUOJUN G2 (v)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G2 (i)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
18 GUOJUN G1	4,300,000	2018.03	2021.03	5.15%
18 GUOJUN G2	4,300,000	2018.04	2021.04	4.55%
18 GUOJUN G3	4,700,000	2018.07	2021.07	4.44%
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
19 GUOJUN G1	3,000,000	2019.04	2022.04	3.90%
19 GUOJUN G3	2,900,000	2019.05	2022.05	3.73%
19 GUOJUN G4	2,500,000	2019.10	2022.10	3.48%
GUOJUN Convertible bonds (ii)	7,000,000	2017.07	2023.07	1.00%
GTJA HOLD B2203 (iii)	3,437,271	2019.03	2022.03	3.875%
GTJA SEC B2203 (iv)	1,993,335	2019.03	2022.03	0.757%
19 GTJA Financial Bond 01	8,000,000	2019.08	2022.08	3.48%
Subordinated bond				
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%

49. BONDS PAYABLE *(continued)*

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

(i) In April 2016, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear an annual interest rate of 3.25% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year.

(ii) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bond bear a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of the par value, inclusive of interest for the sixth year.

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

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

As at 31 December 2020, convertible corporate bonds with a principal amount of RMB9,794 thousand were converted into 514,307 ordinary A shares.

(iii) In March 2019, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5853 and bear a fixed annual interest rate of 3.875% payable on a semi-annual basis.

(iv) In March 2019, the Company issued 3-year corporate bonds with a par value of EUR255 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5883 and bear a floating annual interest rate with an initial coupon rate of 0.832% payable on a quarterly basis.

(v) In November 2015, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear a fixed annual interest rate of 3.80% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year. In November 2020, the Company redeemed all of the bonds.

50. OTHER CURRENT LIABILITIES

	As at 31 December	
	2020	2019
Accounts payable arising from derivative brokerage	**10,632,550**	5,132,673
Settlement payables to clearing house and customers	**6,699,497**	2,849,011
Accounts payable to brokers	**2,187,235**	1,439,982
Accounts payable arising from warehouse receipt pledge	**1,264,666**	—
Other tax payable	**877,306**	859,486
Payables to priority tranche holders of structured entities	**675,413**	1,259,103
Accounts payable arising from equity incentives	**603,560**	—
Proceeds from underwriting securities received on behalf of customers	**348,459**	499,566
Dividends payable	**279,348**	614,009
Underwriting fee payable in relation to A share IPO	**198,169**	238,169
Bank's acceptance bill payable	**175,000**	99,855
Payable for construction projects	**133,822**	136,189
Commission payable to other distributors	**94,751**	56,611
Interest payable	**76,068**	14,200
Payables for the securities investor protection fund	**68,836**	60,679
Advance received from customers	**68,649**	153,021
Advance received from issuance of financial products	**51,173**	88,776
Gold borrowing expenses payable	**20,843**	30,451
Dividend received on behalf of customers	**1,091**	10,899
Others	**948,819**	686,508
Total	**25,405,255**	14,229,188

51. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2020	2019
Risk reserve for the futures brokerage business	**161,456**	143,123
Provisions	**88,613**	82,114
Payables to priority tranche holders of structured entities	**24,595**	—
Total	**274,664**	225,237

52. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1 yuan. The number of shares issued by the Company and their nominal value are as follows:

	As at 31 December	
	2020	2019
At the beginning of the year	**8,907,948**	8,713,941
The conversion of convertible bonds into ordinary shares	**500**	7
Issuance of shares	**—**	194,000
At the end of the year	**8,908,448**	8,907,948

53. OTHER EQUITY INSTRUMENTS

	As at 31 December	
	2020	2019
Perpetual subordinated bonds[(1)]	**9,943,396**	15,000,000
Equity component of convertible bonds[(2)]	**1,128,265**	1,129,799
Total	**11,071,661**	16,129,799

(1) As approved by the CSRC, the Company issued four batches of perpetual subordinated bonds ("15 Guojun Y1", "15 Guojun Y2", "19 Guojun Y1" and "20 Guojun Y1") amounting to RMB5 billion, RMB5 billion, RMB5 billion and RMB5 billion with an initial interest rate of 6.00%, 5.80%, 4.20% and 3.85% on 22 January 2015, 3 April 2015, 23 September 2019 and 9 March 2020, respectively. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards. On 10 December 2019, the Company announced that it would exercise the issuer's redemption option and consequently redeemed 15 Guojun Y1 on 22 January 2020. On 21 February 2020, the Company announced that it would exercise the issuer's redemption option and consequently redeemed 15 Guojun Y2 on 3 April 2020.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

As at 31 December 2020 and 2019, the Company recognized dividends payable to holders of the perpetual subordinated bonds amounting to RMB403 million and RMB590 million (note 19), respectively.

(2) Refer to note 49 for the issuance of convertible bonds.

Section XI Independent Auditor's Report and Notes to Financial Statements

54. RESERVES AND RETAINED PROFITS

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income.

(3) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve.

(4) Surplus reserve

The surplus reserve includes the statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

(5) General reserve

The general reserve includes the general risk reserve and the transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

54. RESERVES AND RETAINED PROFITS *(continued)*

(5) General reserve *(continued)*

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

(6) Retained profits

The movements in retained profits are set out below:

	Year ended 31 December	
	2020	2019
At the end of last year	**41,335,967**	38,070,373
Impact of adopting IFRS 16	**—**	(56,806)
At the beginning of the year	**41,335,967**	38,013,567
Profit for the year	**11,122,099**	8,637,037
Appropriation to surplus reserve	**—**	—
Appropriation to general reserve	**(1,952,783)**	(2,025,614)
Dividends	**(3,439,391)**	(2,449,685)
Distribution to other equity instrument holders	**(402,500)**	(590,000)
Others	**(158,930)**	(249,338)
At the end of the year	**46,504,462**	41,335,967

Section XI Independent Auditor's Report and Notes to Financial Statements

55. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents

	As at 31 December	
	2020	2019
Cash on hand	**398**	513
Bank balances	**25,275,060**	25,252,316
Clearing settlement funds	**6,049,697**	4,460,152
Financial assets held under resale agreements with original maturity of less than three months	**27,566,749**	20,125,334
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	**(2,068,228)**	(4,067,255)
Total	**56,823,676**	45,771,060

(b) Changes in liabilities arising from financing activities

	Loans and borrowings	**Short-term debt instruments**	**Bonds payable**	**Lease liabilities**
As 31 December 2018	8,279,422	7,045,424	68,257,200	—
Effect of adoption of IFRS 16	—	—	—	2,565,287
At 1 January 2019	8,279,422	7,045,424	68,257,200	2,565,287
Changes from financing cash flows	3,209,029	9,938,341	(1,811,060)	(638,762)
Interest expenses	314,273	440,587	3,127,553	101,686
New leases	—	—	—	419,959
Other non-cash changes	—	—	(140)	(84,333)
At 31 December 2019	11,802,724	17,424,352	69,573,553	2,363,837
Changes from financing cash flows	(2,033,343)	31,150,546	22,122,183	(585,848)
Interest expenses	433,752	732,913	3,325,141	88,946
Interest paid	(433,802)	(583,443)	(3,328,463)	(88,946)
New leases	—	—	—	296,005
Other non-cash changes	—	—	—	(120,365)
At 31 December 2020	**9,769,331**	**48,724,368**	**91,692,414**	**1,953,629**

55. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	Year ended 31 December	
	2020	2019
Within operating activities	**253,457**	281,542
Within financing activities	**674,794**	638,762

56. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize these assets.

(1) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

(2) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for the securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities lent.

56. TRANSFERRED FINANCIAL ASSETS *(continued)*

(3) Asset-backed securities management schemes

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

(4) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

31 December 2020	**Repurchase agreements**	**Securities lending**	**Margin accounts receivable-backed repurchase**	**Margin financing borrowing**
Carrying amount of transferred assets	**5,135,236**	**3,273,453**	**1,477,505**	**2,344,386**
Carrying amount of related liabilities	**5,112,166**	**N/A**	**1,401,898**	**N/A**

31 December 2019	Repurchase agreements	Securities lending	Margin accounts receivable-backed repurchase	Margin financing borrowing
Carrying amount of transferred assets	7,566,316	1,501,038	3,125,952	1,637,179
Carrying amount of related liabilities	7,282,761	N/A	3,002,837	N/A

57. COMMITMENTS

The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are not significant.

58. CONTINGENCIES

As at 31 December 2020 and 2019, the contingent liabilities due to pending litigations amounted to RMB713,831 thousand and RMB274,702 thousand, respectively.

59. EQUITY SETTLED SHARE BASED TRANSACTIONS

(a) Share-based payments of the Company

The Company carried out a restricted share Incentive scheme of A shares whereby the Company grant restricted A shares to the Incentive Participants in return for their services. Details of the scheme as at 31 December 2020 are set out below:

	Year ended 31 December 2020
Granted during the year	**79,000,000**
Exercised/Unlocked during the year	–
Forfeited during the year	–

As at 31 December 2020, cumulative amount of RMB86,765,700 was recognized within the capital reserve of the Company. The total expenses booked for the year was RMB86,765,700.

The fair value of services received in return for restricted share Incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date, RMB18.1 per share.

(b) Share-based payments of a subsidiary

GJIHL, a subsidiary of the Company, operated two equity-settled share-based compensation schemes including a share option scheme (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") for the purpose of motivating and rewarding staff who contributed to GJIHL's operations. During the year ended 31 December 2020, the total equity-settled share-based compensation expense of RMB21,142 thousand was recognized in profit or loss (2019: RMB57,440 thousand).

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(1) Major shareholders

Major shareholders include shareholders with shareholdings of 5% or above in the Company.

Share percentage in the Company:

	As at 31 December	
	2020	2019
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	**21.34%**	21.34%
Shanghai International Group Co., Ltd. ("SIG")	**7.66%**	7.66%
Shenzhen Investment Holding Co., Ltd. ("SIHC")	**6.84%**	6.84%

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in note 25.

(3) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in note 27.

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

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

(4) Other related parties of the Group

Name of the related parties	Relationship of the related parties
Shanghai Rural Commercial Bank ("SRCB")	The director of the Company acts as a director of the entity
Zheng Tong Co., Ltd. ("Zhengtong")	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The director of the Company acts as a director of the entity
Great Wall Securities Co., Ltd. ("GW Securities")	The supervisor of the Company acts as the vice chairman of the entity
Shanghai International Group Asset Management Co., Ltd. ("SIG AM")	SIG controls the entity
Yangtze River Economy United Development (Group) Co., Ltd. ("YUDC")	The director of the Company acts as the vice chairman of the entity
Bright food (Group) Co., Ltd. ("Bright Food")	The director of the Company acts as a director of the entity
Shanghai Pudong Development Bank Financial Leasing Co., Ltd. ("SPDB Financial Leasing")	The senior management of Shanghai SA acts as a director of the entity
Guoxin Investment Development Co., Ltd. ("GXID")	Shanghai SA controls the entity
Shanghai Sitico Assets Management Co., Ltd. ("SITICO AM")	SIG controls the entity
Shanghai Chengtou Group Co., Ltd. ("Chengtou Group")	The director of the Company acts as the senior management of the entity
CITIC Trust Co., Ltd. ("CITIC Trust")	The trustee of a trust in favor of Shanghai SA
China Three Gorges Co., Ltd. ("CTG")	The director of the Company acts as the external director of the entity
Shanghai Junyao (Group) Co., Ltd. ("Junyao Group")	The director of the Company acts as the vice chairman of the entity

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

(b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
CITIC Trust	Securities brokerage	**6,460**	—
SIG	Securities brokerage	**2,373**	901
Shanghai SA	Securities brokerage	**846**	499
GXID	Securities brokerage	**247**	134
SITICO AM	Securities brokerage	**192**	63
SIG AM	Securities brokerage	**5**	48
Shanghai Trust	Securities brokerage	**N/A**	313
Hua An Fund	Trading seats lending	**73,422**	43,211
Galaxy AMC	Trading seats lending	**N/A**	2,591
Shanghai SA	Underwriting	**10,260**	2,792
Bright Food	Underwriting	**2,830**	283
SIG	Underwriting	**1,321**	1,563
Chengtou Group	Underwriting	**1,415**	708
YUDC	Underwriting	**1,023**	—
SPD Bank	Underwriting	**1,001**	34,687
SRCB	Underwriting	**917**	—
SPDB Financial Leasing	Underwriting	**660**	—
SIG AM	Underwriting	**306**	841
CMIG	Underwriting	**N/A**	708
SPD Bank	Asset management	**11,328**	17,085
SRCB	Asset management	**5,639**	557
YUDC	Asset management	**336**	468
GXID	Asset management	**241**	240
Shanghai SA	Asset management	**162**	228
SIG	Asset management	**75**	196
Shanghai Trust	Asset management	**N/A**	612
SRCB	Financial advisory	**—**	830

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

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

(2) Fee and commission expense to related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
Zhengtong	Third-party funds inquiry business	**2,000**	600
SPD Bank	Third-party funds depository business	**1,485**	876

(3) Interest received from related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
SPD Bank	Financial assets held under resale agreements	**1,253**	1,718
SRCB	Financial assets held under resale agreements	**129**	—
GW Securities	Financial assets held under resale agreements	—	83
Guosen Securities	Financial assets held under resale agreements	**N/A**	103
SPD Bank	Deposit in financial institutions	**196,198**	263,667

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

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

(4) Interest paid to related parties

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
SPD Bank	Financial assets sold under repurchase agreements	**5,666**	3,546
SRCB	Financial assets sold under repurchase agreements	**4,533**	5,260
Shanghai SA	Accounts payable to brokerage customers	**785**	62
GXID	Accounts payable to brokerage customers	**76**	110
CITIC Trust	Accounts payable to brokerage customers	**19**	—
SPD Bank	Accounts payable to brokerage customers	**9**	—
Shanghai Trust	Accounts payable to brokerage customers	**N/A**	564
SPD Bank	Gold borrowing	**5,052**	—
SRCB	Gold borrowing	**—**	308
SPD Bank	Placements from other financial institutions	**15,011**	5,905
SRCB	Placements from other financial institutions	**470**	—
SPD Bank	Bonds	**18,060**	19,216
CITIC Trust	Bonds	**715**	—
Guosen Securities	Bonds	**N/A**	916
SITICO AM	Loans and borrowings	**40,986**	14,763
SIG	Loans and borrowings	**21,190**	7,305

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

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

(5) Operating expenses and costs paid to related parties

		Year ended 31 December	
Name of related party	**Description of transaction**	**2020**	2019
SPD Bank	Sales of financial products	**15,803**	11,184

(6) Related party transactions with Shanghai International Group Co., Ltd. constitute continuing connected transactions as defined by the Hong Kong Listing Rules. For the year ended 31 December 2020, the annual caps and the actual amounts of securities and financial products transactions and financial services related continuing connected transactions with Shanghai International Group Co., Ltd. and its associates are as follows:

	Year ended 31 December			
	2020		2019	
	Caps	**Actual amount**	Caps	Actual amount
	RMB in million	**RMB in million**	RMB in million	RMB in million
Description of transaction				
Securities and financial products				
Inflow	**5,609.10**	**1,525.20**	4,335.70	2,872.90
Outflow	**5,580.80**	**779.00**	6,548.80	2,525.20
Financial services				
Revenue generated	**137.78**	**24.74**	187.78	8.72
Fees paid	**59.05**	**3.43**	58.94	0.74

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

(c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

	Year ended 31 December	
Name of related parties	**2020**	2019
SPD Bank	**9,973,785**	11,228,264
SRCB	**8**	9

(2) Accounts receivable

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
Hua An Fund	Trading seats lending	**51,685**	20,062
Galaxy AMC	Trading seats lending	**N/A**	1,097
SPD Bank	Management fee and Remuneration	**10,424**	10,644
SRCB	Management fee and Remuneration	**3,936**	777
GXID	Management fee and Remuneration	**775**	534
YUDC	Management fee and Remuneration	**43**	236
Shanghai SA	Management fee and Remuneration	**20**	57
SIG	Management fee and Remuneration	**4**	5

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

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(3) Financial assets held under resale agreements

	Year ended 31 December	
Name of related parties	**2020**	2019
SPD Bank	**750,953**	800,480
Shanghai SA	**748,934**	—

(4) Accounts payable

		Year ended 31 December	
Name of related parties	**Description of transaction**	**2020**	2019
SPD Bank	Sales of financial products	**11,053**	6,716
SPD Bank	Third-party funds depository business	**724**	298

(5) Financial assets sold under repurchase agreements

	Year ended 31 December	
Name of related party	**2020**	2019
SPD Bank	**1,284,676**	1,000,556

(6) Bonds payable to related parties

	Year ended 31 December	
Name of related parties	**2020**	2019
SPD Bank	**1,707,166**	1,019,216
CITIC Trust	**80,175**	—

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

(c) Balances of related party transactions between the Group and its related parties *(continued)*

(7) Bonds held by the Group

	Year ended 31 December	
Name of related parties	**2020**	2019
SPD Bank	**1,200,516**	1,902,758
GW Securities	**623,460**	168,128
Bright Food	**351,554**	—
CTG	**318,622**	—
Junyao Group	**31,177**	—

(8) Loans and borrowings with related parties

	Year ended 31 December	
Name of related parties	**2020**	2019
SPD Bank	**1,313,473**	—
SITICO AM	**1,054,533**	1,014,689
SIG	**495,631**	476,933

(d) Remuneration of key management personnel

Remuneration of key management personnel of the Group is as follows:

	Year ended 31 December	
	2020	2019
Salaries, allowances and benefits	**7,981**	9,979
Pension scheme contributions and other social welfare	**964**	725
Discretionary bonuses	**15,094**	12,322
Restricted share incentive scheme	**3,912**	—
Total	**27,951**	23,026

Further details of directors' and supervisors' emoluments are included in note 17.

61. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

(1) The institutional finance-Institutional investor services segment, which primarily includes institution brokerage, stock-pledged financing and securities repurchase and research services to institutional investors, as well as investment trading in equities, derivative financial instruments and FICC;

(2) The institutional finance-Investment banking segment, which primarily includes listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients;

(3) The personal finance segment, which primarily includes securities and futures brokerage, margin financing and securities lending, wealth management and financial planning services to individual clients through both online and offline channels;

(4) The investment management segment, which primarily includes asset management and fund management services to institutions and individuals and also includes alternative investment business;

(5) The international business segment, which represents the business operation of overseas subsidiaries of the Company, which mainly engage in brokerage, corporate finance, asset management, loans and financing services, financial products, market-making and investment businesses; and

(6) The other segment, which primarily includes other operations of head office, including investment holding as well as interest income and interest expense incurred for general working capital purposes.

61. SEGMENT REPORTING *(continued)*

(a) Operating segments

	Year ended 31 December 2020						
	Institutional finance						
	Institutional investor services	Investment banking	Personal finance	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	1,998,015	3,347,809	8,715,146	1,443,773	1,214,873	–	16,719,616
Interest income	5,240,812	–	8,145,316	57,414	1,052,008	132	14,495,682
Net investment gains	5,637,495	–	–	927,817	2,335,885	–	8,901,197
Other income and gains	5,380,500	–	12,114	210,706	73,517	652,008	6,328,845
Total revenue and other income	18,256,822	3,347,809	16,872,576	2,639,710	4,676,283	652,140	46,445,340
Segment expenses	(13,592,915)	(1,366,324)	(11,722,122)	(1,103,639)	(3,089,797)	(854,124)	(31,728,921)
Including: Interest expenses	(4,214,480)	(6,083)	(3,597,461)	(22,870)	(949,727)	(14,033)	(8,804,654)
Provision for impairment losses	(62)	–	–	–	–	–	(62)
Credit loss expense	(582,314)	–	(352,499)	(56,251)	(321,233)	–	(1,312,297)
Segment operating profit	4,663,907	1,981,485	5,150,454	1,536,071	1,586,486	(201,984)	14,716,419
Share of profits of associates and joint ventures	–	–	–	155,525	–	–	155,525
Segment profit before income tax	4,663,907	1,981,485	5,150,454	1,691,596	1,586,486	(201,984)	14,871,944
Income tax expense							3,134,874
Segment profit for the year							11,737,070
As at 31 December 2020							
Segment total assets	317,560,886	1,172,020	248,609,172	20,966,723	108,900,849	5,689,522	702,899,172
Segment total liabilities	311,772,764	1,508,719	145,878,145	2,579,760	94,671,147	250,819	556,661,354
Year ended 31 December 2020							
Other segment information:							
Depreciation and amortization expenses	208,026	151,283	711,299	72,305	61,394	167,246	1,371,553
Capital expenditure	166,352	192,186	168,981	25,680	93,387	149,757	796,343

61. SEGMENT REPORTING *(continued)*

(a) Operating segments *(continued)*

	Year ended 31 December 2019						
	Institutional finance						
	Institutional investor services	Investment banking	Personal finance	Investment management	International business	Other	Total
Segment total revenue and other income							
Fee and commission income	1,294,988	2,060,367	5,947,643	1,598,643	1,223,150	–	12,124,791
Interest income	5,478,349	–	5,995,642	47,900	1,108,276	38	12,630,205
Net investment gains	5,900,347	–	–	534,569	1,661,694	–	8,096,610
Other income and gains	4,746,849	–	33,337	788,215	(64,197)	693,835	6,198,039
Total revenue and other income	17,420,533	2,060,367	11,976,622	2,969,327	3,928,923	693,873	39,049,645
Segment expenses	(12,181,361)	(1,043,400)	(9,545,636)	(1,003,185)	(3,079,154)	(926,303)	(27,779,039)
Including: Interest expenses	(3,677,310)	–	(2,656,014)	(56,787)	(969,274)	(44,065)	(7,403,450)
Provision for impairment losses	–	–	1,150	(22,052)	–	–	(20,902)
Credit loss expense	(1,184,305)	–	15,569	(43,335)	(837,506)	–	(2,049,577)
Segment operating profit	5,239,172	1,016,967	2,430,986	1,966,142	849,769	(232,430)	11,270,606
Share of profits of associates and joint ventures	–	–	–	174,013	–	–	174,013
Segment profit before income tax	5,239,172	1,016,967	2,430,986	2,140,155	849,769	(232,430)	11,444,619
Income tax expense							2,393,263
Segment profit for the year							9,051,356
As at 31 December 2019							
Segment total assets	243,730,534	861,681	189,995,465	23,802,426	94,575,489	6,348,683	559,314,278
Segment total liabilities	191,426,298	989,215	131,765,639	5,456,194	82,778,592	804,517	413,220,455
Year ended 31 December 2019							
Other segment information:							
Depreciation and amortization expenses	202,427	170,393	631,595	67,786	90,700	128,669	1,291,570
Capital expenditure	170,665	103,968	196,646	18,912	68,284	1,224,233	1,782,708

61. SEGMENT REPORTING *(continued)*

(b) Geographical segments

Revenue	Year ended 31 December	
	2020	2019
Mainland, China	**35,513,729**	28,858,486
Hong Kong, China and overseas	**4,602,766**	3,993,120
Total	**40,116,495**	32,851,606

The Group's non-current assets are mainly located in Mainland China (country of domicile).

(c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the years ended 31 December 2020 and 2019.

62. FINANCIAL RISK MANAGEMENT

(1) Policies for and structure of risk management

Policies for risk management

The Group faces various financial risks in the normal course of business, mainly including credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify and evaluate these risks, and continually monitors these risks by setting appropriate risk limits and internal control systems and through reliable management and information systems. The Group's risk management policies include two aspects: the objective of risk management and the principles of risk management.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Objective for risk management

The overall objective of the Group's risk management is to establish a management mechanism that enables scientific decision-making, standardized operation, efficient management and sustainable development that can maintain the Group's financial stability and improve its market position and performance. Specifically, it includes:

- ensuring strict compliance with relevant laws, regulations and the Group's policies;
- establishing and improving corporate governance that meets current requirements, and building scientific and proper processes of decision-making, execution, supervision and feedback;
- establishing a set of robust and effective risk management policies to identify errors and fraud, close loopholes, and ensure a healthy conduct of business activities;
- setting up a proper and effective risk measurement and analysis system, which can effectively identify, measure, analyze and evaluate various risks that may arise from the normal course of business, to ensure the safety and integrity of the Group's assets;
- improving management efficiency and effectiveness, striving to keep assets secured and risks well managed based on effective control of risk.

Principles for risk management

The principles for risk management include: appropriateness, coverage, independence, effectiveness, forward looking.

Structure of risk management

The Group's risk management structure includes corporate governance structure and risk management organizational structure.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(1) Policies for and structure of risk management *(continued)*

Policies for risk management *(continued)*

Corporate governance structure

According to the "Company Law", "Securities Law" and "Code of Corporate Governance for Securities Companies" and other laws and regulations, the Group has established a modern corporate governance structure that features management comprising of Shareholders' Meetings, the Board of Directors, the Board of Supervisors and the senior management. The Group manages risks by explicitly stipulating management's authorization, responsibility and business objectives, and regulating their behaviors.

Organizational structure of risk management

The Company has established a four-level risk management system consisting of the Board (including Risk Control Committee) and Supervisory Committee, operation management (including risk management committee and assets and liabilities management committee), risk management department, other business departments and branches and subsidiaries. Risk management departments include those which are specifically responsible for risk management, such as the risk management department, the internal audit risk management department, the legal compliance department, and the group audit center, as well as departments that perform other risk management duties, such as the planning and finance department, the assets and liabilities department, the IT department, the operation center and the executive office.

(2) Credit risk

The Group's cash and bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks with adequate capital. Clearing settlement funds are mainly deposited with China Securities Depository and Clearing Corporation Limited. The credit risk on cash and cash equivalents is relatively low.

The Group primarily faces three types of credit risks: firstly, the risk of loss arising from the Group's obligation to settle on behalf of its customers in securities trading or derivative trading on the customers' accounts which become under-margined on the settlement date due to the Group's failure to require full margin deposits before the transactions or because the customers are unable to cover their transactions due to other reasons; secondly, the credit risk associated with its securities financing activities, which is the risk of losses due to defaults of its margin financing and securities lending clients, securities repurchase clients and stock-pledged financing clients; thirdly, the default risk of investments in credit products, namely the risk of asset impairment and changes in investment returns due to defaults of borrowers or issuers who refuse to repay the principal and interest when due.

In order to manage the credit risk arising from the brokerage business, securities and futures brokerage transactions in Mainland China are all settled on a full-pledged basis, which enables the Group's credit risk associated with the brokerage business to be well under control.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Credit risk arises from the margin financing and securities lending business and stock-pledged financing primarily due to fraudulent information from clients, failure of customers to repay debts in full in a timely manner, customers' breach of contracts with respect to the size and structure of trading positions, customers' violation of regulatory requirements in their trading actions, and the involvement of collateral in legal disputes, among others. The Credit Business Department of the Company and its Hong Kong subsidiary has dedicated employees who are responsible for the approval of limits of margin deposits, stock-pledged financing business, and the margin financing and securities lending business, which are updated based on the periodic assessment of customers' ability to repay. The Credit and Risk Management Department monitors the status of margin deposits and stock-pledged financing, and makes margin calls when necessary. In cases where customers fail to deposit more money as required, collateralized securities will be sold to control the risk. When determining the expected credit loss of the margin financing and securities lending business, securities repurchase and stock-pledged financing, the Group estimates the probability of default based on practical experience and historical data, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

In order to manage default risks associated with investments in credit products, for bond investments, the Group has established credit lines for counterparties and investment restrictions in accordance with their credit ratings. When determining the expected credit loss on bond investments, the Group estimates the probability of default based on the mapping relationship of rating, sets loss given default based on industrial information and market data, and takes forward-looking factors into consideration.

For trade receivables, the Group applies a simplified approach in calculating ECLs based on the historical credit loss experience, adjusted for related information specific to the debtors and the economic environment, etc.

For other financial assets where the simplified approach was not adopted, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs ("LTECL") that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Both LTECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups debt financial assets under the requirement of IFRS 9 into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When debt financial assets are first recognized, the Group recognizes an allowance based on 12-month ECLs. Stage 1 debt financial assets also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When debt financial assets have shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 debt financial assets also include financial assets, where the credit risk has improved and the financial assets have been reclassified from Stage 3.

- Stage 3: Debt financial assets are considered credit-impaired. The Group records an allowance for the LTECLs.

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

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered to be a (partial) derecognition of the financial asset.

When estimating the ECLs, the Group considers different scenarios. Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted debt instruments are expected to be recovered, including the probability that the debt instruments will cure and the value of collateral or the amount that might be received for selling the asset.

For financial assets held under resale agreements and margin accounts receivable, the allowance for ECLs may significantly fluctuated due to the decline in fair value of collaterals caused by stock market volatility, which may not fully cover the receivables. The Group considers multiple factors to determine the allowance for ECLs, such as the credit situation, repayment ability of the debtor, the credit enhancement measures of the third party, the liquidity and disposal cycle of collaterals.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Criteria of significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on historical data, internal and external credit risk ranking, and forward-looking information. The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, on either an individual basis or a collective basis for the underlying portfolio of financial instruments with similar credit risk characteristics, to determine the change in the risk of a default occurring over the expected life of the financial instrument.

- Relevant considerations in assessing whether the credit risk on the financial instrument has increased significantly include: whether the probability of default has increased significantly at the reporting date since initial recognition, whether the borrower's operating and financial condition has significant and adverse changes, whether the maintenance margin ratio has under a force liquidation level, whether the latest rating has under investment grade. Generally, the credit risk on a financial instrument is considered to have increased significantly when the contractual payment is more than or equal to 30 days past due regardless of the way in which the Group assesses significant increases in credit risk unless the Group has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Definition of credit-impaired financial asset

Credit impairment may be due to the combined effect of several events rather than a single discrete event. To determine whether a financial asset is credit-impaired, the Group considers one or more of the following both quantitative and qualitative indicators:

- The borrower is more than 90 days past due on its contractual payments;
- The collateral valuation falls short of the related loan amounts;
- The latest ratings are in default grade;
- Significant financial difficulty of the issuer or the borrower;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Other circumstances that shows financial assets is credit-impaired.

For Stock-pledged financing, based on the borrowers' credit quality, contract maturity date, the related collateral securities information, which includes the sector situation, liquidity discount factor, restrictions, concentration, volatility, maintenance margin ratio, issuers' operation condition and related information, the Group sets differentiated collateral to loan ratios (generally no less than 130%) as force liquidation thresholds against different exposures related to these transactions.

- Stock-pledged financing with maintenance margin ratio above the force liquidation thresholds, past due for no more than 30 days are classified under Stage 1;
- Stock-pledged financing with maintenance margin ratio above 100% while fall below the force liquidation thresholds, past due for more than 30 days but less than 90 days are classified under Stage 2;
- Stock-pledged financing with maintenance margin ratio fall below 100%, past due for more than 90 days are classified under Stage 3

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Key parameters for expected credit losses

Depending on whether the credit risk is significantly increased or credit-impaired, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month or lifetime expected credit losses. The key parameters for measuring expected credit losses include the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). The Group considers the quantitative analysis of historical data (such as the credit rating of counter parties, ways of guarantee, the category of collateral, and ways of repayment, etc.) and forward-looking information, to establish a model of PD, LGD, and EAD.

Methods that is used in the calculation of expected credit losses

The Group considers PD/LGD impact on measuring expected credit losses:

- PD is an estimate of the likelihood that a borrower will be unable to meet its debt obligations over the future 12 months or the whole remaining lifetime. The Group estimates PD based on the historical default data, internal and external credit ratings and forward-looking information, etc.

- LGD is the estimated share of the exposure at default that is lost when a borrower defaults. LGD varies depending on the category of counterparties, ways and priority of recourse, and the category of collateral. LGD is the percentage of loss when default occurs;

- EAD is an estimation of the extent to which the Group may be exposed to a counterparty in the event of the counterparty's default in the future 12 months or the whole remaining lifetime;

- Forward-looking information, both the assessment of a significant increase in credit risk and calculation of expected credit losses include forward-looking information. The Group identifies the key economic factors affecting credit risk and the expected credit losses of different kinds of business based on historical data analysis. The Group forecasts economic factors periodically and applies expert judgments to determine the impact of forward-looking information on PD, etc.

For Stock-pledged financing, the Group periodically make assessment on the borrowers' credit risk based on available internal and external information, such as: historical default data, maintenance margin ratio, the liquidity, etc. Loss ratio (considers PD& LGD) applied by the Group under the 3 stages as at 31 December 2020 were as follows:

Stage 1: 0.2% to 3% according to different maintenance margin ratios;

Stage 2: more than 3% according to different maintenance margin ratios;

Stage 3: Evaluate and determine the allowance for ECLs after considering the recoverable amount of each contract based on multiple factors, including qualitative and quantitative indicators such as the value of collaterals, maintenance margin ratio, the credit quality and repayment ability of the borrower, other collaterals conditions, the credit enhancement measures of the third party.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(2) Credit risk *(continued)*

Methods that is used in the calculation of expected credit losses *(continued)*

(i) Maximum exposure to credit risk

The table below summarizes the Group's maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

	As at 31 December	
	2020	2019
Debt instruments at fair value through other comprehensive income	**72,492,802**	60,266,828
Financial assets held under resale agreements	**55,861,801**	53,939,997
Financial assets at fair value through profit or loss	**107,972,227**	96,671,876
Refundable deposits	**29,415,401**	12,975,377
Other non-current assets	**228,425**	1,056,555
Accounts receivable	**7,230,325**	3,484,166
Other current assets	**1,903,392**	1,176,829
Margin accounts receivable	**99,429,347**	72,088,344
Derivative financial assets	**1,768,407**	203,906
Clearing settlement funds	**6,049,697**	4,460,152
Cash held on behalf of brokerage customers	**139,323,440**	102,533,823
Bank balances	**25,275,060**	25,252,316
Total maximum credit risk exposure	**546,950,324**	434,110,169

62. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities for shortage of capital or fund. The Group has adopted the following measures to manage liquidity risk:

Risk monitoring system built using net capital as the core indicator

The Group establishes a risk monitoring system using net capital as the core indicator and includes other indicators such as risk coverage ratio, capital leverage ratio, etc. according to "Administrative Measures for Risk Control Indicators of Securities Companies". Meanwhile, the Company strictly adheres to the requirements as per "Guidance for Liquidity Risk Management of Securities Companies" and sets up a framework of the liquidity risk management which features with the liquidity coverage ratio and the net stable funding ratio as the core indicators. The Company continually monitors these indicators and maintains sufficient liquidity reserves by establishing multi-hierarchies of an efficient liquid asset management system.

Strictly controlling the scale of the proprietary trading business

The Group controls the scale of the proprietary trading business strictly. The proprietary investment to net capital ratio falls within the safety zone determined by the regulators. In addition, the Group also sets limits on the percentage of investments in securities and monitors them on a timely basis.

Implementation of risk budget

With the authorization of the Board of Directors, the Group prepares a risk budget for all businesses twice a year, i.e. at the beginning and in the middle of a year. Liquidity risk management is included as part of the risk budget.

Temporary liquidity replenishment mechanism

The Group has good cooperation with various commercial banks and obtains appropriate credit facilities, so as to establish a temporary liquidity replenishment mechanism. The commercial banks agreed to provide an overdraft facility amounting to RMB12,300 million and RMB8,300 million as at 31 December 2020 and 2019, respectively, in case of any temporary position shortage

62. FINANCIAL RISK MANAGEMENT *(continued)*

(3) Liquidity risk *(continued)*

Temporary liquidity replenishment mechanism *(continued)*

The table below lists the maturity profiles of financial liabilities of the Group based on the remaining undiscounted contractual cash flows:

31 December 2020	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Loans and borrowings	–	6,094,047	711,196	3,014,638	–	–	9,819,881
Short-term debt instruments	–	8,512,795	8,943,871	31,965,958	–	–	49,422,624
Placements from other financial institutions	–	9,687,318	4,137,200	–	–	–	13,824,518
Accounts payable to brokerage customers	157,408,158	–	–	–	–	–	157,408,158
Financial assets sold under repurchase agreements	–	127,949,326	6,395,829	10,768,562	–	–	145,113,717
Financial liabilities at fair value through profit or loss	7,694,255	7,687,700	2,356,082	12,583,597	17,562,891	230,001	48,114,526
Derivative financial liabilities	5,232,843	5,812	5,849	86,657	195,311	–	5,526,472
Bonds payable	–	596,928	4,782,586	21,789,579	69,765,718	–	96,934,811
Lease liabilities	–	74,489	94,486	371,379	1,333,896	289,065	2,163,315
Other current liabilities	1,264,666	20,307,868	298,103	2,094,572	–	–	23,965,209
Other non-current liabilities	–	–	–	–	24,595	–	24,595
Total financial liabilities	171,599,922	180,916,283	27,725,202	82,674,942	88,882,411	519,066	552,317,826

31 December 2019	On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities							
Loans and borrowings	–	8,310,762	843,049	1,246,612	1,530,123	–	11,930,546
Short-term debt instruments	–	457,444	11,408,036	5,748,023	–	–	17,613,503
Placements from other financial institutions	–	4,703,858	515,483	4,357,744	–	–	9,577,085
Accounts payable to brokerage customers	109,336,526	–	–	–	–	–	109,336,526
Financial assets sold under repurchase agreements	–	108,754,653	6,993,944	10,511,657	–	–	126,260,254
Financial liabilities at fair value through profit or loss	25,102,011	2,546,054	5,764,993	5,428,674	6,428,632	157,961	45,428,325
Derivative financial liabilities	–	70,559	306,383	307,800	13,188	660,879	1,358,809
Bonds payable	–	58,330	5,598,724	13,316,244	54,706,283	–	73,679,581
Lease liabilities	–	67,462	121,730	495,478	1,412,021	535,707	2,632,398
Other current liabilities	–	10,231,835	595,210	2,181,122	–	–	13,008,167
Total financial liabilities	134,438,537	135,200,957	32,147,552	43,593,354	64,090,247	1,354,547	410,825,194

62. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates, exchange rates and securities' market prices.

The Group also engages in the stock and bond underwriting business, and may commit to purchase any remaining shares or bonds in standby underwriting agreements. Under these circumstances, the Group faces the risk that the market prices of the left-over portion may fall below the subscription price due to changes in market conditions.

The Group sets the maximum exposure for market risk. The monitoring and measurement of the exposure is determined according to the principal amount and the stop-loss limit. Market risk is controlled within the predetermined range set by management.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to financial instruments that are interest-bearing.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

The tables below summarize the interest rate risk of the Group. Financial assets and liabilities are presented with reference to the earlier of the contractual repricing dates or maturity dates, and are stated at their carrying amounts.

31 December 2020	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	339,212	1,760,908	8,443,111	48,286,451	13,663,120	-	72,492,802
Equity Instruments at fair value through other comprehensive income	-	-	-	-	-	17,637,062	17,637,062
Financial assets held under resale agreements	34,532,762	2,610,477	15,947,977	2,608,705	-	161,880	55,861,801
Financial assets at fair value through profit or loss	6,028,365	3,804,885	38,392,243	54,072,960	14,435,460	111,992,231	228,726,144
Refundable deposits	16,490,906	-	-	-	-	12,924,495	29,415,401
Other non-current assets	-	-	-	-	-	228,425	228,425
Accounts receivable	-	-	-	-	-	7,230,325	7,230,325
Other current assets	1,202,186	-	-	-	-	701,207	1,903,393
Margin accounts receivable	17,455,999	20,424,692	60,258,877	-	-	1,289,779	99,429,347
Derivative financial assets	34,801	702,206	28,037	600	-	1,448,582	2,214,226
Clearing settlement funds	6,042,332	-	-	-	-	7,365	6,049,697
Cash held on behalf of brokerage customers	111,696,253	500,000	26,865,000	-	-	262,187	139,323,440
Cash and bank balances	23,475,322	702,230	1,008,170	-	-	89,736	25,275,458
Total	217,298,138	30,505,398	150,943,415	104,968,716	28,098,580	153,973,274	685,787,521
Financial liabilities							
Loans and borrowings	6,090,349	709,247	2,938,140	-	-	31,595	9,769,331
Short-term debt instruments	8,426,245	8,845,387	31,161,169	-	-	291,567	48,724,368
Placements from other financial institutions	9,667,470	4,121,371	-	-	-	21,789	13,810,630
Accounts payable to brokerage customers	128,430,543	-	-	-	-	28,977,615	157,408,158
Financial assets sold under repurchase agreements	127,516,536	6,378,508	10,617,296	-	-	208,975	144,721,315
Financial liabilities at fair value through profit or loss	4,672,373	2,341,296	14,940,355	18,062,956	3,745,304	4,332,175	48,094,459
Derivative financial liabilities	5,812	5,849	759,736	195,311	-	4,559,764	5,526,472
Bonds payable	400,000	4,300,000	19,500,000	66,045,618	-	1,446,796	91,692,414
Lease liabilities	63,995	81,617	321,085	1,211,052	275,880	-	1,953,629
Other current liabilities	-	-	-	-	-	23,965,209	23,965,209
Other non-current liabilities	-	-	-	-	-	24,595	24,595
Total	285,273,323	26,783,275	80,237,781	85,514,937	4,021,184	63,860,080	545,690,580
Interest rate sensitivity exposure	(67,975,185)	3,722,123	70,705,634	19,453,779	24,077,396	90,113,194	140,096,941

62. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

31 December 2019	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Debt instruments at fair value through other comprehensive income	1,444,317	799,519	4,870,020	41,629,957	11,523,015	–	60,266,828
Equity Instruments at fair value through other comprehensive income	–	–	–	–	–	17,547,076	17,547,076
Financial assets held under resale agreements	28,777,176	2,011,032	21,192,052	1,959,737	–	–	53,939,997
Financial assets at fair value through profit or loss	3,050,929	3,483,442	60,252,341	24,576,665	5,308,499	92,350,316	189,022,192
Refundable deposits	2,129,299	–	–	–	–	10,846,078	12,975,377
Other non-current assets	–	–	–	776,571	–	279,984	1,056,555
Accounts receivable	2,125,101	–	–	–	–	1,359,065	3,484,166
Other current assets	254,286	–	245,362	–	–	677,181	1,176,829
Margin accounts receivable	14,219,237	14,169,824	43,699,283	–	–	–	72,088,344
Derivative financial assets	–	6,322	42,807	–	–	500,952	550,081
Clearing settlement funds	4,460,152	–	–	–	–	–	4,460,152
Cash held on behalf of brokerage customers	82,491,637	6,532,186	13,510,000	–	–	–	102,533,823
Cash and bank balances	18,445,300	332,680	6,474,336	–	–	513	25,252,829
Total	157,397,434	27,335,005	150,286,201	68,942,930	16,831,514	123,561,165	544,354,249
Financial liabilities							
Loans and borrowings	8,303,069	837,144	1,170,889	1,491,622	–	–	11,802,724
Short-term debt instruments	448,837	11,336,749	5,638,766	–	–	–	17,424,352
Placements from other financial institutions	4,701,637	506,756	4,280,249	–	–	–	9,488,642
Accounts payable to brokerage customers	93,428,782	–	–	–	–	15,907,744	109,336,526
Financial assets sold under repurchase agreements	108,729,100	6,940,592	10,347,604	–	–	–	126,017,296
Financial liabilities at fair value through profit or loss	6,744,507	10,679,777	20,293,431	5,891,494	–	677,484	44,286,693
Derivative financial liabilities	809	246	54,963	–	–	1,302,791	1,358,809
Bonds payable	–	7,187,225	11,613,915	50,772,413	–	–	69,573,553
Lease liabilities	57,251	103,034	478,097	1,246,655	478,800	–	2,363,837
Other current liabilities	–	–	1,217,007	–	–	11,737,811	12,954,818
Total	222,413,992	37,591,523	55,094,921	59,402,184	478,800	29,625,830	404,607,250
Interest rate sensitivity exposure	(65,016,558)	(10,256,518)	95,191,280	9,540,746	16,352,714	93,935,335	139,746,999

62. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(i) Interest rate risk *(continued)*

Sensitivity analysis

The Group uses sensitivity analysis to measure the impact on net interest income, fair value gains or losses and equity due to changes in interest rates. The sensitivity of net interest income represents the fluctuation of net interest income, as a result of certain changes in interest rates, arising from financial assets and liabilities held at the year end which will be repriced within the next year. The sensitivity of fair value gains or losses and equity are calculated as the fluctuations in fair values of fixed-rate financial assets that are classified at fair value through profit or loss and debt instruments at fair value through other comprehensive income, due to certain changes in interest rates.

The table below summarizes the results of the sensitivity analysis, and shows the impact on net profits and other comprehensive income (net of tax) resulting from a reasonably possible change in the interest rate, based on the assets and liabilities held as at 31 December 2020 and 2019, with all other variables held constant.

	As at 31 December			
	2020		2019	
	+50 BP	**-50 BP**	+50 BP	-50 BP
Change in				
— net profit	**(417,817)**	**731,549**	(560,945)	574,441
— other comprehensive income	**(873,773)**	**654,176**	(735,533)	768,064
Change in equity	**(1,291,590)**	**1,385,725**	(1,296,478)	1,342,505

(ii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from movements in foreign exchange rates. The Group's currency risk primarily relates to business activities denominated in foreign currencies different from the Group's functional currency, and its net investments in foreign subsidiaries.

Except for the subsidiaries incorporated in Hong Kong which hold assets mainly denominated in HKD, the assets and liabilities denominated in foreign currencies represent only an insignificant portion of the Group's entire assets and liabilities.

The Group's currency risk is not material because the net foreign currency exposure is relatively low.

62. FINANCIAL RISK MANAGEMENT *(continued)*

(4) Market risk *(continued)*

(iii) Price risk

Price risk is the risk that the fair value of equity securities declines because of unfavorable changes in the stock index level or the price of individual securities.

The Group mainly invests in listed equity securities, warrants, funds, stock futures, etc. The Group's maximum exposure to price risk is determined by the fair value of financial instruments it holds.

The above financial instruments are exposed to price risk due to fluctuations in fair values, which can be caused by factors specific to individual financial instruments or their issuers, or factors affecting all financial instruments traded in the market.

The analysis below is to show the impact on net profit and other comprehensive income (net of tax) due to changes in fair values of investments in equity securities, funds, equity derivative financial assets/ liabilities, trust products, stock futures and other equity investments by 10%, based on the carrying amounts at the end of each reporting period, with all other variables held constant. As for equity instruments at fair value through other comprehensive income, the impact only takes into account changes in fair value, without considering the impact on profit or loss due to possible impairment.

Sensitivity analysis

	As at 31 December			
	2020		2019	
	+10%	**-10%**	+10%	-10%
Change in				
— net profit	**7,117,670**	**(7,117,670)**	6,780,340	(6,780,340)
— other comprehensive income	**1,322,780**	**(1,322,780)**	1,316,031	(1,316,031)
Change in equity	**8,440,450**	**(8,440,450)**	8,096,371	(8,096,371)

62. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management

The Group's objectives for capital management are:

- to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to maintain a strong capital base to support the development of their business; and
- to comply with the capital requirements under the PRC and Hong Kong regulations.

The Group manages and adjusts its capital structure in accordance with changes in the economic situation and risk characteristics of relevant assets. In order to maintain or adjust its capital structure, the Company may adjust profit distribution to shareholders, return capital, issue new shares, subordinated debts and convertible bonds, etc.

The Group adopts net capital as the indicator to manage its capital. Net capital is a comprehensive risk control indicator which is calculated as net assets minus risk adjustments on certain assets, liabilities and business, determined in accordance with securities companies' business scope and liquidity of their assets and liabilities.

On 23 January 2020, the CSRC issued the Calculation Rules for Risk Control Indicators of Securities Companies, which came into effect on 1 June 2020; on 20 March 2020, the CSRC issued the Administrative Measures for Risk Control Indicators of Securities Companies (2020 amended) with amendments to the framework and criteria of risk control indicators which securities companies must be continually compliant, which came into effect on 20 March 2020. Based on the rules above and other related rules issued or revised subsequently, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) the ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;

(ii) the ratio of net capital divided by net assets shall be no less than 20%;

(iii) the ratio of net capital divided by liabilities shall be no less than 8%;

(iv) the ratio of net assets divided by liabilities shall be no less than 10%;

(v) the ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;

(vi) the ratio of the value of non-equity securities and non-equity derivatives held divided by net capital shall not exceed 500%;

(vii) the ratio of core net capital divided by total assets on and off-balance sheet shall be no less than 8%;

(viii) the ratio of high quality liquid assets divided by net cash outflows within 30 days shall be no less than 100%;

62. FINANCIAL RISK MANAGEMENT *(continued)*

(5) Capital management *(continued)*

(ix) the ratio of stable funds available divided by stable funds required shall be no less than 100%; and

(x) the ratio of the value of margin financing, securities lending, stock-pledged financing and securities repurchase divided by net capital shall not exceed 400%;

Certain subsidiaries of the Company are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

63. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

(a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");

(b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and

(c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
— Debt securities	1,155,464	103,183,090	3,633,673	107,972,227
— Funds	26,543,124	28,380,870	4,436,617	59,360,611
— Equity securities	15,627,148	6,578,809	2,876,940	25,082,897
— Other investments	5,459,722	26,892,038	3,958,649	36,310,409
Debt instruments at fair value through other comprehensive income				
— Debt securities	959,118	71,533,684	–	72,492,802
Equity Instruments at fair value through other comprehensive income				
— Equity securities	3,756,128	207,029	366,383	4,329,540
— CSFC investment	–	13,307,522	–	13,307,522
Derivative financial assets	204,886	2,009,340	–	2,214,226
Total	53,705,590	252,092,382	15,272,262	321,070,234
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
— Equity securities	847,312	–	–	847,312
— Debt securities	45,194	4,402,641	–	4,447,835
— Others	–	265,094	–	265,094
Designated as at fair value through profit or loss				
— Debt securities	–	31,291,123	8,023,326	39,314,449
— Others	–	2,568,277	651,492	3,219,769
Derivative financial liabilities	2,027,632	3,498,840	–	5,526,472
Total	2,920,138	42,025,975	8,674,818	53,620,931

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: *(continued)*

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
— Debt securities	2,912,305	93,759,571	–	96,671,876
— Funds	24,130,212	19,812,779	7,381,410	51,324,401
— Equity securities	17,484,776	170,657	2,771,714	20,427,147
— Other investments	7,494,181	12,786,169	318,418	20,598,768
Debt instruments at fair value through other comprehensive income				
— Debt securities	1,822,685	58,444,143	–	60,266,828
Equity Instruments at fair value through other comprehensive income				
— Equity securities	3,775,849	5,797	754,301	4,535,947
— CSFC investment	–	13,011,129	–	13,011,129
Derivative financial assets	110,155	345,007	94,919	550,081
Total	57,730,163	198,335,252	11,320,762	267,386,177
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
— Debt securities	–	5,668,354	–	5,668,354
Designated as at fair value through profit or loss				
— Debt securities	–	31,300,721	6,640,133	37,940,854
— Others	–	45,974	631,511	677,485
Derivative financial liabilities	132,873	987,387	238,549	1,358,809
Total	132,873	38,002,436	7,510,193	45,645,502

During the year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the year, the Group held no changes on the valuation techniques for Level 2.

Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(3) Movements in Level 3 financial instruments measured at fair value:

	Year ended 31 December 2020				
	Financial assets at fair value through profit or loss	**Equity instruments at fair value through other comprehensive income**	**Derivative assets**	**Financial liabilities at fair value through profit or loss**	**Derivative liabilities**
As at 1 January 2020	**10,471,542**	**754,301**	**94,919**	**(7,271,644)**	**(238,549)**
Gains/(losses) for the year	**29,344**	**–**	**–**	**(390,315)**	**–**
Changes in fair value recognized in other comprehensive income	**–**	**(380,987)**	**–**	**–**	
Purchases	**3,440,275**	**2**	**–**	**–**	**–**
Issues	**–**	**–**	**–**	**(1,880,305)**	
Transfers in	**1,054,467**	**–**	**–**	**–**	**–**
Transfers out	**(98,991)**	**(1,490)**	**(21,493)**	**–**	**5,244**
Disposal and settlements	**9,242**	**(5,443)**	**(73,426)**	**867,446**	**233,305**
As at 31 December 2020	**14,905,879**	**366,383**	**–**	**(8,674,818)**	**–**

	Year ended 31 December 2019				
	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Derivative assets	Financial liabilities at fair value through profit or loss	Derivative liabilities
As at 1 January 2019	6,937,559	746,439	27,697	(5,112,563)	(139,945)
Gains/(losses) for the year	309,700	–	(204,385)	112,646	(312,514)
Changes in fair value recognized in other comprehensive income	–	(145,131)	–	–	–
Purchases	3,754,730	190,877	1,220,572	–	–
Issues	–	–	–	(2,635,910)	(1,606,000)
Transfers in	940,751	–	–	–	–
Transfers out	(123,012)	(32,662)	–	–	–
Disposal and settlements	(1,348,186)	(5,222)	(948,965)	364,183	1,819,910
As at 31 December 2019	10,471,542	754,301	94,919	(7,271,644)	(238,549)

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

Financial assets/liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investments with disposal restrictions within a specific period	Level 3	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Stocks/unlisted equity investments	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/unlisted equity investments	Level 3	Recent transaction price	N/A	N/A
Unlisted funds	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	Level 3	Recent transaction price	N/A	N/A
Other investments	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Financial liabilities	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	Level 3	Recent transaction price	N/A	N/A

The fair value of the financial instruments in Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

63. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(5) Financial assets and liabilities not measured at fair value

As at 31 December 2020 and 31 December 2019, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated their fair values, except for bonds payable, whose carrying amounts and fair values are summarized below:

	As at 31 December	
Bonds payable	**2020**	2019
Carrying amounts	**91,692,414**	69,573,553
Fair values		
— Level 1	**8,404,900**	6,479,540
— Level 2	**83,960,772**	62,184,988
— Level 3	**1,304,174**	1,403,206
Total	**93,669,846**	70,067,734

64. EVENTS AFTER THE REPORTING PERIOD

Other than those matters as already disclosed elsewhere in the consolidated financial statements, significant events after the reporting period included the following event:

1. Issuance of corporate bonds and subordinate bond

On 14 January 2021, the Company has publicly issued 1st batch of short term corporate bonds to qualified investors, with Category I of 188 days corporate bond with a nominal amount of RMB4 billion, bearing interest at 2.77% per annum and Category II of 365 days with a nominal amount of RMB4 billion, bearing intertest at 2.94% per annum.

On 25 January 2021, the Company has publicly issued 3-year subordinated bond to institutional investors with a nominal amount of RMB3 billion, bearing interest at 3.89% per annum.

2. Completion of the deemed disposal of equity interest in Shanghai Securities

Following CSRC's approval on Bailian Group to become a major shareholder and controlling shareholder of Shanghai Securities and the change of registered share capital of Shanghai Securities in December 2020, Shanghai Securities has completed the necessary procedures in relations to the Capital Increase including capital verification, registration of change in rights of state-owned assets and registration with industrial and commercial department of the increased registered share capital in accordance with the requirements stated in the approval of the CSRC and requirements of relevant administrative measures of state-owned assets.

Upon the completion of such procedures and as of the date 8 February 2020, the Company held approximately 24.99% of the equity interest in Shanghai Securities, and Shanghai Securities ceased to be a subsidiary of the Company.

64. EVENTS AFTER THE REPORTING PERIOD *(continued)*

3. Acquisition of part of shares of HuaAn Funds Management Co., Ltd.

On 4 March 2021, the Company obtained the *Reply of Approval on the Change of Equity Interest in HuaAn Funds Management Co., Ltd.* (Zheng Jian Xu Ke [2021] No. 669) from the CSRC, which approved Shanghai Jin Jiang International Investment and Management Company Limited to transfer the 8% equity interest in Hua An Funds it held to the Company. Upon the completion of this transfer of equity interest, the shareholding in HuaAn Funds of the Company will change from 20% to 28%.

65. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIODS ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely

The application of the new and revised IFRS will have no material impact on the Group's financial statements.

Section XI Independent Auditor's Report and Notes to Financial Statements

66. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2020	2019
Non-current assets		
Property and equipment	**1,728,289**	1,795,390
Right-of-use assets	**1,390,824**	1,661,268
Other intangible assets	**533,964**	445,570
Investments in subsidiaries	**21,433,557**	20,422,043
Investments in associates	**1,023,753**	918,062
Debt instruments at fair value through other comprehensive income	**54,817,294**	47,414,426
Equity instruments at fair value through other comprehensive income	**16,538,493**	16,354,566
Financial assets held under resale agreements	**2,616,287**	1,959,737
Financial assets at fair value through profit or loss	**12,794,246**	4,144,205
Refundable deposits	**8,096,160**	3,130,510
Deferred tax assets	**1,224,130**	835,004
Other non-current assets	**2,043,440**	1,680,691
Total non-current assets	**124,240,437**	100,761,472
Current assets		
Accounts receivable	**3,026,174**	2,849,604
Other current assets	**399,006**	473,399
Margin accounts receivable	**80,121,481**	57,625,930
Debt instruments at fair value through other comprehensive income	**6,049,255**	6,338,081
Financial assets held under resale agreements	**47,552,541**	46,787,321
Financial assets at fair value through profit or loss	**128,601,545**	105,631,481
Derivative financial assets	**1,363,978**	273,482
Clearing settlement funds	**6,053,755**	3,794,032
Cash held on behalf of brokerage customers	**79,642,328**	64,268,337
Cash and bank balances	**17,800,181**	12,819,101
Total current assets	**370,610,244**	300,860,768
Total assets	**494,850,681**	401,622,240

66. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2020	2019
Current liabilities		
Short-term debt instruments	**33,844,006**	12,159,112
Placements from other financial institutions	**13,720,919**	9,488,642
Accounts payable to brokerage customers	**78,436,311**	63,172,725
Employee benefits payable	**5,737,113**	4,602,487
Income tax payable	**1,007,443**	862,686
Financial assets sold under repurchase agreements	**117,637,331**	99,816,786
Financial liabilities at fair value through profit or loss	**10,670,440**	10,826,571
Derivative financial liabilities	**4,705,609**	998,927
Bonds payable	**24,744,699**	14,524,626
Lease liabilities	**351,576**	468,508
Other current liabilities	**17,275,176**	9,753,457
Total current liabilities	**308,130,623**	226,674,527
Net current assets	**62,479,621**	74,186,241
Total assets less current liabilities	**186,720,058**	174,947,713
Non-current liabilities		
Bonds payable	**59,751,432**	47,038,870
Lease liabilities	**1,181,520**	1,307,260
Financial liabilities at fair value through profit or loss	**1,385,228**	175,152
Other non-current liabilities	**82,114**	82,115
Total non-current liabilities	**62,400,294**	48,603,397
Net assets	**124,319,764**	126,344,316
Equity		
Share capital	**8,908,448**	8,907,948
Other equity instruments	**11,071,661**	16,129,799
Treasury shares	**(776,909)**	—
Reserves	**69,708,209**	68,573,481
Retained profits	**35,408,355**	32,733,088
Total equity	**124,319,764**	126,344,316

66. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

		Reserves						
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained profits	Total
At 31 December 2018	8,713,941	11,129,819	42,386,862	(26,877)	7,176,438	14,053,329	29,050,378	112,483,890
Impact of adopting IFRS 16	–	–	–	–	(3,909)	(7,817)	(27,360)	(39,086)
Restated opening balance	8,713,941	11,129,819	42,386,862	(26,877)	7,172,529	14,045,512	29,023,018	112,444,804
Profit for the year	–	–	–	–	–	–	8,747,228	8,747,228
Other comprehensive income for the year	–	–	–	571,551	–	–	–	571,551
Total comprehensive income for the year	–	–	–	571,551	–	–	8,747,228	9,318,779
Placement of H shares	194,000	–	2,486,405	–	–	–	–	2,680,405
Issue of perpetual bonds	–	5,000,000	–	–	–	–	–	5,000,000
Dividends	–	–	–	–	–	–	(2,449,685)	(2,449,685)
Distribution to other equity instrument holders	–	–	–	–	–	–	(590,000)	(590,000)
Appropriation to general reserve	–	–	–	–	–	1,749,446	(1,749,446)	–
Reclassification of other comprehensive income to retained profits	–	–	–	248,027	–	–	(248,027)	–
Conversion of convertible bonds	7	(20)	152	–	–	–	–	139
Others	–	–	(60,126)	–	–	–	–	(60,126)
At 31 December 2019	8,907,948	16,129,799	44,813,293	792,701	7,172,529	15,794,958	32,733,088	126,344,316

66. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

			Reserves						
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Treasury Shares	Retained profits	Total
At 1 January 2020	8,907,948	16,129,799	44,813,293	792,701	7,172,529	15,794,958	–	32,733,088	126,344,316
Profit for the year	–	–	–	–	–	–	–	8,350,340	8,350,340
Other comprehensive income for the year	–	–	–	(28,988)	–	–	–	–	(28,988)
Total comprehensive income for the year	–	–	–	(28,988)	–	–	–	8,350,340	8,321,352
Issuance of perpetual bonds	–	4,943,396	–	–	–	–	–	–	4,943,396
Redemption of perpetual bonds	–	(10,000,000)	–	–	–	–	–	–	(10,000,000)
Dividends	–	–	–	–	–	–	–	(3,439,391)	(3,439,391)
Distribution to other equity instrument holders	–	–	–	–	–	–	–	(402,500)	(402,500)
Appropriation to general reserve	–	–	–	–	–	1,670,068	–	(1,670,068)	–
Reclassification of other comprehensive income to retained profits	–	–	–	163,114	–	–	–	(163,114)	–
Conversion of convertible bonds	500	(1,534)	10,068	–	–	–	–	–	9,034
Acquisition of treasury shares	–	–	–	–	–	–	(1,543,209)	–	(1,543,209)
Equity Settled share-based transactions	–	–	(679,534)	–	–	–	766,300	–	86,766
At 31 December 2020	8,908,448	11,071,661	44,143,827	926,827	7,172,529	17,465,026	(776,909)	35,408,355	124,319,764

67. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 25 March 2021.

Section XII Documents Available for Inspection

Documents Available for Inspection	1.	The text of the annual report with signatures of authorized representatives of the Company
Documents Available for Inspection	2.	The text of the financial report signed and sealed by authorized representatives of the Company, competent responsible persons of accounting works and persons in charge of accounting institutions
Documents Available for Inspection	3.	The original copy of the audit report sealed by the accounting firm as well as signed and sealed by the certified accountant
Documents Available for Inspection	4.	All original copies of documents and the full text of the relevant announcements of the Company publicly disclosed on websites designated by China Securities Regulatory Commission during the Reporting Period
Documents Available for Inspection	5.	Other relevant information

Chairman of the Board: HE Qing
Date of approval by the Board:25 March 2021

REVISED INFORMATIONS

□ Applicable √ Not applicable

Section XIII Information Disclosure of Securities Company

(1). RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

√ Applicable □ Not applicable

(I) Administrative Permissions of the Company

No.	Date of approval	Headings of approval	No. of approval
1	11 January 2020	Shanghai Office of China Securities Regulatory Commission's Reply on Approval of Establishment of 10 Branch Offices by Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2020] No. 2
2	13 January 2020	China Securities Regulatory Commission's Reply on Guotai Junan Capital Management Co., Ltd., a Secondary Subsidiary of Guotai Junan Securities Co., Ltd., Becoming a Private Equity Fund Management Body as an Operating Entity	Ji Gou Bu Han [2020] No. 105
3	12 February 2020	Shanghai Office of China Securities Regulatory Commission's Reply on Approval of He Qing's Qualification as Chairman of Securities Company	Hu Zheng Jian Xu Ke [2020] No. 7
4	28 February 2020	China Securities Regulatory Commission's Reply on Matters in relation to Carrying out Fund Investment and Consultancy Business by Guotai Junan Securities Co., Ltd. on a Pilot basis	Ji Gou Bu Han [2020] No. 385
5	25 March 2020	China Securities Regulatory Commission's Notice on Matters related to the Work for Consolidated Supervision Pilot Program	Ji Gou Bu Han [2020] No. 662
6	29 June 2020	Shanghai Municipal State-owned Assets Supervision and Administration Commission's Approval on the Implementation of Restricted Share Incentive Scheme of A Shares of Guotai Junan	Hu Guo Zi Wei Fen Pei [2020] No. 148

(II) Administrative Permissions of the Major Controlled Subsidiaries

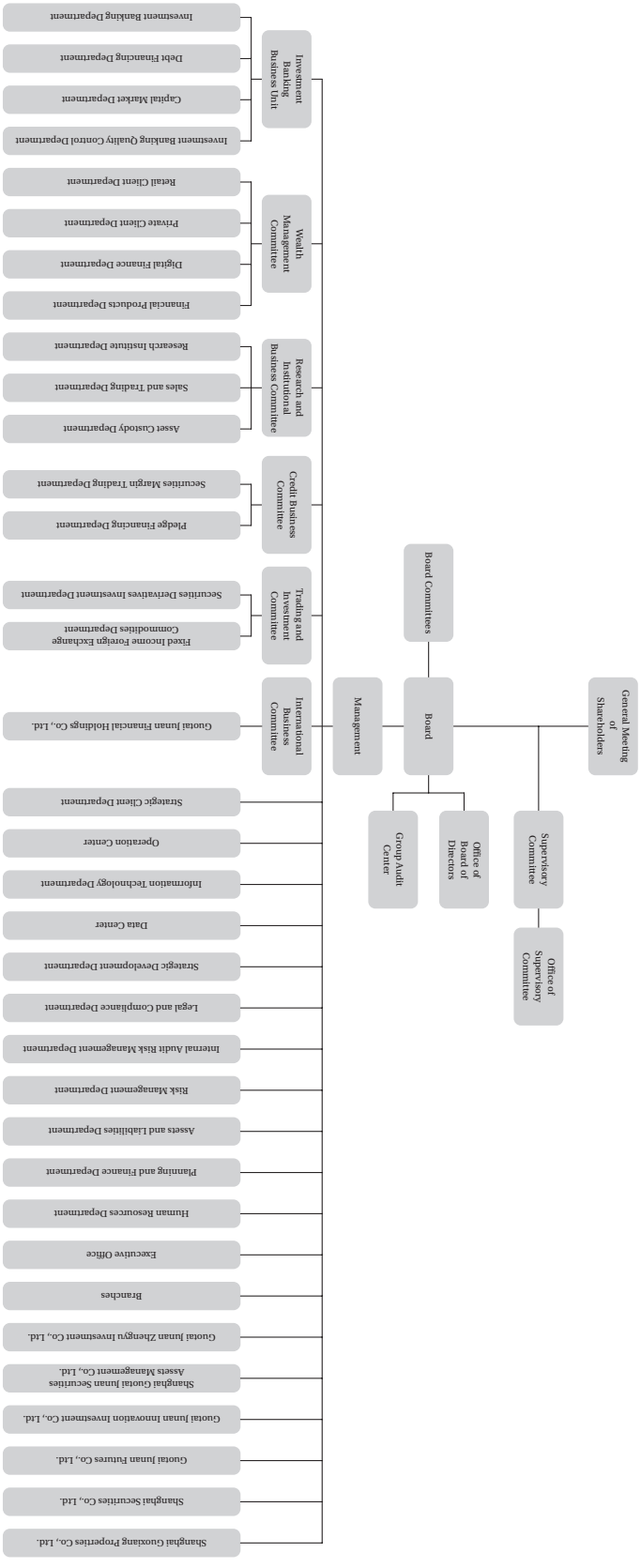
Name of the subsidiary	Date of approval	Headings of approval	No. of approval
Shanghai Securities	7 December 2020	China Securities Regulatory Commission's Reply on Approving the Change of Major Shareholders of Shanghai Securities Co., Ltd.	Zheng Jian Xu Ke [2020] No. 3358
Guotai Junan Asset Management	30 December 2020	China Securities Regulatory Commission's Reply on Approval of the Qualification of Guotai Junan Securities Asset Management Co., Ltd. to Conduct Management Business of Public Offering of Securities Investment Funds	Zheng Jian Xu Ke [2020] No. 3681

(2). RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

√ Applicable □ Not applicable

The Company's classified evaluation result in 2020: Class A Grade AA

Appendix I Organization Chart of the Company



Appendix II Basic Information of Branch Office

1. BRANCH OFFICE OF THE COMPANY

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Anhui Branch Office	Rooms 2501,2510,2511 and 2512, AHCOF International Trade Center, Intersection of South Second Ring Road and Jinzhai Road, Shushan District, Hefei City	21 February 2013	RMB5 million	Zeng Fengsan (曾逢三)	0571-7245858 Ext 8753
Guangxi Branch Office	Rooms 2201 & 2205, 22/F, Tower A, Nanhu Mingdu Plaza, 30 Shuangyong Road, Qingxiu District, Nanning City	20 February 2013	RMB5 million	Lin Guokui (林國奎)	0771-5651977
Xinjiang Branch Office	6F, Tower A, Gongxiao Building, 314 Yangtze River Road, Shayibake District, Urumqi	4 March 2013	RMB5 million	An Ding (安定)	0991-2835838
Beijing Branch Office	Room 202, Zhizhen Building, 7 Zhichun Road, Haidian District, Beijing City	6 September 2000	RMB10 million	Geng Xuling (耿旭令)	010-82263606
Shanghai Branch Office	369 Jiangsu Road	15 August 2000	RMB10 million	Jiang Wei (江偉)	021-52400388
Shanghai FTZ Branch Office	1503-A, B, C, D, E, F, G, H, 2 Maji Road, China (Shanghai) Pilot Free Trade Zone	13 December 2013	RMB5 million	Zhang Neng (張能)	021-52400647
Shenzhen Branch Office	3401-3411, 3509, New World Business Center, Yitian Road West and Fuzhong Road North, Futian District, Shenzhen City	21 July 2000	RMB10 million	Liu Jingdong (劉敬東)	0755-23976888-6121
Sichuan Branch Office	China Resources Building, 10 Shuangqing Road, Chenghua District, Chengdu City	31 July 2000	–	Guo Liping (郭麗萍)	028-65775298
Hubei Branch Office	7/F, 73 Xudong Street, Hongshan District, Wuhan City	11 August 2000	RMB10 million	Hu Sufei (胡肅飛)	027-87267558
Tianjin Branch Office	Units 07-09, 42F, Surveying and Mapping Level, Jinta Office Building, Tianjin Worldwide Finance Center, No. 2 Dagu North Road, Xiaobailou, Heping District, Tianjin City	30 June 2009	RMB5 million	Gu Xin (顧鑫)	022-58308306
Hebei Branch Office	9/F, Tower A, Fangbei Building, No. 133, Yuhua East Road, Shijiazhuang City, Hebei Province	2 July 2009	RMB5 million	Li Jian (李建)	0311-85668338
Shanxi Branch Office	Rooms 1204 & 1205, 12/F and East Side of 16/F, Building 1, 15 Gaoxin Street, Taiyuan Xuefu Park, Comprehensive Reform Demonstration Zone, Shanxi	3 July 2009	RMB5 million	Zhang Qingsong (張青松)	0351-7023028
Inner Mongolia Branch Office	Room 1701-1702, International Finance Building, 18 Xinhua East Street, Ruyi Industrial Park, Hohhot City, Inner Mongolia Autonomous Region	30 June 2009	RMB5 million	Xu Xihai (徐錫海)	0431-5212939
Liaoning Branch Office	68 Shiyiwei Road, Heping District, Shenyang City	1 July 2009	RMB5 million	Wang Chunming (王春明)	024-22821663

Appendix II Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Jilin Branch Office	Rooms 2506-2509, Huamao International Building, 4848 Renmin Street, Nanguan District, Changchun City	30 June 2009	RMB5 million	Fei Weifu (費維富)	0431-84505678
Heilongjiang Branch Office	3/F Keji Building,90 Xidazhi Street, Nangang District, Harbin City, Heilongjiang Province	30 June 2009	RMB5 million	Hou Xiaopeng (侯霄鵬)	0451-86201260
Jiangsu Branch Office	Room 401 & 502, 389 Taiping South Road, Qinhuai District, Nanjing City	9 July 2009	RMB5 million	Wang Yuansong (王原松)	025-84575188
Suzhou Branch Office	Room C-2, 40/F, Modern Media Plaza, No. 265 East Suzhou Avenue, Suzhou Industrial Park, Suzhou Area of China (Jiangsu) Pilot Free Trade Zone	30 December 2020	RMB5 million	Liu Jiming (劉繼明)	021-38670168
Zhejiang Branch Office	Room 1401, Unit 1 & 2, Building 6, Fanhai International Center, 185 Wuxing Road, Sijiqing Sub-district, Jianggan District, Hangzhou City	30 June 2009	RMB5 million	Lin Jian (林堅)	0571-87227580
Fujian Branch Office	11/F, Export-Import Bank of China Building, 350 Jiangbin Central Boulevard, Taijiang District, Fuzhou City	2 July 2009	RMB5 million	Yao Guohai (姚國海)	0591-83666109
Jiangxi Branch Office	Rooms 3101-3106 & 3110-3113, 31/F, Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province	3 July 2009	RMB5 million	Huang Quan (黃全)	0791-86113053
Shandong Branch Office	5/F, Building 1, Long Ao Jin Zuo Office Building, No. 8000 Jingshi Road, Lixia District, Ji'nan City	29 June 2009	RMB5 million	Zhang Congxuan (張從宣)	0531-68817977
Henan Branch Office	39 Jinshui East Road, Zhengdong New District, Zhengzhou City	29 June 2009	RMB5 million	Yu Ping (于萍)	0371-65752727
Hunan Branch Office	4/F, 89 Wuyi Boulevard, Changsha City	1 July 2009	RMB5 million	Hu Lan (胡蘭)	0731-85525225
Hainan Branch Office	No. B2002, B2003, B2004, 20F, West Block of office building, Tower B, Lot S5, Haikuotiankong Guorui Town, 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	30 June 2009	RMB5 million	Fan Xiaojun (范曉軍)	0898-68551022
Guizhou Branch Office	22/F, Tower 1-6, East Zone, Financial Business District, Area B, Zhongtian Exhibition, Changling North Road, Guanshanhu District, Guiyang City, Guizhou Province	1 July 2009	RMB5 million	Ma Hong (馬鴻)	0851-85818223
Yunnan Branch Office	Rooms 1706, 1707, 1708, 1709 and 1710, 17/F, Building 4, Qicaijunyuan, Baita Road, Panlong District, Kunming City, Yunnan Province	30 June 2009	RMB5 million	Zhang Wenzhou (張文洲)	0871-63107159

Appendix II Basic Information of Branch Office

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Shaanxi Branch Office	2/F, Finance Commerce Center, Telecom Plaza, 56 Gaoxin Road, Yanta District, Xi'an City, Shaanxi Province	2 July 2009	RMB5 million	Hua Yuwei (華宇煒)	029-88304680
Gansu Branch Office	215 Jiuquan Road, Chengguan District, Lanzhou City	30 June 2009	RMB5 million	Lan Geru (蘭革儒)	0931-8436687
Guangdong Branch Office	Units 2502A, 2502B, 2506, 2602 and 2603, R&F Center, No. 10 Huaxia Road, Zhujiang Xincheng, Tianhe District, Guangzhou City	29 June 2009	RMB5 million	Huang Feng (黃鋒)	020-28023166
Chongqing Branch Office	17-1/F, 3 Finance Street, Jiangbei District, Chongqing City	30 June 2009	RMB5 million	Chen Yaohua (陳耀華)	023-63707175

2. BRANCH OFFICE OF SHANGHAI SECURITIES

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Shanghai Branch Office	3/F, No. 373 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone	9 November 2017	RMB5 million	Zhang Guofa (張國發)	021-53686919
Wenzhou Branch Office	2/F, Tower D, Xiechi Mall, Renmin East Road, Wenzhou, Zhejiang	1 June 2012	RMB5 million	Cai Xiaomin (蔡曉敏)	0577-88812528
Shenzhen Branch Office	Unit 1105-1106, Huarong Tower, No.178 Mintian Road, Futian Street, Futian District, Shenzhen City	12 February 2018	RMB5 million	Wang Yu (王瑜)	0755-83640898

Appendix II Basic Information of Branch Office

3. BRANCH OFFICE OF GUOTAI JUNAN FUTURES

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Beijing Branch Office (formerly Beijing Jianguomenwai Street securities branch)	Unit 06, 7F, East Tower, Gemini Building, B12 Jianguomenwai Street, Chaoyang District, Beijing	11 June 2019	Nil	Wang Yigang (王毅崗)	010-58795766
Guangdong Branch Office (formerly Guangzhou securities branch)	Room 1102, No. 10 Huaxia Road, Tianhe District, Guangzhou	17 June 2019	Nil	Zhu Jianping (朱建平)	020-38628065
Xiamen Branch Office	1508-1509, Block B, China Resources Building, No. 95 Hubin East Road, Siming District, Xiamen	6 November 2019	Nil	Fu Zuoren (傅作仁)	0592-5886138
Shaanxi Branch Office (formerly Xi'an securities branch)	Room 02, 16/F (18/F by Elevator), PICC (Shaanxi) Finance Building, 12 Gaoxin 3rd Road, High Tech District, Xi'an City, Shaanxi Province	15 May 2020	Nil	Luo Mingzhe (羅明哲)	029-88220219
Hebei Branch Office (formerly Shijiazhuang securities branch)	Rooms 803 & 804, 8/F, Tower B, Fangbei Building, 133 Yuhua East Road, Yuhua District, Shijiazhuang City, Hebei Province	15 May 2020	Nil	Luo Dedong (羅德東)	0311-85360889
Hubei Branch Office (formerly Wuhan securities branch)	Office (5) at 40/F, Zheshang International Building, 718 Jianshe Avenue, Jiang'an District, Wuhan City	19 May 2020	Nil	Zhanjie (佔傑)	027-82883009
Shandong Branch Office (formerly Jinan securities branch)	Rooms 1107 & 1108, 975 Caoshanling South Road, Lixia District, Ji'nan City	21 May 2020	Nil	Chen Xiaoxiao (陳曉曉)	0531-81210181
Henan Branch Office (formerly Zhengzhou securities branch)	Room 1105, Futures Building, 30 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City	21 May 2020	Nil	Zhang Wentian (張聞天)	0371-65600699

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Liaoning Branch Office (formerly Dalian securities branch)	Rooms 1904&1905, Dalian Futures Building, Tower A, Dalian International Finance Center, 129 Huizhan Road, Shahekou District, Dalian City	02 June 2020	Nil	Wang Wei (王偉)	0411-84807767
Shenzhen Branch Office (formerly Shenzhen securities branch)	Rooms 1502, 1503 and 1504, New World Business Center, Yitian Road West and Fuzhong Road North, Lianhua Street, Futian District, Shenzhen City	25 November 2020	Nil	Li Hui (李暉)	0755-23982567

4. BRANCH OFFICE OF HICEND FUTURES

Branch office	Address	Date of establishment	Registered capital (or working capital)	Person-in charge	Contact number
Shandong Branch Office	503 & 504, 5/F, Xinyuan Financial Building, Building 7 Xinyuanxin Center, No. 3 Huaxin Road, Licheng District, Ji'nan City	23 September 2019	Nil	Ma Hongguang (馬洪廣)	0531-55666358

Appendix III Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

1. THE COMPANY

1) Newly-established branch offices and securities branches:

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Suzhou Branch Office	Room C-2, 40/F, Modern Media Plaza, No. 265 East Suzhou Avenue, Suzhou Area of China (Jiangsu) Pilot Free Trade Zone	30 December 2020
2	Chengdu Jiannan Avenue Securities Branch	No. 803 Section 1 of Jiannan Avenue South, Huayang Street, Tianfu New District, Chengdu City, Sichuan Province	19 November 2020
3	Hangzhou Wenyi West Road Securities Branch	Room 101-2, Building 7, No. 1218, Wenyi West Road, Cangqian Street, Yuhang District, Hangzhou City, Zhejiang Province	18 December 2020

2) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Jiangxi Branch Office	Jiangxi Branch Office	Rooms 3101-3106 & 3110-3113, 31/F, Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province
2	Chongqing Wushan Securities Branch	Chongqing Wushan Securities Branch	2-3-1, 2-3-2, Building 2, Shangxitai, No.688 Shengquan Street, Gaotang Street, Wushan County, Chongqing
3	Guilin Kongming West Road Securities Branch	Guilin Chuanshan East Road Securities Branch	Shops 3 & 4, Building 2, Zhuangjiao Shopping Mall, Qixing Garden, 1 Chuanshan East Road, Qixing District, Guiling City
4	Nanchang Honggu Middle Avenue Securities Branch	Nanchang Fenghe Middle Avenue Securities Branch	Rooms 3107-3109, 31/F, Cuilin Building, 1266 Fenghe [Middle] Avenue, Honggutan New District, Nanchang City, Jiangxi Province
5	Zhuhai Jingshan Road Securities Branch	Zhuhai Jingshan Road Securities Branch	Shops 103, 104 & 502, 89 Jingshan Road, Xiangzhou District, Zhuhai City

Appendix III Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
6	Zibo Liuquan Road Securities Branch	Zibo Liuquan Road Securities Branch	A11, A12 and A13, 77 Liuquan Road, Zhangdian District, Zibo City, Shandong Province
7	Shenzhen Bao'an Unicenter Securities Branch	Shenzhen Bao'an Unicenter Securities Branch	Room 202, 2/F, Zhongxing Hotel (Qianhai HOP International) 105, 19 Xinghua Yi Road (Extension Section), Xin'an Street, Bao'an District, Shenzhen
8	Changsha Yuelu Avenue Securities Branch	Changsha Lutian Road Securities Branch	Room 108-1, 1/F, Building A1& Room 206-2, 2/F, Building A2, Jinrui Lugu Science and Technology Park, 28 Lutian Road, High-tech Zone, Changsha City
9	Wuhan Dongting Street Securities Branch	Wuhan Jianshe Avenue Securities Branch	Shops (8) & (9),1/F, Xinyuan Business Center/Unit, No. 1001 Jianshe Avenue, Huaqiao Street, Jiang'an District, Wuhan City, Hubei Province
10	Yangzhou Yangzijiang Middle Road Securities Branch	Yangzhou Wenhui West Road Securities Branch	Annex Building of Office Building, 209 Wenhui West Road, Hanjiang District, Yangzhou City
11	Dunhuang Yangguan Middle Road Securities Branch	Dunhuang Danghe East Road Securities Branch	Part of 1/F and part of 2/F of Building 1, No. 59, North side of Binhe Road, Danghe East Road, Shazhou Town, Dunhuang City, Jiuquan City, Gansu Province
12	Beijing Chaonei Avenue Securities Branch	Beijing Chaoyangmen Securities Branch	A1, 1/F, 22 Chaowai Avenue, Chaoyang District, Beijing
13	Shangrao Gandongbei Avenue Securities Branch	Shangrao Guangxin Avenue Securities Branch	No.1-2, 1-1802, 1-1803, Building 1, 36 Guangxin Avenue, Xinzhou District, Shangrao City, Jiangxi Province
14	Shenzhen Shennan Road CR City Securities Branch	Shenzhen Pingshan Avenue Securities Branch	2/F & 3/F of 5-71 and 5-72, Building 5, Royal International, 2002 Pingshan Avenue, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen

3) Deregistered securities branches:

No.	Names of securities branches	Reply reference number	Approval date	Verification letter date
1	Jiujiang Nanhai Road Securities Branch	Gan Zheng Jian Xu Ke [2019] No. 15 (贛證監許可[2019]15號)	16 October 2019	9 December 2019
2	Chaoyang Xinhua Road Securities Branch	N/A	N/A	N/A
3	Shanwei Hubin Road Securities Branch	N/A	N/A	N/A
4	Kunshan Qianjin Middle Road Securities Branch	N/A	N/A	N/A

2. GUOTAI JUNAN FUTURES

1) Newly-established branch offices and securities branches:

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Shaanxi Branch Office (formerly Xi'an Securities Branch)	Room 02, 16/F (18/F by Elevator), PICC (Shaanxi) Finance Building, 12 Gaoxin 3rd Road, High Tech District, Xi'an City, Shaanxi Province	15 May 2020
2	Hebei Branch Office (formerly Shijiazhuang Securities Branch)	Rooms 803 & 804, 8/F, Tower B, Fangbei Building, 133 Yuhua East Road, Yuhua District, Shijiazhuang City, Hebei Province	15 May 2020
3	Hubei Branch Office (formerly Wuhan Securities Branch)	Office (5) at 40/F, Zheshang International Building, 718 Jianshe Avenue, Jiang'an District, Wuhan City	19 May 2020
4	Shandong Branch Office (formerly Jinan Securities Branch)	Rooms 1107 & 1108, 975 Caoshanling South Road, Lixia District, Ji'nan City	21 May 2020
5	Henan Branch Office (formerly Zhenzhou Securities Branch)	Room 1105, Futures Building, 30 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City	21 May 2020
6	Liaoning Branch Office (formerly Dalian Securities Branch)	Rooms 1904 & 1905, Dalian Futures Building, Tower A, Dalian International Finance Center, 129 Huizhan Road, Shahekou District, Dalian City	2 June 2020

Appendix III Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
7	Shenzhen Branch Office (formerly Shenzhen Securities Branch)	Rooms 1502, 1503 and 1504, New World Business Center, Yitian Road West and Fuzhong Road North, Lianhua Street, Futian District, Shenzhen City	25 November 2020

2) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Liaoning Branch Office	Liaoning Branch Office	Rooms 1904 & 1905, Dalian Futures Building, Tower A, Dalian International Finance Center, 129 Huizhan Road, Shahekou District, Dalian City
2	Changsha Securities Branch	Changsha Securities Branch	Room 2401, Phase III, New Urbanism City Mingdi, 489 Shaoshan Middle Road, Yuhua District, Changsha City

3. SHANGHAI SECURITIES

1) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Hangzhou Jiefang Road Securities Branch	Hangzhou GTland Plaza Securities Branch	Rooms 3801 & 3802, Building 1, GTland Plaza, Jianggan District, Hangzhou City, Zhejiang Province
2	Leqing Liushi Huifeng Road Securities Branch	Leqing Liushi Liuqing South Road Securities Branch	1 & 2/F, 909 Liuqing South Road, and 2/F,907 Liuqing South Road, Liushi Town, Leqing City, Wenzhou City, Zhejiang Province
3	Nanjing Lishui Zhiyuan Road Securities Branch	Nanjing Lishui Zhiyuan Road Securities Branch	Room 106, Building 3, Kanglihuafu, 68 Zhiyuan Road, Yongyang Town, Lishui District, Nanjing City
4	Pingshun Road Securities Branch	Jing'an Changzhong Road Securities Branch	Room 102, No. 2-5 & 8-11, Lane 1988, Changzhong Road, Jing'an District, Shanghai City
5	Hongkou Dalian Road Securities Branch	Hongkou District Dalian Road Securities Branch	Rooms 107&108, No.1599 and room 503, No.1619, Dalian Road, Hongkou District, Shanghai City

Appendix III Establishment and Disposal of Branches (Branch Offices, Securities Branches and Futures Branches)

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
6	Shenzhen Nanshan Houhai Avenue Securities Branch	Shenzhen Haide 3rd Road Securities Branch	Room 809, East Block, Coastal Building, 15 Haide 3rd Road, Haizhu Community, Yuehai Street, Nanshan District, Shenzhen
7	Guangzhou Yuan Village Erheng Road Securities Branch	Guangzhou Huangpu Avenue Securities Branch	The whole building, 199 Huangpu Avenue Middle, Tianhe District, Guangzhou (location: room 819, 8/F), (location: rooms 1-12, 1/F)
8	Tianjin Youyi Road Securities Branch	Tianjin Youyi Road Securities Branch	Room 505 and Area C of 1/F, Block B, Da'an Building, intersection of Youyi Road and Pingjiang Road, Hexi District, Tianjin
9	Nanchang Minde Road Securities Branch	Nanchang Minde Road Securities Branch	3/F & 4/F, 349 Minde Road, Donghu District, Nanchang City, Jiangxi Province
10	Tibet South Road Securities Branch	Huangpu District Tibet South Road Securities Branch	Area A, 1/F, 889 Tibet South Road, Shanghai
11	Zhoupu Securities Branch	Pudong New Area Nianjiabang Road Securities Branch	Building 1, 388 Nianjiabang Road, Pudong New Area, Shanghai
12	Chongqing Nancheng Avenue Securities Branch	Chongqing Nancheng Avenue Securities Branch	1st Area, 12/F, Zhenglian Building, 199 Nancheng Avenue, Nan'an District, Chongqing
13	Yangzhou Guangling Wenchang Central Road Securities Branch	Yangzhou Guangling Wenchang Central Road Securities Branch	Room 16, Huatai Shouxi Guoji Building, No. 8 Wenchang Central Road, Guangling District, Yangzhou City
14	Chongming Securities Branch	Chongming District Dongmen Road Securities Branch	No.177 Dongmen Road, Chengqiao Town, Chongming District, Shanghai City (South of G/F, 2/F, South of 3/F)

4. HICEND FUTURES

1) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Hangzhou Futures Branch of Hicend Futures Co., Ltd.	Hangzhou Futures Branch of Hicend Futures Co., Ltd.	Room 801, Dikai International Centre, Jianggan District, Hangzhou City, Zhejiang Province