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(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "东方证券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))

(Stock Code: 03958)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the "**Board**") of 東方證券股份有限公司 (the "**Company**") hereby announces the audited results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2020. This announcement, containing the full text of the 2020 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group's final results for the year ended December 31, 2020 have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.dfzq.com.cn).

The Company's 2020 annual report will be despatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
JIN Wenzhong
Chairman

Shanghai, PRC
March 30, 2021

As at the date of this announcement, the Board of Directors comprises Mr. SONG Xuefeng and Mr. JIN Wenzhong as executive Directors; Mr. YU Xuechun, Mr. LIU Wei, Mr. ZHOU Donghui, Mr. CHENG Feng, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong and Mr. FENG Xingdong as independent non-executive Directors.

Important Notice

I. The Board, the Supervisory Committee and its Directors, Supervisors and senior management warrant that the information contained herein is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this annual report, and severally and jointly accept legal liability.

II. All the Directors attended the Board meetings.

III. The 2020 annual financial report of the Company, prepared in accordance with the China Accounting Standards for Business Enterprises ("CASBE") and the International Financial Reporting Standards ("IFRS"), was audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu respectively, who each issued a standard unqualified audit report to the Company. Unless otherwise stated, all data included in this report are denominated in RMB.

IV. Mr. Jin Wenzhong, Chairman of the Company, Mr. Zhang Jianhui, the accounting chief, and Mr. You Wenjie, the person-in-charge of the accounting department (head of the accounting department), warrant the truthfulness, accuracy and completeness of the financial report set out in the annual report.

V. The profit distribution proposal or proposal on transfer of capital reserve fund into share capital for the Reporting Period has been reviewed by the Board

The profit distribution proposal of the Company for 2020: Based on the total share capital of 6,993,655,803 Shares (A Shares and H Shares) as at the end of 2020, a cash dividend of RMB2.50 (inclusive of tax) for every 10 Shares will be distributed by the Company to A Shareholders and H Shareholders whose names appear on the register of members of the Company on the record date, with a total cash dividend of RMB1,748,413,950.75.

VI. Risk alerts regarding forward-looking statements

Forward-looking statements, including future plans and development strategies, may be contained in this report. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information. Investors are advised to pay attention to such investment risks involved and not place undue reliance on forward-looking statements.

VII. No appropriation of funds on a non-operating basis by the Company's controlling shareholders or their respective related parties has occurred during the Reporting Period.

VIII. The Company did not provide any external guarantee in violation of the decision-making procedures during the Reporting Period.

Important Notice

IX. There is no situation where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company.

X. Material risk warnings

General economic and political conditions, such as macroeconomic and monetary policies, laws and regulations on the financial and securities industries, upward and downward trends in the market, business and financial sectors, currency and interest rate fluctuations, availability of short-term and long-term market funding sources and financing cost, could affect the business of the Company. As a securities firm, the business of the Company is directly affected by the inherent risks associated with the securities markets, including market volatility, changes in investment sentiment, fluctuations in trading volume, liquidity changes, and the creditworthiness or the perceived creditworthiness of the securities industry in the marketplace. Downturns in general economic conditions and adverse market conditions could materially and adversely affect the Company's business operation, business performance, financial conditions and development prospects in various ways, for example, the demand of its clients for securities trading could decrease, resulting in a decline in its revenue from the securities brokerage; the value and returns on financial assets the Company holds for securities trading and investment and the value of investment portfolio for the asset management products of the Company may be adversely affected by market volatility; the Company may face increased default risks that a client or counterparty may fail to perform his contractual obligations; the financing cost of the Company may increase due to the limited access to liquidity and the capital markets, and therefore restricting the Company's ability to raise funds to develop its business; the Company may not be able to effectively implement its business plans and strategies.

In addition to the extensive competition in the securities industry in the PRC, the Company also faces great impact from other financial institutions, such as commercial banks, fund management companies, insurance companies, trust companies, futures companies and asset management companies. Some of the competitors of the Company may have certain competitive advantages over it, including greater financial resources, stronger brand recognition, broader product and service offerings and wider branch network coverage. If the Company fails to effectively compete, the business operation, financial conditions, business performance and development prospects of the Company would be materially and adversely affected.

Important Notice

The Company relies on bond issuances, banks and other external financing channels to fund the majority portion of its business operation. The financial conditions, liquidity and business operations of the Company will be adversely affected in the event that the Company is not able to service or repay its debts in a timely manner due to lack or unavailability of internal resources or inability to obtain alternative financing. Even if the Company is able to meet its debt service obligations, the amount of debt the Company borrows could also adversely affect it in a number of ways, for example, limiting the ability of the Company to obtain any necessary financing in the future for working capital, strategic investment, debt service requirement, or other purposes; rendering the Company lacking flexibility planning the business or reacting to business changes; placing the Company at a competitive disadvantage relative to its competitors who have lower levels of debt; affecting the credit ratings of the Company and increasing its financing cost; making the Company more vulnerable to a downturn in its business or the overall economy; subjecting the Company to the risk of being forced to refinance at higher interest rates.

The Company has described the risks such as market risk and credit risk in detail in this report. Please refer to the contents of the Potential Risks and Prevention Measures under the Discussion and Analysis on the Company's Future Development in the section entitled Report of the Board for details.

XI. Chinese and English versions of this report are provided by the Company. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

XII. Unless otherwise stated, all analysis and explanations contained in this report are prepared on a consolidated basis.

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Section I Definitions

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

Definitions of the frequently used terms

"A Share(s)"	the domestic shares of the Company with a nominal value of RMB1 each, which are listed and traded on the SSE
"Articles of Association"	the articles of association of DFZQ
"Board" or "Board of Directors"	the board of directors of DFZQ
"Company" or "the Company" or "Parent Company" or "DFZQ"	東方證券股份有限公司
"Company Law"	the Company Law of the People's Republic of China
"China Universal"	China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company
"Citigroup Asia"	Citigroup Global Markets Asia Limited
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
"ChinaBond"	China Central Depository and Clearing Co., Ltd. (中央國債登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"Director(s)"	the director(s) of DFZQ
"Group" or "the Group" or "We"	DFZQ and its subsidiaries
"H Share(s)"	the overseas listed foreign shares of the Company with a nominal value of RMB1 each, which are listed and traded in Hong Kong dollars on the Hong Kong Stock Exchange

Section I Definitions

"Hong Kong"	the Special Administrative Region of Hong Kong of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"HK$"	the lawful currency of Hong Kong
"IPO"	Initial Public Offering
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Orient Investment Banking"	Orient Securities Investment Banking Co., Ltd. (東方證券承銷保薦有限公司), a wholly-owned subsidiary of the Company
"Orient Finance Holdings"	Orient Finance Holdings (Hong Kong) Limited (東方金融控股 (香港)有限公司), a wholly-owned subsidiary of the Company
"Orient Securities Innovation Investment"	Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司), a wholly-owned subsidiary of the Company
"Orient Futures"	Orient Futures Co., Ltd (上海東證期貨有限公司), a wholly-owned subsidiary of the Company
"Orient Securities Capital Investment"	Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of the Company
"Orient Securities Asset Management"	Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司), a wholly-owned subsidiary of the Company
"Orient Securities International"	Orient Securities International Financial Group Co., Ltd. (東證國際金融集團有限公司), a wholly-owned subsidiary of Orient Finance Holdings
"PRC" or "China"	the People's Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

Section I Definitions

"Reporting Period"	January 1, 2020 to December 31, 2020
"RMB, RMB'000, RMB'0000, RMB million, RMB100 million"	Renminbi Yuan, Renminbi'000, Renminbi'0000, Renminbi million, Renminbi 100 million (unless otherwise specified)
"RMB"	the lawful currency of the PRC
"Supervisor(s)"	the supervisor(s) of DFZQ
"Supervisory Committee"	the supervisory committee of DFZQ
"Shanghai Haiyan Investment"	Shanghai Haiyan Investment Management Company Limited (上海海煙投資管理有限公司)
"Shanghai Bureau of the CSRC"	the Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission
"SSE"	the Shanghai Stock Exchange
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange
"Shenergy Group"	Shenergy (Group) Company Limited (申能(集團)有限公司)
"SSE Composite Index"	Shanghai Stock Exchange Composite Index
"SZSE Component Index"	Shenzhen Stock Exchange Component Index
"SFC"	Hong Kong Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Securities Law"	the Securities Law of the People's Republic of China

Section II Company Profile and Key Financial Indicators

I. COMPANY INFORMATION

Chinese name of the Company	東方證券股份有限公司
Chinese abbreviation of the Company	東方證券
English name of the Company	ORIENT SECURITIES COMPANY LIMITED
English abbreviation of the Company	DFZQ
Legal representative of the Company	Jin Wenzhong
General manager of the Company	Jin Wenzhong
Authorized representatives of the Company	Song Xuefeng, Jin Wenzhong
Joint company secretaries	Wang Rufu, Leung Wing Han Sharon

Registered capital and net capital of the Company

Unit: Yuan Currency: RMB

	As at the end of this Reporting Period	As at the end of last year
Registered capital	6,993,655,803.00	6,993,655,803.00
Net capital	37,834,826,350.42	40,695,157,309.83

Note: The net capital as at the end of 2019 have been restated according to the requirements of the Calculation Basis for Risk Control Indicators of Securities Companies as amended and issued by the CSRC in January 2020.

Business scope of the Company

Securities brokerage; margin financing and securities lending; securities investment advisory; financial advisory related to securities trading and securities investing activities; proprietary trading of securities; proxy sale of securities investment funds; intermediary introduction business for futures companies; proxy sale of financial products; securities underwriting (only including government bonds such as treasury bonds, local municipal bonds, financial bonds of policy banks, financing products governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)); stock options market-making business and custodian business for securities investment funds.【For items subject to approval pursuant to laws, its operations could only be commenced upon approval by relevant authorities】

Section II Company Profile and Key Financial Indicators

Each individual business qualification of the Company

No.	Name of business qualification	Approval authority and approval number
1	Permit to operate securities and futures business	CSRC (No.: 913100001322947763)
2	Entry qualification for national inter-bank lending market and bonds market to conduct lending, bonds purchase, spot transaction of bonds and bonds repurchase business	Monetary Policy Department of the People's Bank of China (Yin Huo Zheng [2000] No. 108)
3	Qualification for conducting online securities commissioning	CSRC (Zheng Jian Xin Xi Zi [2001] No. 8)
4	Qualification for conducting distribution business of open-ended securities investment funds	CSRC (Zheng Jian Ji Jin Zi [2004] No. 50)
5	Qualification for conducting SSE Fund Connect business	SSE Membership Department (SSE [2005])
6	Qualification for conducting underwriting business of short term financing bills	People's Bank of China (Yin Fa [2005] No. 275)
7	Pilot securities companies conducting relevant innovative businesses	Securities Association of China (Review Notice No. 2 on Securities Companies Engaging in Innovation Businesses Issued by Securities Association of China)
8	Qualification for conducting share transfer agency business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 158)
9	Qualification for conducting quotation and transfer business	Securities Association of China (Zhong Zheng Xie Han [2006] No. 173)
10	Dealer qualification for Integrated Electronic Platform of Fixed-income Securities of SSE	SSE (Shang Zheng Hui Zi [2007] No. 45)
11	Approval of brokerage business qualification on financial futures	CSRC (Zheng Jian Qi Huo Zi [2007] No. 351)
12	Qualification of Type A clearing participants of China Securities Depository and Clearing Corporation Limited	CSDCC (Zhong Guo Jie Suan Han Zi [2008] No. 25)
13	Qualification for clearing business of financial futures transaction	CSRC (Zheng Jian Xu Ke [2008] No. 684)
14	Qualification for trial operation of direct investment business	CSRC (Ji Gou Bu Bu Han [2009] No. 475)
15	Qualification for provision of intermediary and referral services to futures companies	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 132)

No.	Name of business qualification	Approval authority and approval number
16	Establishment of wholly-owned subsidiary, Shanghai Orient Securities Asset Management Co., Ltd. and qualification for conducting securities assets management business	CSRC (Zheng Jian Xu Ke [2010] No. 518)
17	Permit to operate securities and futures business	CSRC (No. 91310000555998513B)
18	Qualification for conducting margin financing and securities lending business	CSRC (Zheng Jian Xu Ke [2010] No. 764)
19	Type 1 Licence – Dealing in securities Type 4 Licence – Advising on securities	Securities and Futures Commission of Hong Kong (CE No. AVD362)
20	Type 9 Licence – Asset management	Securities and Futures Commission of Hong Kong (CE No. AVH864)
21	Qualification for implementation of the securities broker system	CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 514)
22	Type 2 Licence – Dealing in futures contracts	Securities and Futures Commission of Hong Kong (CE No. AWD036)
23	Establishment of Citi Orient Securities Co., Ltd., qualification for conducting investment banking business	CSRC (Zheng Jian Xu Ke [2011] No. 2136)
24	Qualification for trial operation of dealer-quoted collateralized bond repurchase business	CSRC (Ji Gou Bu Bu Han [2012] No. 20)
25	Qualification for provision of integrated services to insurance institutional investors	China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)
26	Qualification for conducting securities repurchase agreement transaction business	CSRC (Ji Gou Bu Bu Han [2012] No. 481) SSE (Shang Zheng Hui Zi [2012] No. 167) Shenzhen Stock Exchange (Shen Zheng Hui [2013] No. 15)
27	Qualification for investment manager of insurance funds	Announcement of the China Insurance Regulatory Commission
28	Qualification of pilot margin refinancing	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2012] No. 149 and Zhong Zheng Jin Han [2012] No. 153)
29	Qualification for assets management business	CSRC (Zheng Jian Xu Ke [2012] No. 1501)
30	Qualification for conducting special institutional client business of insurance institutions	China Insurance Regulatory Commission (Notice on Conducting Special Institutional Client Business of Insurance Institutions)
31	Qualification of sponsor	CSRC (Zheng Jian Xu Ke [2013] No. 33)

No.	Name of business qualification	Approval authority and approval number
32	Permit to operate securities and futures business	CSRC (No.: 91310000132110914L)
33	Qualification for financial products distribution business	Shanghai Bureau of the CSRC (Hu Zheng Jian Ji Gou Zi [2013] No. 52)
34	Qualification for conducting brokerage business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Han [2013] No. 44)
35	Conducting comprehensive custodian business for private equity fund (limited partnership)	CSRC (Ji Gou Bu Bu Han [2013] No. 174)
36	Qualification for conducting pilot consumption and payment service of securities funds of clients	CSRC (Ji Gou Bu Bu Han [2013] No. 207)
37	Permit to operate securities investment business	CSRC (RQF2013HKS015)
38	Qualification for collateralized stock repurchase business	SSE (Shang Zheng Hui [2013] No. 77) Shenzhen Stock Exchange (Shen Zheng Hui [2013] No. 60)
39	Qualification for conducting securities pledge registration agency business	CSDCC (Confirmation on Qualification for Securities Pledge Registration Agency Business)
40	Qualification for management business of publicly offered securities investment fund	CSRC (Zheng Jian Xu Ke [2013] No. 1131)
41	Qualification for equity-based return swaps and OTC options business	Securities Association of China (Zhong Zheng Xie Han [2013] No. 923)
42	Qualification for conducting pilot securities refinancing business	China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2013] No. 227)
43	Qualification for brokerage business of marketable securities in foreign currencies	Shanghai Bureau of State Administration of Foreign Exchange (Shang Hai Hui Fu [2014] No. 15)
44	License of Securities Business in Foreign Currency	State Administration of Foreign Exchange (SC201102)
45	Qualification for conducting market maker business in NEEQ as host broker	National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Gong Gao [2014] No. 54, Gu Zhuan Xi Tong Han [2014] No. 707)
46	Qualification of first batch of quotation and service participants of private fund products trading between companies	China Securities Capital Market Development Monitoring Centre Company Limited (List of Participants of Quotation System [First Batch])
47	Type 6 Licence – Advising on corporate finance	Securities and Futures Commission of Hong Kong (CE No. BDN128)
48	Permit to conduct Shanghai-Hong Kong Stock Connect business	SSE (Shang Zheng Han [2014] No. 626)

No.	Name of business qualification	Approval authority and approval number
49	Qualification for pilot OTC market business	Securities Association of China (Zhong Zheng Xie Han [2014] No. 632)
50	Qualification for pilot proprietary business of gold spot contract	CSRC (Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1876)
51	Pilot online securities business	Securities Association of China (Announcement on List of Securities Companies Conducting Pilot Online Securities Business (No. 3))
52	Qualification for underwriting business of debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Announcement of National Association of Financial Market Institutional Investors [2014] No. 16)
53	Qualification of options transaction participants of SSE and permit to operate stock and options brokerage and proprietary business and qualification for options clearing business	SSE (Shang Zheng Han [2015] No. 61)
54	Qualification for conducting transfer and deposit service of clients' deposits	China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2015] No. 11) China Securities Investor Protection Fund Corporation (Zheng Bao Han [2015] No. 67)
55	Qualification for stock and options market making business	CSRC (Zheng Jian Xu Ke [2015] No. 163)
56	Qualification for conducting quotation business for debt financing instruments of non-financial institutions	National Association of Financial Market Institutional Investors (Zhong Shi Xie Bei [2015] No. 32)
57	Qualification for sales of securities investment fund	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2015] No. 61)
58	Qualification for company conducting pilot market making business for quotation system	China Securities Internet System Co., Ltd.
59	Permit to operate securities and futures business, with business scope of underwriting and sponsoring of securities (excluding government bonds, financial bonds of policy banks, short-term financing bills and medium-term notes)	CSRC (No.: 913100007178330852)
60	Qualification for funds sales business	CSRC (No.: 000000519)
61	Contractor of service in relation to private equity fund business	Asset Management Association of China
62	Qualification for issue of short-term financing bills	CSRC (Ji Gou Bu Han [2015] No. 3337)
63	License of Money Lenders	Eastern Magistrates' Courts of Hong Kong (No. 0048/2016)
64	Permit to conduct Southbound Trading business under the Shenzhen-Hong Kong Stock Connect	Shenzhen Stock Exchange (Shen Zheng Hui [2016] No. 326)

No.	Name of business qualification	Approval authority and approval number
65	Qualification for inter-bank Gold Price Asking Transactions	Shanghai Gold Exchange (Shang Jin Jiao Fa [2017] No. 81)
66	Qualification of stock options transaction participants of SSE	SSE (Shang Zheng Han [2017] No. 165)
67	Authorization for pledge-type dealer-quoted repurchase transactions of Shenzhen Stock Exchange	Shenzhen Stock Exchange (Shen Zheng Hui [2017] No. 371)
68	Qualification for primary market makers of SSE 50ETF Options	SSE (Shang Zheng Han [2018] No. 430)
69	Qualification of the custodian business for securities investment funds	CSRC (Zheng Jian Xu Ke [2018] No. 1686)
70	Qualification for conducting securities underwriting business (only including government bonds such as treasury bonds, local municipal bonds, financial bonds of policy banks, financing instruments governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions))	Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2019] No. 8)
71	Qualification for primary market makers of SSE listed funds business	SSE (Shang Zheng Han [2019] No. 101)
72	Qualification for credit derivatives business (inter-bank market credit risk relieving instruments, stock exchange market credit risk relieving instruments and other credit derivatives selling business approved by regulatory authorities)	CSRC (Ji Gou Bu Han [2019] No. 463)
73	Qualification for market making business of treasure bond futures	CSRC (Ji Gou Bu Han [2019] No. 1023)
74	Standard pilot for Internet investment account	Securities Association of China (Zhong Zheng Xie Han [2019] No.185)

No.	Name of business qualification	Approval authority and approval number
75	Authorisation for trading of stock option business on Shenzhen Stock Exchange	Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 470)
76	Qualification for commodity options market making business	CSRC (Ji Gou Bu Han [2019] No. 3058)
77	Qualification for stock index options market making business	CSRC (Ji Gou Bu Han [2019] No. 3067)
78	Qualification for Shanghai and Shenzhen 300ETF option primary market maker business on Shenzhen Stock Exchange	Shenzhen Stock Exchange (Shen Zheng Hui [2019] No. 483)
79	Qualification for Shanghai and Shenzhen 300ETF option primary market maker business on SSE	SSE (Shang Zheng Han [2019] No. 2300)
80	Operation Qualification of Settlement and Sale of Foreign Exchange Business	State Administration of Foreign Exchange (Hui Fu [2020] No. 10)
81	Qualification for Foreign Exchange Agency Business	State Administration of Foreign Exchange (Hui Zong Bian Han [2020] No. 482)

In addition, the Company is a member of the Securities Association of China, SSE, Shenzhen Stock Exchange, National Debt Association of China and Shanghai Gold Exchange. It is also a clearing participant of CSDCC and a member of the Asset Management Association of China.

Section II Company Profile and Key Financial Indicators

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Wang Rufu	Li Tingting
Correspondence address	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Tel	+86-021-63325888	+86-021-63325888
Fax	+86-021-63326010	+86-021-63326010
E-mail	wangrf@orientsec.com.cn	litingting@orientsec.com.cn

III. BASIC COMPANY INFORMATION

Registered address	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Postal code of registered address	200010
Business address	Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC, 3-6/F, 12/F, 13/F, 22/F, 25-27/F, 29/F, 32/F, 36/F and 38/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Postal code of business address	200010
Place of business in Hong Kong	28-29/F, No. 100 Queen's Road Central, Central, Hong Kong
Company website	http://www.dfzq.com.cn
E-mail	ir@orientsec.com.cn

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers designated 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 reports	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of annual reports	http://www.hkexnews.hk
Place where the annual reports of the Company are available	11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC

Section II Company Profile and Key Financial Indicators

V. BRIEF INFORMATION ON SHARES OF THE COMPANY

Class of shares	Stock exchange on which shares are listed	Stock abbreviation	Stock code
A Shares	SSE	東方證券	600958
H Shares	Hong Kong Stock Exchange	DFZQ	03958

VI. OTHER INFORMATION OF THE COMPANY

(i) History of the Company, mainly including its restructuring, capital increase and others in previous years

On December 10, 1997, the Orient Securities Limited Liability Company (東方證券有限責任公司, hereinafter referred to as "Orient Securities Limited"), the Company's predecessor, was established in Shanghai, the PRC with a registered capital of RMB1.0 billion, at the same time, it obtained the business license with a registration number of 150050030000 issued by the Shanghai Administration for Industry and Commerce. On February 23, 1998, the People's Bank of China approved the establishment of Orient Securities Limited Liability Company and approved its Articles of Association by the Reply on the Establishment of Orient Securities Limited Liability Company (Yin Fu [1998] No. 52).

On August 13, 2003, the Shanghai Municipal People's Government approved Orient Securities Limited to be restructured into a joint-stock limited company in accordance with the Reply on Approving the Establishment of 東方證券股份有限公司 (Hu Fu Ti Gai Shen [2003] No. 004). On September 12, 2003, the CSRC approved Orient Securities Limited to be restructured into a joint-stock limited company in accordance with the Reply on Approving the Restructuring, Capital Increase and Change of Name by Orient Securities Limited Liability Company (Zheng Jian Ji Gou Zi [2003] No. 184). The original shareholders of Orient Securities Limited converted the audited net assets as of December 31, 2002 into shares based on a ratio of 1:1, meanwhile, ten of the new and existing shareholders, including Shenergy Group, Shanghai Tobacco Group Co., Ltd. (上海煙草(集團)公司), and Wenhui-Xinmin Press Group, increased the capital in an amount of RMB1.0 billion by currency, as such, Orient Securities Limited was reorganized into a joint-stock limited company by way of overall alteration. Upon the completion of the overall alteration, the registered capital of the Company was RMB2,139,791,800.00. On October 8, 2003, the Company obtained an updated business license from the Shanghai Administration for Industry and Commerce.

In order to further expand its scale, in May 2007, as approved by the document (Zheng Jian Ji Gou Zi [2007] No. 101) issued by the CSRC, the Company carried out a capital increase by placing shares to all of its shareholders in the proportion of 10:5. Upon the completion of such capital increase, the registered capital of the Company increased from RMB2,139,791,800.00 to RMB3,079,853,836.00.

In August 2007, as approved by the document (Zheng Jian Ji Gou Zi [2007] No. 187) issued by the CSRC, the Company implemented the profit distribution plan for 2006 on the basis of one bonus share for every ten shares. Upon the completion of the transfer of retained profits into share capital, the total share capital of the Company increased from RMB3,079,853,836.00 to RMB3,293,833,016.00.

In November 2011, as approved by the document (Zheng Jian Xu Ke [2011] No. 1769) issued by the CSRC, the Company increased its share capital through rights issue to its shareholders. Upon the completion of such rights issue, the registered capital of the Company increased from RMB3,293,833,016.00 to RMB4,281,742,921.00.

In March 2015, as approved by the document (Zheng Jian Xu Ke [2015] No. 305) issued by the CSRC, the Company was listed on the Main Board of the SSE. As such, the registered capital of the Company increased from RMB4,281,742,921.00 to RMB5,281,742,921.00.

In September 2015, the Proposal on Issue of H Shares and Listing in Hong Kong by the Company was considered and approved at the Company's first extraordinary general meeting for 2015. In May 2016, the CSRC approved the proposed issue of up to 1,000,000,000 shares of overseas listed foreign shares by the Company by the document (Zheng Jian Xu Ke [2016] No. 1026). On June 2, 2016, the Listing Committee of the Hong Kong Stock Exchange held a listing hearing to consider the application of the Company for its issue of up to 1 billion shares of overseas listed foreign shares and the listing on the Main Board of the Hong Kong Stock Exchange. On July 8, 2016, 870,000,000 H Shares under the IPO and 87,000,000 H Shares to be sold by the selling shareholders, which in total amounted to 957,000,000 overseas listed foreign shares (H Shares) of the Company, were listed and traded on the Main Board of the Hong Kong Stock Exchange. In July 2016, the over-allotment option was partially exercised by the joint global coordinators (on behalf of the international underwriters) and the Company was required to issue 63,709,090 additional H Shares and 6,370,910 H Shares to be sold as a result of the fulfillment of the obligations on the reduction of state-owned shares by the selling shareholders, which in total amounted to 70,080,000 H Shares listed and traded on the Main Board of the Hong Kong Stock Exchange on August 3, 2016. As such, the registered capital of the Company increased from RMB5,281,742,921.00 to RMB6,215,452,011.00.

In December 2017, as approved by the document (Zheng Jian Xu Ke [2017] No. 1940) issued by the CSRC, the Company completed the non-public issuance of 778,203,792 A Shares. Upon the completion of such non-public issuance, the registered capital of the Company increased from RMB6,215,452,011.00 to RMB6,993,655,803.00.

(ii) Organizational structure of the Company

1. Organizational structure of the Company

The shareholders' general meeting shall be the source of authority of the Company; the Board shall be the institution for decision-making and is responsible for the shareholders' general meeting; the Board has established four special committees including the strategic development committee, the remuneration and nomination committee, the audit committee as well as the compliance and risk management committee. Each of the special committees shall be accountable to the Board. The Supervisory Committee shall be the internal supervisory institution of the Company, which is responsible for the shareholders' general meeting. The Supervisory Committee has established the office of the Supervisory Committee.

The Company implements the president accountability system under the leadership of the Board; the president shall be appointed or dismissed by the Board and shall be accountable to the Board. The Board and the special committees have established the Board's office, strategic development department, audit department, risk management department as well as compliance and legal management department. The management has established business functional units including the office, party committee office, trade union office, office of discipline inspection, human resources management department, planning finance management department, capital management department, operation management department, system research and development department, system operation department, administration department, wealth management business department, fixed income business department, securities investment business department, securities research institute, securities financing business department, financial derivatives business department, OTC business department, custodian business department and internet financial business department.

Please refer to "Appendix I" to this report for the detailed organizational structure of the Company.

2. The wholly-owned subsidiaries and major investee companies of the Company

As at the end of the Reporting Period, the Company's wholly-owned subsidiaries and major investee companies include Orient Futures Co., Ltd, Shanghai Orient Securities Capital Investment Co., Ltd., Orient Finance Holdings (Hong Kong) Limited, Shanghai Orient Securities Asset Management Co., Ltd., Shanghai Orient Securities Innovation Investment Co., Ltd., Orient Securities Investment Banking Co., Ltd. and China Universal Asset Management Company Limited.

3. *Briefings of the wholly-owned subsidiaries of the Company*

(1) *Orient Futures Co., Ltd*

Address:	14/F, Shanghai Futures Building, No. 500 Pudian Road, China (Shanghai) Pilot Free Trade Zone
Date of incorporation:	December 8, 1995
Registered capital:	RMB2.3 billion
Percentage of shareholding:	100%
Legal representative:	Lu Dayin
Tel:	+86-021-68400610

(2) *Shanghai Orient Securities Capital Investment Co., Ltd.*

Address:	36/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Date of incorporation:	February 8, 2010
Registered capital:	RMB4 billion
Percentage of shareholding:	100%
Legal representative:	Jin Wenzhong
Tel:	+86-021-63325888

(3) *Orient Finance Holdings (Hong Kong) Limited*

Address:	28-29/F, No. 100 Queen's Road Central, Central, Hong Kong
Date of incorporation:	February 17, 2010
Registered capital:	HKD2,754,078,015
Percentage of shareholding:	100%
Chairman:	Zhang Jianhui
Tel:	+852-35191188

(4) Shanghai Orient Securities Asset Management Co., Ltd.

Address:	7-11/F, No. 109 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Date of incorporation:	June 8, 2010
Registered capital:	RMB0.3 billion
Percentage of shareholding:	100%
Legal representative:	Song Xuefeng
Tel:	+86-021-63325888

(5) Shanghai Orient Securities Innovation Investment Co., Ltd.

Address:	12/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Date of incorporation:	November 19, 2012
Registered capital:	RMB5.8 billion
Percentage of shareholding:	100%
Legal representative:	Zhang Jianhui
Tel:	+86-021-63325888

(6) Orient Securities Investment Banking Co., Ltd.

Address:	24/F, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC
Date of incorporation:	June 4, 2012
Registered capital:	RMB0.8 billion
Percentage of shareholding:	100%
Legal representative:	Ma Ji
Tel:	+86-021-23153888

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

As at the end of the Reporting Period, the total number of the securities branches of the Company amounted to 177. (Please refer to "Appendix II" to this report for details)

(iv) Number and distribution of other branches

During the Reporting Period, Orient Futures, a wholly-owned subsidiary of the Company, closed one futures branch. As at the end of the Reporting Period, the total number of the futures branches of the Company amounted to 32, including 3 in each of Shanghai City and Hangzhou City, Zhejiang Province, 2 in each of Beijing City and Ningbo City, Zhejiang Province, and 1 in each of Chongqing City, Tianjin City, Shenzhen City, Guangdong Province, Guangzhou City, Guangdong Province, Shantou City, Guangdong Province, Shenyang City, Liaoning Province, Dalian City, Liaoning Province, Zhengzhou City, Henan Province, Changsha City, Hunan Province, Suzhou City, Jiangsu Province, Wuxi City, Jiangsu Province, Changzhou City, Jiangsu Province, Nantong City, Jiangsu Province, Taiyuan City, Shanxi Province, Jinan City, Shandong Province, Qingdao City, Shandong Province, Dongying City, Shandong Province, Chengdu City, Sichuan Province, Xi'an City, Shaanxi Province, Xiamen City, Fujian Province, Quanzhou City, Fujian Province and Harbin City, Heilongjiang Province. (Please refer to "Appendix III" to this report for details)

VII. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥))
	Office address	30/F, No. 222 East Yan'an Road, Huangpu District, Shanghai, the PRC
	Name of the signing accountants	Shi Man, Pan Zhuyun
Overseas accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu
	Office address	35/F, One Pacific Place, No. 88 Queensway, Hong Kong
	Name of the signing accountant	Ma Hingfai
Chief Risk Officer and Chief Compliance Officer	Yang Bin	
Legal Advisor to the Company as to the PRC law	Grandall Law Firm (Shanghai)	
Legal Advisor to the Company as to Hong Kong law	Clifford Chance	
A Share Registrar	Shanghai Branch of CSDCC	
H Share Registrar	Computershare Hong Kong Investor Services Limited	

Section II Company Profile and Key Financial Indicators

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

(i) Key accounting data

Currency: RMB

Items	2020	2019	Change over the previous year (%)	2018
Operating results ('000)				
Total revenue and other income	**27,646,986**	24,350,521	13.54%	15,701,948
Profit before income tax	**2,786,364**	2,854,531	-2.39%	1,331,305
Profit for the year – attributable to Shareholders of the Company	**2,722,989**	2,435,080	11.82%	1,231,013
Net cash from operating activities	**1,714,455**	2,347,279	125.98%	2,290,157
Other comprehensive income, net of income tax	**(493,080)**	490,324	-200.56%	(295,615)
Earnings per share (RMB/share)				
Basic earnings per share	**0.38**	0.35	8.57%	0.18
Diluted earnings per share	**N/A**	N/A	N/A	N/A
Indicator of profitability				
Weighted average returns on net assets (%)	**4.85**	4.61	Increased by 0.24 percentage points	2.37

Section II Company Profile and Key Financial Indicators

Currency: RMB

Items	2020	2019	Change over the previous year (%)	2018
Indicators of scale ('000)				
Total assets	**291,117,442**	262,971,442	10.70%	226,869,673
Total liabilities	**230,886,298**	208,959,805	10.49%	174,597,221
Account payables to brokerage clients	**66,642,671**	40,179,178	65.86%	32,059,065
Equity attributable to Shareholders of the Company	**60,202,851**	53,965,516	11.56%	51,739,478
Total share capital ('000)	**6,993,656**	6,993,656	0.00%	6,993,656
Net assets per share attributable to Shareholders of the Company (RMB/share)	**8.61**	7.72	11.53%	7.40
Gearing ratio (%)[Note]	**73.13**	75.75	Decreased by 2.62 percentage points	73.17

Note: Gearing ratio = (Total liabilities – Account payables to brokerage clients – Funds payable to securities issuers)/(Total assets – Account payables to brokerage clients – Funds payable to securities issuers)

(ii) Key accounting data and key financial indicators for the recent five years

1. *Profit*

Unit: million Currency: RMB

Items	2020	2019	2018	2017	2016
Total revenue and other income	**27,647**	24,351	15,702	16,679	12,242
Total expenses	**26,073**	22,087	15,035	12,768	9,828
Share of results of associates	**1,212**	591	664	477	399
Profit before income tax	**2,786**	2,855	1,331	4,389	2,813
Profit for the year – attributable to Shareholders of the Company	**2,723**	2,435	1,231	3,554	2,314

2. *Assets*

Unit: million Currency: RMB

Items	As at the end of 2020	As at the end of 2019	As at the end of 2018	As at the end of 2017	As at the end of 2016
Share capital	**6,994**	6,994	6,994	6,994	6,215
Total equity	**60,231**	54,012	52,272	53,501	40,938
Equity attributable to Shareholders of the Company	**60,203**	53,966	51,739	52,986	40,483
Total liabilities	**230,886**	208,960	174,597	178,359	171,473
Account payables to brokerage clients	**66,643**	40,179	32,059	28,220	35,652
Total assets	**291,117**	262,971	226,870	231,860	212,411

3. *Key financial indicators*

Currency: RMB

Items	2020	2019	2018	2017	2016
Basic earnings per share (RMB/share)	**0.38**	0.35	0.18	0.57	0.41
Diluted earnings per share (RMB/share)	**N/A**	N/A	N/A	N/A	0.41
Weighted average returns on net assets (%)	**4.85**	4.61	2.37	8.62	6.25
Gearing ratio (%)	**73.13**	75.75	73.17	73.69	76.76
Net assets per share attributable to Shareholders of the Company (RMB/share)	**8.61**	7.72	7.40	7.58	6.51

(iii) Net capital and risk control indicators of the Parent Company

Unit: '000 Currency: RMB

Items	As at the end of 2020	As at the end of 2019
Net capital	**37,834,826**	40,695,157
Net assets	**55,664,052**	50,586,896
Risk coverage rate (%)	**229.94**	253.68
Capital gearing ratio (%)	**11.95**	12.33
Liquidity coverage ratio (%)	**245.56**	284.01
Net stable funding ratio (%)	**151.06**	125.74
Net capital/net assets (%)	**67.97**	80.45
Net capital/liabilities (%)	**25.76**	27.00
Net assets/liabilities (%)	**37.90**	33.57
Proprietary equity-based securities and its derivatives/net capital (%)	**33.23**	29.59
Proprietary non-equity securities and its derivatives/net capital (%)	**327.05**	287.23

Note: All data above have been calculated based on the financial information prepared in accordance with the CASBE, and the data of net capital and risk control indicators as at the end of 2019 in this report have been restated according to the requirements of the Calculation Basis for Risk Control Indicators of Securities Companies as amended and issued by the CSRC in January 2020.

IX. DIFFERENCES BETWEEN IFRS AND CASBE

Net profits for January to December 2020 and January to December 2019, and net assets as at December 31, 2020 and December 31, 2019 as stated in the consolidated financial statements of the Group prepared in accordance with CASBE are consistent with those prepared in accordance with IFRS.

X. ITEMS MEASURED AT FAIR VALUE

Unit: '000 Currency: RMB

Items	Opening balance	Closing balance	Current changes	Effects on current profits
1. Financial assets at fair value through profit or loss	66,901,093	**72,701,117**	5,800,024	5,426,436
2. Derivative financial instruments	(2,034,273)	**(349,081)**	1,685,192	(1,128,652)
3. Debt instruments at fair value through other comprehensive income	64,895,563	**62,645,975**	(2,249,588)	2,751,341
4. Equity instruments at fair value through other comprehensive income	10,832,873	**10,936,458**	103,585	284,615
5. Financial liabilities at fair value through profit or loss	12,630,961	**14,576,073**	1,945,112	225,515

Note: The effect on current profit includes: (1) net investment income and interest income acquired through holding and disposing of above-mentioned projects; (2) impairment loss from debt instruments at fair value through other comprehensive income. All amounts above-mentioned affecting the current profit are amounts before enterprise income tax.

Section III Summary of the Company's Business

I. EXPLANATIONS ON THE PRINCIPAL BUSINESSES ENGAGED BY THE COMPANY, OPERATING MODELS AND INDUSTRIAL CONDITIONS DURING THE REPORTING PERIOD

The Company is a comprehensive securities company established under the CSRC's approval, which provides all-round, one-stop financial services covering securities, futures, asset management, investment banking, investment consultancy and securities research. After years of development, the Company has established a leading position in its competitive business sectors such as proprietary investment, asset management and securities research.

The Company primarily engages in the following five business sectors during the Reporting Period:

- **Securities Sales and Trading**

  The Company conducts securities sales and trading business with its own capital, including equity investment and trading business, fixed income investment and trading business, financial derivatives trading business, alternative investment and securities research services.

  - The Company engages in professional equity investment and trading business and fixed income investment and trading business, which includes various stocks, funds, bonds, derivatives and others. In the meantime, the Company actively expands FICC business.
  - The Company conducts financial derivatives trading business by flexibly utilizing derivatives and quantitative trading strategies to obtain absolute income with low risk exposure.
  - The Company engages in alternative investment business through Orient Securities Innovation Investment, a wholly-owned subsidiary of the Company, and its investment products include equity investment, special assets investment, quantitative investment etc.
  - The Company provides its institutional clients with research services. The clients allocate funds to the seats through the Company and, based on the quality of the research services, determine the lease of special unit trading seats from the Company and the allocation of trading volume.

- **Investment Management**

  The Company provides its clients with asset management schemes, publicly offered securities investment funds products and private equity investment funds management.

  - The Company conducts asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company, providing a complete product line of asset management business including collective asset management, single asset management, specialized asset management and publicly offered securities investment funds.

- The Company conducts fund management business for its clients through China Universal, an associate in which the Company is the largest shareholder with a shareholding of 35.412%.

- The Company engages in private equity investment fund management business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.

- **Brokerage and Securities Financing**

The Company conducts securities brokerage business and futures brokerage business, and provides its clients with such services as margin financing and securities lending business, collateralized stock repurchase business, OTC trading and custodian business.

- The Company's securities brokerage business primarily focuses on trading stocks, funds and bonds by accepting entrustments or on behalf of the clients according to the instructions given to the authorized branches.

- The Company conducts futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company, as well as a member of Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai International Energy Exchange and a full clearing member of China Financial Futures Exchange, who provides the clients with commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and distribution of funds and other services.

- The Company conducts risk management business through Orient Securities Runhe, a wholly-owned subsidiary of Orient Futures and facilitates companies to manage price risks during operations via warehouse receipt services, basis trade and OTC options in futures and spot markets.

- The Company's margin financing and securities lending business mainly refers to a transaction in which an investor provides the Company with collateral to borrow funds and purchase securities (margin financing transaction) or borrow and sell securities (securities lending transaction).

- The Company's collateralized stock repurchase transaction business refers to a transaction in which qualified borrowers pledge their stocks or other securities as collateral to obtain financing from the Company and agree to repay the funds on a future date to release such pledge.

- The Company provides OTC financial products and also provides transfer, market making quotation and other services to its clients.

- The custodian business of the Company mainly includes providing asset custody and fund services to private equity investment funds, publicly offered funds and various asset management institutions.

- **Investment Banking**

The Company carries out investment banking business mainly through its fixed income business headquarters and Orient Investment Banking, a wholly-owned subsidiary of the Company.

- The Company provides equity underwriting and sponsorship services, including underwriting and sponsorship services of IPOs, and refinancing projects including non-public offerings and rights issues.

- The Company provides debt underwriting services, including underwriting services for corporate bonds, enterprise bonds, treasury bonds, financial bonds and others.

- The Company provides financial advisory services in areas such as mergers and acquisitions and restructuring, NEEQ securities recommendation and listing as well as enterprise reform.

- **Headquarters and Others**

The Company's headquarters and other businesses mainly include headquarters' treasury business and overseas business.

- Headquarters' treasury business mainly includes the management of headquarters financing business and liquidity reserves.

- The Company conducts internationalization business through Orient Finance Holdings, a wholly-owned subsidiary of the Company, with its business place in Hong Kong. Orient Finance Holdings conducts brokerage business, asset management business, investment banking business and margin financing business regulated by the SFC in accordance with the SFO through Orient Securities International, its wholly-owned subsidiary and various licensed companies.

Section III Summary of the Company's Business

In 2020, amid the COVID-19 pandemic and international trade friction, the domestic economy was exposed to numerous uncertainties and the stock market and bond market performed with significant fluctuation. During the Reporting Period, the securities industry realized operating income of RMB448.979 billion, increasing by 24.41% compared to the same period of last year. Net profit reached RMB157.534 billion, increasing by 27.98% compared to the same period of last year. In terms of operating income, the securities industry realized a net income of RMB116.110 billion (including seat rental income) from the securities agency business, increasing by 47.42% year-on-year. Net income from investment banking business was RMB67.211 billion, increasing by 39.26% year-on-year. Net income from asset management business was RMB29.960 billion, increasing by 8.88% year-on-year. In terms of the capital scale, capital strength of the securities industry improved steadily. As of the end of the Reporting Period, the total assets of the securities industry were RMB8.90 trillion and the net assets were RMB2.31 trillion increasing by 22.50% and 14.10%, respectively from the beginning of the year.

During the Reporting Period, the Company maintained stable overall strength and industry position and recorded sound financial condition. The Company actively seized market opportunities regarding its securities sales and trading business, kept its leading position in the industry in terms of investment management business, continued to deepen transformation of wealth management, and advanced with stability with respect to the investment banking, private equity investment and other businesses. The Company strictly adhered to the bottom line of risk control, and was rated as a Grade A, Category A company among brokers. It has been rated as a Grade AA, Category A or Grade A, Category A securities company for the twelfth consecutive year.

II. EXPLANATIONS ON MATERIAL CHANGE IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

Please refer to "Section IV, II. (iii) Analysis on principal components of consolidated statement of financial position" to this report for details.

In particular: offshore assets amounted to RMB18.808 billion, accounting for 6.46% of the total assets.

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The core competitiveness of the Company lies in corporate governance, talents, advantageous business, compliance and risk control and party building culture.

1. Strong Support from Shareholders and Standardized Corporate Governance

Since its establishment, the Company has maintained a stable base of shareholders which provides long-term and strong support to the Company in senior management optimization, market-oriented system reform, capital operation and other material matters. The Company has established a standardized governance structure in accordance with the requirements of relevant laws and regulations. In particular, since its listing, the Company has further established a comprehensive corporate governance system that fits the characteristics of financial enterprises and the requirements of the listing rules of A Shares and H Shares to give full play to the functions of the Company's party committee as leading core and political core and ensure that the general meeting, the Board, the Supervisory Committee and the management team perform their respective duties diligently, thereby forming a distinctive governance system. The Company also continuously improves corporate governance by making amendments to the Articles of Association according to the requirements of the latest party disciplines and regulations and continuously optimizing the governance structure, thereby ensuring the standardized operation of the Company.

In 2020, the Board, the Supervisory Committee, and the management team performed their respective duties diligently to ensure that they did not neglect duty nor overstepped, thus safeguarding effective corporate governance and standardized operation of the Company.

2. United, Enterprising, Pragmatic and Efficient Senior Management Team and Business Team

Being united, enterprising, pragmatic, professional, stable, inclusive and responsible, the Company's leaders have been serving the Company for a long period of time with their extensive industry experience and profound insight into the capital market and securities industry. With right view towards development and risk management and common values for corporate development, the Company's senior management team pursues truthfulness and practicality by acting based on the rules of relevant industries and markets. Under the common cause of facilitating the Company's development, instead of pursuing short-term benefits, the senior management team adopts long-term strategies with focus on high-quality development, holds fast to the bottom line of compliance and risk control, attaches great importance to party building and corporate culture construction, and pursues long-term and sustainable corporate development. The Company owns professional, high-quality and relatively stable business teams which have gathered rich market experience and outstanding professional abilities through years of operation. It also has a pool of steadily growing future leaders and talents to support the development of the Company.

In 2020, the Company further strengthened the construction of its talent pool. First of all, the Company enriched and adjusted the composition of the leaders and senior management team to build consensus, mobilize their initiative and focus their works on the Company's development. Secondly, the Company improved the management of its talent team, optimized the performance appraisal by including the new indicator of "industry culture construction", increased its efforts in recruiting rare and high-quality talents, made adjustments to the talent review system, revised the Cadre Management Rules and optimized the remuneration and incentive packages. Thirdly, the talent structure is further optimized to ensure a workforce of high-quality, youthfulness and professionalism, thereby striking a better balance among quantity, post competence, form of employment and labor costs.

3. Stable Growth of Advantageous Business of the Company with Increasingly Consolidated Market Position

The Company attaches great importance to the fostering of investment and research capacity. After years of intensive cultivation, the Company has established brand effect and competitive advantages in investment fields such as securities investment, fixed income, asset management, fund management, etc. The securities investment and asset management business adheres to the concept of value investment and has achieved excellent long-term and medium-term performance. The "Dong Fang Hong (東方紅)" brand enjoys a sound reputation in the market. China Universal has exhibited excellent investment performance and leading innovation capacity, wining several Shanghai Financial Innovation Achievement Awards (上海市金融創新成果). Fixed income business achieved stable investment income, bond underwriting capacity has formed a good reputation, FICC business chain achieved a comprehensive layout, and operation results of private equity fund management business has long been in the forefront of the industry.

In 2020, the Company's advantageous business continued to consolidate and achieved further development. Orient Securities Asset Management maintained its leading position and ranked the first in the industry in terms of revenue from asset management business (based on the statistics published by the Securities Association of China). It also delivered excellent long-term performance for its products and won various awards including the "Golden Bull Award" by China Securities Journal, the "Yinghua Award" by China Fund Journal and the "Junding Award" by Securities Times. China Universal issued new funds with a total size of over RMB200 billion and topped the industry with ten funds having an issue size of RMB10 billion each, and ranked the second in terms of monthly average amount of non-monetary public funds under management. The total size of assets under its management exceeded RMB1 trillion, and its "Yangtze River Delta Integrated ETF Fund" received the Shanghai Financial Innovation Award. Proprietary bonds remained stable and garnered the "Bond Connect Outstanding Quotation Agency Award (債券通優秀報價機構獎)", and equity investment harvested sound absolute gains on the precondition of risk control.

4. Effective Protection from our Efforts in Compliance and Risk Control

Adhering to the concept of compliance creating value, the Company continuously promotes the construction of compliance and risk management culture, closely follows up the regulations and regulatory requirements, continuously improves the comprehensive risk management system, strengthens the integration of compliance management, risk management and internal control, values the application of financial technology in compliance and risk management. In recent years, the Company continuously strengthened the awareness of compliance and risk control among its staff, optimized the comprehensive risk management system and enhanced the effectiveness of compliance and risk management.

In 2020, the Company carried out compliance and risk management tasks according to the requirements of the new Securities Law, new regulations on risk control indicators and other latest regulations and rules, facilitated the culture construction of securities and fund industries, and improved the compliance and risk management systems. It also strictly implemented the compliance management at subsidiary level, strengthened the unified and vertical management and control of the Parent Company, facilitated the connection of risk control systems between the Parent Company and subsidiaries, and fully carried out risk management of the Group on a consolidated basis. The Company conducted audit works under risk-oriented approaches strengthened audit quality control and increased the efforts in supervision and rectification. With the effective operation of compliance and risk management system, the Company did not experience any major risk-related events or non-compliance with laws and regulations throughout the year and maintained the A rating of securities dealers for 12 consecutive years, which reflected that our efforts in compliance and risk control offered effective protection to the Company's innovative development.

5. Organic Integration of Excellent Party Building, Corporate Culture and Market-Oriented Mechanism

The Company attaches great importance to the construction of party building and corporate culture, and effectively integrates the requirements of industry culture construction with the strategic task of "party building and corporate culture are productive forces" implemented by the Company with solid progress and innovative exploration in order to find a path of party building and corporate culture construction with unique characteristics of DFZQ. Meanwhile, the Company pays respect to humanity in operational management, follows the regular rules of talent development, implements the market-oriented mechanism to keep pace with times, creates harmonious atmosphere with relentless efforts, and strives to create a happy life for its employees. The Company always focuses on facilitating the construction of market-oriented mechanisms with continuous optimization and innovation, persists in strengthening party building and establishing people-oriented corporate culture, and creates a good atmosphere that promotes hard work and entrepreneurship, thereby helping its employees to build material and spiritual civilization.

In 2020, the Company actively carried out party building works based on the rectification requirements from the inspection of municipal party committee, revised and improved the learning system of party committee center group of the Company, organized and conducted the assessment and election of advanced entities and outstanding individuals, deepened the education on the history of the party, the new China, the reform and opening up and the development of socialism through specific studies, and carried out the "Happy Home" theme practice activity for the year of 2020. The Company also formulated an implementation plans for corporate culture construction, optimized the appraisal standards for culture construction, organized the oriental culture heroes association, and carried out culture construction activities such as the 8th "Employees' Sport Games", annual labour competition of the trade union and the "Home of Employees". In addition, active progress was made in respect of the construction of market-oriented mechanism by implementing the H-share employee stock ownership plan for the listed company and continuously deepening the division-oriented reform of wealth management business at headquarter level.

Section IV Report of the Board

I. DISCUSSION AND ANALYSIS OF OPERATION

In 2020, the COVID-19 pandemic rose to be the most significant variable to economic development and the capital market, which forced governments across the world to launch stimulus measures to respond to the recession derived therefrom, leading to loose liquidity around the globe and substantial fluctuations in the capital market. In particular, benefited from the strict epidemic control measures, economic recovery in the PRC gained sound momentum with the GDP recording a year-on-year growth of 2.3% after an asymmetrical V-shaped rebound throughout the year of 2020. During the Reporting Period, affected by the macro environment, economic growth and international relations, A-share market witnessed an upsurge after a decline with an overall positive trend, as shown by a 13.87% rise in the SSE Composite Index, a surge of 38.73% in the SZSE Component Index and a rise of 64.96% in GEM Index throughout the year. Trading activities also increased significantly where the average daily trading volume of the SSE and SZSE stocks reached RMB847.808 billion in 2020, representing a year-on-year increase of 63.05%. Meanwhile, the bond market curbed at a high level after an upsurge with slight change in the yield of 10-year treasury bonds and 0.16% decrease in the ChinaBond indicators.

Upholding the operation strategy of "growth stabilization, risk control and reform promotion", the Company pooled concerted efforts towards business operations in addition to pandemic prevention and control. Based on the changes in macroeconomic policies and the capital market, the Company continuously optimized its portfolio of assets and liabilities and achieved satisfactory yields for its major categories of assets. In terms of proprietary equity investment, the Company captured the market opportunities by leveraging its advantages in investment and research, and harvested sound absolute gains. For fixed income business, the Company maintained its core competitiveness with the dual drivers of investment and sales, further strengthened its investment and research capacity, and secured a leading position in the industry in terms of investment scale and performance. The Company obtained the qualification for foreign exchange settlement and sales business, established full coverage of the FICC business chain, and created synergy among market making, foreign exchange, capital intermediary and gold businesses in various aspects. The Company captured the opportunities from the IPO system reform, improved its ability to serve the real economy, and remained at the top of the industry in terms of underwriting of treasury bonds, CDB bonds, bonds of Agricultural Development Bank of China and other interest rate bonds with rapid growth in lead underwriting and distribution of credit bonds. For asset management business, the Company followed the trend and expanded the business scale with the assets under management of Orient Securities Asset Management rising to nearly RMB300 billion and the size of China Universal exceeding RMB1.1 trillion. Orient Investment Banking completed the IPO project of CICC, and cooperated with Orient Securities International to complete the H share listing of Tigermed, the largest pharmaceutical and healthcare IPO project in the Hong Kong Stock Exchange during the year. For wealth management business, leveraging the asset-end advantages, the Company secured remarkable progress in terms of agency sale of financial products, many of which broke the sales volume records of the Company and the industry. The customer equity scale of Orient Futures exceeded RMB40 billion, representing a year-on-year increase of 77.8%, with market share and trading volume remained first in the industry.

During the Reporting Period, the Company was rated as a Grade A, Class A company among securities firms, and did not encounter any major compliance risk incidents. Under the leadership of the pandemic prevention and control leading group, the Company strictly followed the requirements of pandemic prevention and control in the process of organizational management, system development and control implementation, continuously carried out routine management in a strict and orderly manner, and cooperated with insurance companies to protect the benefits and welfare of its employees. The Company continued to improve corporate governance by comprehensively promoting the new Securities Law and its ancillary regulations. By increasing the investment in financial technology, the Company made steady progress in digital management, accelerated the technology empowered transformation, launched its first projects of information technology innovation and obtained its first national invention patent, and many of the projects won the Shanghai High-tech Application Awards. The Company also steadily optimized its systems and mechanism, continuously enhanced the management efficiency, strengthened the prevention and control of integrity risks, firmly carried out industry culture construction, successfully implemented the H Share employee stock ownership plan, increased its efforts in supervision of key tasks, facilitated poverty alleviation by supporting local industries and promoted ESG construction.

II. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

As of the end of 2020, total assets of the Group reached RMB291.117 billion and equity attributable to owners of the Company amounted to RMB60.203 billion. In 2020, the Group realized revenue and other income of RMB27.647 billion, representing an increase of 13.54%, net profit attributable to owners of the Company of RMB2.723 billion, representing an increase of 11.82% and weighted average returns on net assets of 4.85%, representing a year-on-year increase of 0.24 percentage points.

The Company achieved revenue and other income of RMB27.647 billion, of which securities sales and trading business realized RMB5.985 billion, taking up 21.04% of the total; investment management business realized RMB3.375 billion, taking up 11.87% of the total; brokerage and securities financing business realized RMB14.488 billion, taking up 50.93% of the total; investment banking business realized RMB1.695 billion, taking up 5.96% of the total and headquarters and others realized RMB2.900 billion, taking up 10.20% of the total. (Calculation of segment operating income, segment expenditure and relevant proportions have not taken account of any consolidation and offsetting factor; the same approach is adopted below)

(i) Statement of the Principal Businesses of the Group and Its Analysis

Unit: '000 Currency: RMB

Segment of the principal businesses						
Segment	Segment revenue and other income	Segment expenditure	Profit margin (%)	Change in segment revenue and other income over previous year (%)	Change in segment expenditure over previous year (%)	Change in profit margin over previous year (%)
Securities sales and trading	5,985,180	1,992,327	66.72	27.30	2.74	Increased by 8.49 percentage points
Investment management	3,375,132	2,059,813	71.75	37.52	52.80	Increased by 3.55 percentage points
Brokerage and securities financing	14,487,879	15,531,941	-7.21	3.90	23.75	Decreased by 17.19 percentage points
Investment banking	1,695,356	998,340	41.11	59.51	48.71	Increased by 4.27 percentage points
Headquarters and others	2,900,042	5,600,958	-93.18	-11.76	-1.02	Decreased by 20.99 percentage points

(1) Securities Sales and Trading

The Company conducts securities sales and trading business with its own funds, including proprietary trading (equity investment and trading, fixed income investment and trading, financial derivatives trading business), innovative investment and securities research services. During the Reporting Period, the securities sales and trading business segment realized segment revenue and other income of RMB5.985 billion, accounting for 21.04% of the total income.

Proprietary trading

Market environment

2020 saw significant fluctuation in capital market with great economic and social impact caused by the pandemic of COVID-19, and various countries all over the world adopted sharply accommodative monetary policies to combat the economic downturn. Meanwhile, a series of systematic innovation in the PRC such as the implementation of the new Securities Law, registration system reform of the ChiNext, launch of the Science and Technology Innovation Board 50 ETF and new rules on delisting helped improve the investment and financing functions of the capital market and facilitated healthy and orderly market development.

During the Reporting Period, amid high volatility in the stock market, the SSE Composite Index increased by 13.87%, the Wind A Share Index grew by 25.62%, and the Hang Seng Index fell by 3.4% throughout the year. Affected by the measures on combating the pandemic, the first half of 2020 saw relevantly accommodative monetary policies, which returned to normal with the gradual recovery of economy in the second half of 2020. As at the end of the Reporting Period, the yields of 10-year treasury bonds and the 10-year CDB yields only changed slightly as compared to the end of last year, and the total price index of ChinaBond decreased by 0.16%.

Operation initiatives and business development

The following table sets forth the balance of the Group's proprietary trading business by asset class:

(in RMB million)	As at December 31, 2020	As at December 31, 2019
Stocks	**7,472.66**	6,948.16
Funds	**3,139.66**	2,553.75
Bonds	**83,051.22**	87,906.29
Others (Note)	**2,328.19**	933.75
Total	**95,991.73**	98,341.95

Note: Primarily include investment in asset management schemes and wealth management products using our own funds.

In terms of equity investment business, during the Reporting Period, leveraged on its traditional advantages, the Company deepened the study of the industry and individual stocks with focus on investment in leading listed companies with sound and solid financial position and high-quality management, and achieved sound absolute returns. Under the strict dynamic tracking and loss prevention mechanism, the Company maintained a well balance on yield and drawdown. In addition, the Company formulated the strategy of investment in designated companies with high dividends, and made investment in research on quantitative private equity FOF and quantitative strategy in order to enhance the yield stability through diversified investment.

In terms of NEEQ business, during the Reporting Period, the Company continuously optimized the portfolio of NEEQ stocks and promoted the IPO of high-quality enterprises and their listing application for the Premium New Third Board (PNTB), which effectively reduced the size of NEEQ business. As of the end of the Reporting Period, various NEEQ stocks held by the Company have passed the IPO review and are expected to make their initial public offering and listing in 2021.

In terms of FICC business, the Company maintained its core competitiveness of dual growth drivers of investment and sales, improved the depth of investment research and strengthened system construction, thereby maintaining its leading position in the industry in terms of investment scale and business performance.

- For bond investment, the Company put more emphasis on trading while maintaining the conventional spread income. In view of the accommodative monetary policies and the low yields in the first half of 2020, the Company reduced its positions significantly to cash in on profits. With the economy recovering from the bottom and the gradual withdrawal of unconventional monetary policies, the Company made timely allocation based on its correct judgement on the trend of interest rates, thereby significantly outperforming the index throughout the year. During the Reporting Period, the trading volume of spot bonds in the inter-bank market increased by 69.4% year-on-year, and the trading scale ranked ahead among securities dealers. Meanwhile, in view of the credit risks of enterprises affected by the pandemic, the Company continuously strengthened the control of credit risks by reducing its holding of credit debts. During the Reporting Period, the Company won the titles of "Core Dealer", "Outstanding Dealer in Bond Market", "Outstanding Dealer in Derivatives Market" of the National Inter-bank Funding Center, the "Top 100 Settlement – Excellent Proprietary Institution Prize" of ChinaBond and other awards.

- For market-making business, during the Reporting Period, the trading volume of the market-making business for spot transaction of bonds in the inter-bank market increased by 58.9% year-on-year, remaining at the forefront of the attempting market-making institutions, and the trading volume through the Bond Connect also remained as one of the top three in the industry, which earned the Company the "Award for Contribution to Opening Up" by the National Inter-bank Funding Center, the title of "2020 Outstanding Market Marker in Inter-Bank Market" by the China Development Bank and other awards. The scale of market-making of treasury bond futures in CFFEX also continued to stand among the top three in the industry.

- For gold and bulk commodities business, the Company carried out various proprietary trading businesses, including arbitrage, trend, hedging, lending and options in several exchange markets and the overall business scale stood at the forefront of brokers. During the Reporting Period, the Company's gold inquiry transaction volume grew by 230.3% year-on-year. As of the end of the Reporting Period, the balance of gold borrowing and lending grew by 41.5% year-on-year. Also, the Company cooperated with banks to develop a new income certificate business model, which significantly reduced the cost of income certificate financing. During the Reporting Period, the Company won the "Outstanding Special Member Award (優秀特別會員獎)" of Shanghai Gold Exchange in 2019.

- For foreign exchange business, the Company successively obtained the membership of foreign exchange settlement and sales in the inter-bank foreign exchange market and membership of foreign currency lending in the inter-bank foreign exchange market, and completed the infrastructure construction of foreign exchange transactions. At present, it has routinely carried out spot and derivative transactions of proprietary foreign exchange settlement and sales, with a steady increase in transaction scale and gradually enriched trading strategies.

- The Company continued to facilitate the construction of fixed income trading system, and won the "Automatic Trading Innovation Award" and the "Best Technology Award" by the National Interbank Funding Center.

In terms of derivatives business, during the Reporting Period, the Company's Alpha trading, intelligent trading and OTC derivatives business maintained steady development and stable income, and secured a leading position in terms of return-to-drawdown ratio of private equity funds. In particular, the Alpha business made steady progress by quantitatively selecting stocks, allocating a sector-neutral portfolio and hedging against systemic risk, thereby achieving stable absolute income. For intelligent trading, the Company's high-frequency market-making business is diverse in varieties, and ranked at the top of the market in terms of market making for many varieties with satisfactory market making income. For over-the-counter derivatives, the Company conducted OTC options transactions with major financial institutions and actively applied for new licenses and qualifications to strengthen the profitability of its OTC derivatives business. During the Reporting Period, the company completed the construction of artificial intelligence big data platform and low latency trading system to realize financial technology empowered derivatives business.

Development plan and outlook

In terms of equity investment business, the Company will put more efforts in macro-environment research and prognosis while ensuring effective micro-fundamentals analysis, focus on flexible investment strategies, improve yield under the premise of strict risk control, and capture the opportunities in equity investment market.

In terms of NEEQ business, while improving and consolidating its investment research abilities, the Company will actively participate in the reform of the NEEQ market, make investment in the PNTB in an orderly manner, develop mixed market-making business, and strive to seize the opportunity of reform to improve investment returns.

In terms of FICC business, the Company will further broaden the investment scope, enhance its bond trading capabilities, improve its systematization, facilitate the transformation of fixed income business sales transactions and agency business, promote the improvement of FICC industrial chain and continuously improve the profitability.

In terms of financial derivatives business. The Company will continue to improve its investment and research abilities and enhance the yields of different businesses. Relevant measures include improving the return and stability of the Alpha business; improving options market making, fund market making and commodity futures market making business to enhance the yield; and leveraging the synergy of the Company and actively exploring the OTC derivatives business. Meanwhile, with the gradual improvement of the capital market, the introduction of more derivative subjects will bring more opportunities for the Company's business.

Innovative investment

The Company engages in alternative investment business through Orient Securities Innovation Investment, a wholly-owned subsidiary of the Company. The business of Orient Securities Innovation Investment mainly involves special asset acquisition and disposal, equity investment and quantitative investment.

Market environment

For special asset business, both the supply and demand in the non-performing asset market are increasing, and prices on the asset side are expected to remain low. Market participants changed from "4+2" to "4+2+N" with debt-to-equity swap and other means disposal coming on stage, which attracted various well-known foreign institutions to the market. For equity investment, the opportunities and profit space of pure financial investment of Pre-IPO, which pursues investment returns by exploiting the price difference between primary and secondary markets, will decrease, while the influence of industrial capital will further increase. In addition, with the formation of multi-level capital market, the efficiency and channels of exit will continue to increase. In terms of quantitative investment, with the participation of outstanding foreign institutions of capital management and the emerge of domestic leaders in the quantitative sector, the industry has grown by leaps and bounds with the market scale soaring all the way up.

Operation initiatives and business development

Given that the investment terms of quantitative investment, special asset business and equity investment business are 0-1 year, 1-2 years and 3-5 years, respectively, with their respective risk levels ranging from low to high, Orient Securities Innovation Investment optimized the asset allocation of such three businesses and enhanced the stability of returns through portfolio allocation, achieving sound results during the Reporting Period.

Steadily promoting special asset acquisition and disposal business. During the Reporting Period, the new investment made by Orient Securities Innovation Investment in special asset projects amounted to RMB1,459 million. As of the end of the Reporting Period, Orient Securities Innovation Investment had 24 existing special asset projects with an investment scale of RMB2,721 million.

Steadily carrying out equity investment business. As of the end of the Reporting Period, the Company had 41 existing equity investment projects with an investment scale of RMB1,326 million, and enhanced the risk management efficiency through the co-investment system. In addition, Orient Securities Innovation Investment proactively participated in the strategic placement on the Sci-Tech Innovation Board and made co-investment in 4 Sci-Tech Innovation Board projects with an investment scale of RMB159 million.

Expanding the investment in quantitative hedge funds. The Company cooperated with outstanding domestic and foreign quantitative institutions, allocated quantitative private equity funds with flexible position adjustment throughout the year, and tracked product performance to adjust investment plans in a timely manner. Meanwhile, it conducted research and due diligence on outstanding managers in the market to optimize investment results.

Development plan and outlook

In the future, with the completion of asset allocation, Orient Securities Innovation Investment will enter the stage of refining management and professional business operation.

For special asset business, Orient Securities Innovation Investment will develop its business from capital investment to asset disposal and operation to improve ROE and return on capital by improving disposal and operation capabilities, thus consolidating its core competitiveness. For equity investment, it will make asset allocation in areas strongly supported by national plans to contribute to the development of the real economy while carrying out co-investment in Science and Technology Innovation Board ("Sci-Tech Innovation Board") projects. For quantitative investment, the Company will strive to identify high-quality managers and reduce the correlation of product investment to lower portfolio risk and improve yield.

Securities research

Market environment

The Company always pays equal attention to external commissions and internal services, and has achieved sound results through persistence in the highly competitive commission compartment market. Meanwhile, it focuses on serving all business departments of the Company to build an internal collaborative layout.

Operation initiatives and business development

During the Reporting Period, the Securities Research Institute carried out thorough research on fundamentals, and has built a mature and perfect research system of Sci-Tech Innovation Board. Furthermore, the Company continuously establishes and deepens strategic research, striving to cultivate new competitive advantages in related fields. As at the end of the Reporting Period, the Company's securities research business had a total of 80 researchers, including 67 with analyst qualifications and 24 with investment consultancy qualifications; and published a total of 2,212 research reports.

With respect to external commissions, the Company cultivated the public offering market and strived to improve the market share leveraging institutional customers. Besides, it expanded customer coverage and actively explored non-public offering customers. During the Reporting Period, the securities research institute realized commission income of RMB540 million, of which the public offering commissions (including special accounts, social security and annuity seats) accounted for RMB512 million, with a market share of 2.94% and improved ranking among customers of core public offering funds. At the same time, 4 public offering customers, 1 bank customer and 35 private placement and insurance customers were newly secured, comprehensively covering the new bank wealth management subsidiaries.

With respect to synergy within the Group, the securities research business carried out transformation actively to assist the Group to realize the provision of integrated financial services. The Company also explored the way of serving enterprise clients utilizing its core research capability, so as to provide service of high value to a broader industry capital. It also created and constantly deepened strategic research to develop new competitive edge in the relevant areas.

During the Reporting Period, in the "2020 Institutional Investor – Caixin Capital Market Analyst Achievement Awards", the Company won the second place for internet industry, the third place for technology/hardware industry and the third place for technology/IT service and software industry in mainland China category as well as the fifth place in the best analyst team award and the third place in the best sales team award in mainland China category.

Development plan and outlook

In the future, the Company's research business will firmly grasp the opportunity from the current market recovery, continuously consolidate and utilize its research capabilities and advantages to provide more comprehensive and in-depth research services for its customers, and facilitate the Group in providing comprehensive financial solutions for enterprises by leveraging its research capabilities.

(2) *Investment Management*

The Company provided clients with asset management schemes, securities firms' publicly offered fund products for equity investment and private equity investment business. During the Reporting Period, the investment management business realized segment revenue and other income of RMB3.375 billion, accounting for 11.87% of the total income.

Asset management

The Company mainly engages in asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company.

Market environment

In 2020, due to the impact of the COVID-19 pandemic, the capital market experienced intensified fluctuations and equity market was subject to significant volatilities, forming a structural bull market with obvious differences across sectors. The bond market recovered from the significant wide-range volatilities with the yield of interest rate securities showing a "V" shaped trend of upward after downward. With the accelerated implementation of new regulations on asset management and the deepening of financial openness, the acceleration of transformation to net value products, the overall decline in wealth management yields and the policy environment of houses are for living in and not for speculative investment, the capital market has become an important place for asset allocation by the public, creating unprecedented opportunities for the rapid development of asset management institutions. On the other hand, in view of the increasingly intensive competition in asset management industry, the more prominent long-tail effect in the industry and the rapid growth in management scale of asset management institutions with first-mover advantage in discretionary management, how to improve core competitiveness to respond to the intense competition in the industry has become a challenge for long-term development.

Operation initiatives and business development

Orient Securities Asset Management has long been committed to the principle of putting the interests of customers first, firmly carried out the practice of long-term value investment, focused on improving the core competitiveness driven by both "professional investment research + professional services", and maintained the leading position in terms of the long-term investment performance. In order to better safeguard the interests of customers, Orient Securities Asset Management has conducted beneficial practices in delivering value investment ideas, introducing long-term funds and establishing long-term assessment mechanisms, in order to help the investors achieve long-term wealth preservation and appreciation and facilitate the healthy development and value creation of high-quality enterprises.

As at the end of the Reporting Period, the entrusted assets under management of Orient Securities Asset Management reached RMB298.548 billion. In 2020, Orient Securities Asset Management ranked first in the industry in terms of the net income from entrusted asset management business (source: Securities Association of China). From 2005 to the end of the Reporting Period, the average annualized rate of return of equity products actively managed by Orient Securities Asset Management was 26.50%, while the average annualized rate of return of CSI 300 Index was 12.02% for the same period. The absolute rate of return of equity fund of Orient Securities Asset Management for the latest five years was 125.26%, and the absolute rate of return of fixed income fund for the latest five years was 27.60%, both ranking sixth in the industry (source: Financial Products Research Center of Haitong Securities Research Institute), and maintained a leading position in long-term performance.

The following table sets forth the scale of assets under management (AUM) of the Company by product type:

(in RMB million)	As at December 31, 2020	As at December 31, 2019
Collective asset management scheme	**59,251.52**	48,466.07
Single asset management scheme	**27,333.53**	35,045.61
Specialized asset management scheme	**12,332.00**	15,955.69
Publicly offered funds issued by securities dealer	**199,631.24**	123,411.98
Total	**298,548.29**	222,879.35

As a bellwether in the asset management industry, Orient Securities Asset Management will always root itself in the asset management industry, continuously consolidate and upgrade its active equity and fixed-income businesses, give full play to its core business advantages, maintain its leading position in terms of long-term performance, continue to adhere to the development concept of putting the interests of customers first and build a professional service system. At the same time, it will expand the core competitiveness, speed up the layout in pension business, asset allocation products, index products and other fields, diversify the product portfolio, and further consolidate the "Dong Fang Hong" brand.

During the Reporting Period, Orient Securities Asset Management won 41 awards, including the Stock Investment Return Fund Management Company Award of the 17th "Golden Fund (金基金)" Award of Shanghai Securities News; the "Top Ten Star Fund Companies", the "Five-Year Sustainable Return Star Fund Company" and the "Active Equity Investment Star Fund Company" under the 15th Star Fund Award for Fund Industry in China by Securities Times; the "Best Wealth Management Securities Firm" and the "Best Wealth Management Securities Firm of Equity Investment" under the China Fund Industry Yinghua Award by the China Fund Journal; and the "Equity Investment Golden Bull Fund Company" under the 17th Fund Industry Golden Bull Award by China Securities Journal.

Development plan and outlook

In the future, the Company will actively seize the opportunities of industry development, utilize its active management advantages, uphold the idea of value investment, continue to strengthen the construction of its core competitiveness with the dual drivers of "professional investment research + professional services", maintain an open and evolutionary mindset, continuously consolidate its investment management capabilities, and pursue client-centered and sustainable development with focus on long-term performance. The Company will increase its efforts in diversified development layout. To this end, it will, on one hand, continue to improve the product line of the Company, and broaden the coverage of its investment research abilities to serve different investors, and on the other hand, further develop and consolidate the market, and continue to optimize the customer structure. In line with the Company's product layout and strategic development, the Company will enhance the visibility and reputation of its "Dong Fang Hong" brand. It will also accelerate the construction of an attractive and market competitive talent system to provide important support for business development. The Company will comprehensively increase investment in financial technology, create an information technology structure with dual drivers of "data + technology", and accelerate the transformation to online, digital and intelligent services. It will also strictly adhere to the bottom line of compliance and risk control to achieve mutual growth with the Company's high-quality business development.

Fund management through China Universal

The Company mainly engages in fund management business through China Universal, an associate in which the Company is the largest shareholder with 35.412% equity interest.

Market environment

In 2020, with the Chinese economy showing strong toughness, the continuous deepening of capital market reform, the acceleration of opening up and the strong demand for wealth management from the public, the asset management industry saw tremendous opportunities for development, and publicly offered funds recorded explosive growth.

Operation initiatives and business development

During the Reporting Period, China Universal continuously implemented its business development strategies and fully strengthened its core competence on investment management, risk management, customer service and product innovation based on its 2020 operation plan and the initiative of "Capacity Enhancement Year". As of the end of the Reporting Period, the management scale of public offering funds of China Universal reached RMB835.2 billion, representing an increase of 61% from the beginning of the year, and RMB557.4 billion after excluding the monetary fund and short-term wealth management bonds, representing an increase of 93% from the beginning of the year. China Universal continued to improve its product layout, built a client-centered multi-strategy product system, worked on a number of active equity, "fixed income +" and pure debt products with market influence, achieved rapid development of passive business, and established the brand for fundamental hedging strategies. China Universal carried out comprehensive business development, further implemented the omni-channel strategy, continuously deepened its business cooperation with pension, banking, insurance, wealth management subsidiaries and other institutions, made significant development in its e-commerce business, continued to expand its international business, continued to promote the construction of the third-pillar pension system, ESG responsibility investment and other strategic businesses, and carried out pragmatic and effective compliance and risk management.

During the Reporting Period, China Universal maintained excellent performance in mid to long-term investment. China Universal Value Selection won the Seven-Year Open Hybrid Continuous Superior Golden Bull Fund by China Securities Journal. China Universal Blue Chip Stability won the Five-Year Open Hybrid Continuous Superior Golden Bull Fund by China Securities Journal and the Balance Hybrid Star Fund with Five-year Continuous Return by Securities Times. China Universal Consumer Industry won the Three-Year Open Hybrid Continuous Superior Golden Bull Fund by China Securities Journal and the Balance Hybrid Star Fund with Five-year Continuous Return by Securities Times. China Universal China-Hong Kong Strategy Fund won the Best Total Return – Greater China Equity (5 Year) in the 2020 Offshore China Fund Awards by Chinese Asset Management Association of Hong Kong and Bloomberg. China Universal Growth Focus won the Hybrid Star Fund with Ten-year Continuous Return by Securities Times.

During the Reporting Period, China Universal received many industry honors such as the Best Investment Management Institution by the "China Pension Finance 50 People Forum" and the Junding Award for Culture Construction Fund by Securities Times. China Universal Yangtze River Delta Integrated ETF Fund won the 2019 Shanghai Financial Innovation Achievement Award by the Shanghai Municipal Government.

Development plan and outlook

In 2021, with the transformation and upgrading of China's economy, the structural performance of the capital market will continue and the competition in asset management industry will become more intense. Meanwhile, the accelerated release of people's needs of wealth management, the continuous reform and opening up of the capital market and the accelerated application of digital technology will all provide continuous momentum for the industry's development. In particular, the top asset management institutions with outstanding investment management ability and leading comprehensive strength will enjoy more advantages in the market competition.

In the future, China Universal will continue to adhere to the cultural construction ideas of "compliance, integrity, professionalism and stability" in the securities and fund industries, uphold the value of "customer first" and the business philosophy of "all for the long term", continue to refine and improve its four core capabilities of investment management, risk management, customer service and product innovation, consolidate the foundation, embrace reform and changes, and devote itself to building China's most recognized asset management brand.

Private equity investment

Market environment

In the first half of 2020, the private equity investment industry as a whole saw a decline in fundraising and investment in the context of the global pandemic and the sharp increase in downward economic pressure. In the second half of 2020, as the pandemic in China became effectively under control, the industry as a whole began to recover with increase in scale and number of fundraising projects as compared to the first half of the year, but overseas projects were still hampered. According to the data of Zero2IPO, despite the impact on the tourism, sports, food and culture, traditional education and training, and offline chain retail industries, the pandemic also brought development opportunities to the healthcare, online education, online retailing, big data and enterprise service industries. On this basis, the investment in healthcare, big data and corporate service industries increased significantly, and certain development opportunities can be seen for private equity investment business.

Private equity investment ushered in a rising period of development. SSE launched the Sci-Tech Innovation Board in 2019, and the new Securities Law was promulgated in December 2019, which clearly provided that the registration system for securities issuance will be fully implemented. The new Securities Law became effective on March 1, 2020, and the Special Provisions on Shareholding Reduction by Venture Capital Fund Shareholders of Listed Companies was issued on March 6, 2020. The CSRC issued the Measures for the Administration of Registration of IPO Stocks on the ChiNext (for Trial Implementation) and other relevant rules on June 12, 2020. All of the above showed that the regulatory authorities wished the enterprises to strengthen direct financing and highlighted the key role of market-oriented approach in resource allocation, which strengthened the confidence of private equity funds in serving the real economy and provided more diversified methods and channels to exit the investment.

Operation initiatives and business development

As at the end of the Reporting Period, Orient Securities Capital Investment managed 48 funds with a scale of RMB16.055 billion. The total number of investment projects of Orient Securities Capital Investment and funds managed by it reached 191 with an accumulated investment of RMB25.83 billion. Among which, 54 projects have achieved investment exit, a total of 137 projects were under investment involving an investment amount of approximately RMB9.299 billion, and four projects were in the pipeline.

Orient Securities Capital Investment continuously monitored the impact of registration system of the Sci-Tech Innovation Board and the ChiNext on equity investment market. Since the launch of the Sci-Tech Innovation Board, 13 enterprises applied for IPO on the Sci-Tech Innovation Board (five new applicants in 2020), in which seven enterprises were successfully listed and two enterprises have passed the review by the listing committee. During the Reporting Period, seven target enterprises applied for IPO on the ChiNext, in which one enterprise was listed and three enterprises have passed the review by the listing committee.

During the Reporting Period, Orient Securities Capital Investment won the "Top 50 Best Private Equity Investment Institution in China (中國最佳私募股權投資機構TOP50)", "Top 30 Best Chinese-funded Private Equity Investment Institution in China (中國最佳中資私募股權投資機構TOP30)", "Top 10 Best Private Equity Fund Subsidiary of Brokers in China (中國最佳券商私募基金子公司TOP10)", and "Top 20 Best Investment Institution in Advanced Manufacturing and High-tech Industry in China (中國先進製造與高科技產業最佳先進製造領域投資機構TOP20)" of 2019 China Venture Awards, the "Top 100 Private Equity Investment Institution in China" and "Top 10 Securities Firm Investment Institution in China" of the 2020 Zero2IPO Awards, the Broker's Equity Investment Annual Winner of the 4th Golden Bull Awards of China Securities Journal and many other awards.

Development plan and outlook

In the future, in the context of normal and effective pandemic control and management in China and the recurrent waves of COVID-19 around the world, Orient Securities Capital Investment will actively strive to capture the opportunities from the third wave of science and technology and national strategies, identify high-quality enterprises, and strengthen the private equity fund management brand. Subject to applicable regulatory requirements, Orient Securities Capital Investment will further optimize operational management, strengthen its value discovery and investment capabilities and improve the post-investment management through continuous exploration with relentless efforts.

(3) Brokerage and Securities Financing

The Company's brokerage and securities financing segment primarily comprises securities brokerage business, futures brokerage business, bulk commodity trading and securities financing business including margin financing and securities lending and collateralized stock repurchase. During the Reporting Period, the brokerage and securities financing business achieved segment revenue and other income of RMB14.488 billion, accounting for 50.93% of the total income.

Securities brokerage

The brokerage business of the Company mainly relies on the wealth management business headquarters and its branches. As of the end of the Reporting Period, the Company had 177 securities branches, covering 87 cities and 31 provinces, autonomous regions and municipalities directly under the Central Government.

Market environment

In 2020, the asset allocation of the PRC residents ushered in an inflection point where people of different age groups and asset sizes released a clear demand for wealth management. During the Reporting Period, the trading activity in the stock market increased with trading volume of stocks and funds reaching RMB220.45 trillion, representing a year-on-year increase of 61%. Meanwhile, with the two-way opening of the financial market, the transformation of wealth management business of securities firms empowered by financial technology, and the improved professional level of investors, the scale of agency sale of wealth management products increased significantly.

Operation initiatives and business development

During the Reporting Period, confronted with the complex external market environment, the Company actively prevented and controlled the pandemic and ensured the smooth operation of trading services. According to the monthly data of the Securities Industry Association, in 2020, the market share of the net income of the Company's securities brokerage business was 1.62%, ranking 20th in the industry, and the income of securities brokerage business recorded a year-on-year increase of 66%. The basic business was steadily consolidated. During the Reporting Period, the cumulative number of newly opened accounts amounted to 312 thousand, representing a year-on-year increase of 31%, and newly added assets amounted to RMB101.3 billion, representing a year-on-year increase of 133%. As of the end of the Reporting Period, the Company had 1.84 million customers, representing a year-on-year increase of 19.8%, and customers' assets under custody amounted to RMB730.1 billion, representing a year-on-year increase of 29%.

Taking advantage of the asset end of the Company, the financial products agency sales business has achieved remarkable progress, and several products broke the sales volume records of the Company and the industry. During the Reporting Period, affected by the recovery of the market and the profit-making effect of public offering funds, the proceeds raised by public offering funds exceeded RMB3 trillion. The Company focused on the favourable wealth management business, firmly established the direction of agency sale of discretionary equity products, broadened cooperation channels in addition to Orient Securities Asset Management and China Universal, and established deep cooperative relations with more high-quality managers in the industry. During the Reporting Period, the Company's sales volume of equity products amounted to RMB27.8 billion, representing a year-on-year of 256%, and the size of existing equity products amounted to RMB47.5 billion, representing a year-on-year of 100%. According to the monthly data of Securities Association of China, net income from agency sales of financial products amounted to RMB0.39 billion, representing a year-on-year increase of 269%, ranking 12th in the industry. In particular, the sales of the Jiangxin One-Year Fund (匠心一年持有期基金), which was tailor-made through cooperation with Rosefinch Fund reached RMB2,364 million, breaking several agency sales records.

The following table sets forth the type and amount of all the financial products the Group distributed during the periods indicated, including over-the-counter (OTC) products:

(in RMB million)	January – December 2020	January – December 2019
Publicly offered funds	**166,267**	104,841
Collective asset management products	**0**	86
Trust schemes	**3,477**	3,116
Private equity investment fund products	**3,547**	422
Other financial products	**8,610**	25,403
Total	**181,901**	133,868

The Company developed the innovative service model for high net worth customer and carried out private wealth management business. During the Reporting Period, the Company focused on customer stratification management, completed the preparation for the establishment of private wealth management centers in Shanghai and Hangzhou, officially launched the private wealth management services for high net worth customers, and provided high net worth customers with personalized comprehensive financial services such as financial planning, asset management, advisory and consulting, and family property inheritance to enhance the service stickiness and contribution of high net worth customers.

The Company focused on developing institutional business. On the one hand, the Company confirmed the positioning of institutional brokerage business with focus on quantitative trading, provided clients with a series of optimized supporting services from strategy formulation to trade execution and software and hardware configuration, and established a good reputation among key client groups of publicly offered fund, trust, banking, insurance and quantitative private equity businesses, and has become one of the major brokers in quantitative trading. On the other hand, with the two-way opening of the financial market, the Company focused on serving foreign institutions to meet their needs for information, investment research and trading matching, and has successfully secured WFOE clients such as BlackRock, William O'Neal, Aberdeen Standard, Neuberger Berman and Himalaya Capital.

For Internet finance, during the Reporting Period, with the support of data analysis and financial technology, the Company continued to optimize the unified mobile portal Oriental Winners APP to enable online sales of high-end products in all categories, thereby facilitating customers' asset allocation and the Company's wealth management transformation. The Company launched the intelligent information service and upgraded the "Orient Tianji" intelligent service system to match the personalized needs of customers, which continuously improved the level of customer satisfaction. It also developed multiple professional service mobile terminals such as Oriental Winner Options and Oriental Private Banking to provide professional services for customers in options and global asset allocation. As of the end of the Reporting Period, the Company had more than 550,000 active brokerage customers on the Internet and mobile phone platforms with stock and fund trading volume of RMB4.17 trillion during the Reporting Period. The number of customers trading through the Internet and mobile terminals accounts for 98% of the total number of customers, the online transaction amount accounts for 85% of the total, and the number of newly opened online accounts takes up for 99% of all accounts opened in the same period.

During the Reporting Period, the Company was honored as the "National Investment and Education Base (國家級投教基地)" by the CSRC, and was awarded the "All-round Securities Broker Junding Award (全能證券經紀商君鼎奬)", "Retail Securities Broker Junding Award (零售證券經紀商君鼎奬)" and "Securities Broker Team Junding Award (證券經紀人團隊君鼎奬)" in the PRC by Securities Times in 2020, and the "Securities Firm of the Year with Best Comprehensive Strength in Wealth Management (年度最具財富管理綜合實力券商)" under the 2020 Jinding Awards by National Business Daily. Oriental Winners APP was awarded the "Comprehensive Service APP Junding Award (綜合服務APP君鼎奬)" and "Wealth Management Service APP Junding Award (理財服務APP君鼎奬)" under the 2020 China Securities Industry Awards by Securities Times.

Development plan and outlook

In the future, the Company will boost its business vitality and potential through talent system, remuneration package, performance appraisal and other in-depth reform measures; firmly promote wealth management transformation and actively grasp opportunities from industry development and favourable policies to improve model advantages and brand value; promote private wealth management business, explore and implement ultra-high net worth customer service model; optimize institutional service system and expand the scope of cooperation; improve the buyside investment consultation and operation capacity and training system, so as to increase the comprehensive business income; strengthen the application of financial technology, optimize the construction of service platforms and establish the customer stratification management and service system, thereby facilitating the digital and intelligent transformation and development of wealth management business.

Futures brokerage

The Company engages in futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company.

Market environment

In 2020, the international environment became increasingly complex due to the impact of the COVID-19 pandemic which intensified the volatility of the prices of bulk commodities and financial assets around the world. As a result, the risk management function of the futures market has become increasingly prominent, which boosted the rapid development of the market and accelerated the launch of new products. The number of derivatives in the whole market exceeded 90, and the size of customers' equity reached a record high of nearly RMB900 billion.

Operation initiatives and business development

During the Reporting Period, following the market development, the scale of deposits of Orient Futures reached a new high, its rating returned to Grade AA of Class A, and over ten business lines gradually achieved results. As of the end of the Reporting Period, the scale of interests of the Company's customers exceeded RMB40 billion, representing a year-on-year increase of 77.8%, the number of new institutional customers increased by 31.9% year-on-year, the scale of interests of institutional customers increased by 86.3% year-on-year, which accounted for 85% of the total interests of customers, and the market share and trading volume remained first in the industry. The scale of asset management business exceeded RMB10 billion, the sales of financial products increased steadily, the total amount of sales of publicly offered and private equity products increased by 151% as compared to the same period of last year, and the Oriental Winners Futures APP ranked among the top in the industry in terms of number of monthly active users.

According to the trading volume ranking data published on the official websites of the five major futures exchanges in China, Orient Futures topped the list with trading volume of 1.156 billion lots in 2020, representing a significant year-on-year increase of 69.8%, making it the only futures company in China with trading volume of over 1 billion lots. This result was attributable to the advantages accumulated by Orient Futures over the years through its dual core competitiveness of technology and research as well as its industry leading information technology system and research strength. Through years of operation and development of institution business, its brand image has been established and recognized gradually. During the Reporting Period, Orient Derivatives Research Institute completed the development of the integrated financial derivatives data management system and obtained computer software copyright. Meanwhile, in order to develop the Company's financial technology strength, Orient Futures made investment in Hangzhou Shuxing Technology Co., Ltd. in 2020 to provide further services to customers with excellent technologies in big data mining and analysis.

Orient Futures carries out risk management business through Orient Securities Runhe, a wholly-owned subsidiary of Orient Futures to facilitate enterprises to manage operating price risks through warehouse receipt services, basis trade and OTC options in futures and spot markets. As of the end of the Reporting Period, Orient Securities Runhe obtained a total of 28 market-making qualifications for futures and options, including market-making for 21 futures and 7 options, and all such options ranked among the top three in Shanghai Futures Exchange in terms of market-making quality. During the Reporting Period, Orient Futures has completed the testing of spot trading business management system and OTC derivatives business management system.

During the Reporting Period, Orient Futures won the Outstanding Member Award granted by Shanghai Futures Exchange, Shanghai International Energy Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and other institutions, and was awarded the "2020 Outstanding Futures Company in China – Junding Award (2020中國優秀期貨公司君鼎獎)" by Securities Times, the "Most Favored Futures Company (最受險資歡迎期貨公司)" recommended by IAMAC, the "Best Futures Company in China" by the 2020 China Futures Innovation and Development Forum and other awards.

Development plan and outlook

In the future, the futures market is expected to keep launching new products, the development characteristics of institutionalization of investors, diversification of business and acceleration of internationalization will become more and more prominent, and the overall ability of the market to serve the real economy will be further enhanced. Orient Futures will adhere to the idea of sound and stable operation and innovative development, follow the guideline of promoting the derivatives development with financial technology, build the two core competitive advantages of research and technology by leveraging financial technologies such as big data, cloud computing, artificial intelligence and block-chain, and move forward towards becoming a first-class derivative service provider by adopting the market-oriented, internationalized and collectivized development approach.

Securities financing

Market environment

The comprehensive in-depth reform of the capital market and favourable policies, coupled with monetary easing and significant increase in market activity, has brought new development opportunities for the margin financing and securities lending business. As of the end of the Reporting Period, the balance of margin financing and securities lending of the whole market totaled RMB1,619.008 billion, representing an increase of 58.84% over the beginning of the year, in which the balance of securities lending increased significantly from RMB13.780 billion at the beginning of the year to RMB136.984 billion, representing an increase of nearly 900%.

During the Reporting Period, the market-wide balance of collateralized stock financing steadily contracted due to factors such as continued strict regulation, accelerated market liquidation under the new delisting regulations and restricted business liquidity under the new regulations on shareholding reduction. According to the statistics of Securities Association of China, as of the end of the Reporting Period, the scale of collateralized stock with proprietary funds in the whole market amounted to RMB300.921 billion, a decrease of 30.2% from the beginning of the year.

Operation initiatives and business development

In terms of the margin financing and securities lending business, the Company actively seized the opportunities to adjust and optimize the business structure and refine business management, leading to significant increase in business scale throughout the year. As of the end of the Reporting Period, the balance of margin financing and securities lending of the Company reached RMB22.564 billion, representing an increase of 75.56% as compared with the beginning of the year, which was 17 percentage points higher than the market growth, the market share increased from 1.26% at the beginning of the year to 1.39%, and the guarantee maintenance ratio remained higher than the market average level. In particular, the balance of margin financing amounted to RMB20.672 billion, an increase of 63.36% over the beginning of the year, and the balance of securities lending amounted to RMB1.892 billion, an increase of 855.56% over the beginning of the year. The Company actively expanded the source of securities for securities financing and developed good cooperative relationship with publicly offered funds, other securities firms, group entities, shareholder entities and other institutions.

In terms of the collateralized stock business, the Company adhered to the keynote of "risk control and scale reduction" and continued to carry out clearing up and risk mitigation. As of the end of the Reporting Period, the balance of the Company's collateralized stock business amounted to RMB15.362 billion, all of which were contributed with proprietary funds, and the business scale reduced by over RMB5 billion throughout the year with the risks effectively released.

Development plan and outlook

In the future, the Company will seize the opportunities from the comprehensive in-depth reform of the capital market and actively develop its advantageous business. On the one hand, it will create new profit points and development advantages in margin financing and securities lending business by expanding the reserve of high-quality securities, optimizing the client structure and improving the layered service system. On the other hand, it will strengthen the risk awareness in business development and further improve the risk management level to facilitate steady business growth.

Other business

OTC business

In 2020, given the intensified market volatility, prevention of systemic financial risks remained as the keynote of regulation throughout the year. In the OTC market, under the uncertain market environment, the focus of regulation continued to fall on risk prevention and control, thus imposing significant restriction on business scope and product type.

The Company's OTC business closely followed the changes in regulatory policies and market environment and fully utilized the functional advantages of OTC market platform to empower the wealth management business of the Company. During the Reporting Period, the Company deepened product research, enriched and optimized the OTC product system and strengthened product selection and risk tracking; expanded and strengthened the trading business to serve and meet multi-level needs of customers; leveraged the functions of OTC market, deepened system construction, and strengthened intra-group cooperation and the services of sales branches. During the Reporting Period, the cumulative total amount of the Company's OTC business amounted to RMB44.752 billion, of which the scale of issuance and sales (including subscription) reached RMB43.097 billion, representing an increase of 49.22% year-on-year; and the transaction business totaled RMB422 million, up 85.09% year-on-year. Meanwhile, the Company developed its OTC business based on OTC platform and actively facilitated the incubation of business innovation, including implementing the employee stock ownership plan and exploring new wealth management products.

Looking forward, by adhering to the "middle platform strategy" of "consolidating foundation, strengthening middle platform and constructing an ecosystem", the Company's OTC business will strengthen middle platform product management, deepen group collaboration and support the wealth management business.

Custody business

During the Reporting Period, the asset management industry achieved steady progress with continuous growth in total size of publicly offered funds and private equity funds, which was beneficial to the development of custody industry. At the same time, the CSRC approved the qualification of several domestic and foreign institutions to carry out publicly offered fund custody business, increasing the number of institutions qualified for public fund custody to 56, which intensified the industry competition and led to more prominent Matthew effect.

During the Reporting Period, the Company continued to promote the construction of the "smart custody" operational management and service system, effectively enriched the content of customer services and enhanced operational efficiency; further strengthened the services for key customers, and established a variety of service systems for publicly offered funds, inter-bank bond trading, trust outsourcing, futures asset management and quantitative private equity, thereby supporting both custodian and brokerage settlement modes for custody products. During the Reporting Period, the Company's business scale, product quantity and customer base increased by 68.00%, 44.58% and 23.97%. respectively, reaching a new level of business development. During the Reporting Period, the Company was awarded the "Best Private Equity Fund Service Organization in 2019 (2019年度最佳私募基金服務機構)" by Shanghai Equity Investment Association and the "2020 Most Influential Securities Firm for Custody Service (2020年度最具影響力託管券商)" under the 2020 China Jinding Award by National Business Daily.

In the future, with a customer-oriented approach, the Company will strengthen system construction, optimize service processes, enhance its brand value and deepen group collaboration in order to provide more integrated, comprehensive and high-quality services to institutional customers.

(4) Investment Banking

The Company mainly engages in investment banking business through Orient Investment Banking, a wholly-owned subsidiary of the Company, and the Fixed Income Business Department. The principal businesses of Orient Investment Banking are stocks and corporate bonds underwriting and sponsoring, enterprise bonds and asset-backed securities underwriting, financial advisory services relating to M&A and restructuring, listing on NEEQ and enterprise reform. The Fixed Income Business Department is principally engaged in underwriting services for treasury bonds and financial bonds. During the Reporting Period, investment banking business realized segment revenue and other income of RMB1.695 billion, accounting for 5.96% of the total income.

Stock underwriting

Market environment

During the Reporting Period, the implementation of the new Securities Law brought new opportunities for the equity capital market. The registration system of Sci-Tech Innovation Board became more mature, the registration system of ChiNext was officially implemented, and the new regulations on refinancing brought more opportunities to business entities for financing in capital market. According to the date of Wind, the overall size of IPO financing amounted to RMB469.963 billion in 2020 with 396 newly listed companies, representing a significant year-on-year increase of 95.07%. The size of financing through issuance of additional shares (including asset portion) amounted to RMB832.762 billion with 361 issuers, representing a year-on-year increase of 43.82%.

Operation initiatives and business development

In 2020, Citi Orient Securities Co., Ltd. ("Citi Orient") completed the change of its shareholding and changed its name to Orient Investment Banking, and became a wholly-owned subsidiary of DFZQ. During the Reporting Period, Orient Investment Banking seized the good opportunities from the implementation of registration system of Sci-Tech Innovation Board and ChiNext, leveraged the experience from years of operation and development of Sino-foreign joint venture, and fully utilized the Group's resource advantages, thereby quickly achieving good results in IPO and other sectors. During the Reporting Period, Orient Investment Banking completed 21 equity financing projects, representing a year-on-year increase of 90.91%, with lead underwriting amount of RMB17.082 billion, representing a year-on-year increase of 57.04%.

The Company participated in 11 IPO projects as underwriter, representing a year-on-year increase of 266.67%, with total underwriting amount of RMB10.235 billion, representing a year-on-year increase of over 500%. Flagship projects with market influence such as CICC, Sanyou Medical and Lion Electronics were widely recognized by the industry, and the number of projects in reserve and filed for Sci-Tech Innovation Board and ChiNext also showed good growth momentum. For secondary offering, the Company participated in ten refinancing projects in 2020 with underwriting amount of RMB6.847 billion, including several representative projects such as Bank of Ningbo, Wingtech Technology and Joyson Electronics.

Moreover, Orient Investment Banking strictly implemented quality control and risk control on the projects. In 2020, 16 IPO projects sponsored by the Company passed the administrative review, with an approval rate of 100%, of which 15 projects passed the administrative review in the second half of the year, and there was no cancellation of review or suspension of voting, making it one of the only five sponsors with over 15 reviewed projects that met the above conditions.

During the Reporting Period, Orient Investment Banking won the "2020 China Growth Enterprise Market Investment Bank Junding Award (2020中國區創業板投行君鼎奬), the "2020 China Asset Securitization Team Junding Award (2020中國區資產證券化團隊君鼎奬)" and the "2020 China Growth Enterprise Market Project Junding Award (for Pharmaron IPO Project) (2020中國區創業板項目君鼎奬 (康龍化成IPO項目))" by Securities Times and the "2020 Top 10 Up-and-Coming Investment Bank" by China Business Network.

The table below sets forth the breakdown of equity financing transactions with the Company acting as lead underwriter:

(in RMB million)	January – December 2020	January – December 2019
IPO:		
Number of issuance	**11**	3
Amount underwritten as lead underwriter	**10,234.94**	1,584.48
Secondary offering:		
Number of issuance	**10**	8
Amount underwritten as lead underwriter	**6,847.14**	9,293.07
Total:		
Number of issuance	**21**	11
Amount underwritten as lead underwriter	**17,082.08**	10,877.55

Development plan and outlook

In 2021, Orient Investment Banking will actively grasp the opportunities from the market and policies to help more business entities to get access to direct financing channels; diligently implement the requirements of relevant rules, effectively fulfill the responsibilities as an intermediary, perform the function of "gatekeeper" of the capital market, and contribute to facilitating the high-quality development of the whole industry. Moreover, in response to the reform of registration system, Orient Investment Banking will strengthen the building of dedicated teams for pharmaceutical and medical, Internet services, electronics, high-end equipment manufacturing and other relevant industries, thereby developing industry-based customer coverage and project execution capabilities and promoting cooperation with primary and secondary resources of DFZQ.

Bond underwriting

Market environment

In 2020, affected by the pandemic of COVID-19, the global economy experienced downturn which led to accommodative monetary policies, and the yield of China's 10-year treasury bond hit a 10-year low before a V-shaped reversal. In this context, the overall yield of the bond market showed a V-shaped pattern in 2020. In particular, from January to April 2020, more accommodative monetary policies were implemented to hedge against the impact of the pandemic, leading to continuous decrease in bond yield; as the monetary policies gradually returned to neutral position in May 2020, the bond market experienced a bull-to-bear transition during which the yield of credit bonds generally followed the fluctuation of market liquidity, and the "Yongcheng Coal Default" at the end of the year drove down the market sentiment, significantly widening the credit spread which was still in repairing process.

In the primary market, the size of bond issuance increased significantly with a total of RMB56.80 trillion of bonds issued in 2020, representing a year-on-year increase of 25%, and a total of RMB19.06 trillion of credit bonds were issued, representing an increase of 28%. Affected by the fiscal deficit, the growth rate of interest rate bonds issued in 2020 far exceeded that of last year with a total of RMB7 trillion of treasury bonds issued during the year, including RMB1 trillion of special treasury bonds for combating the pandemic of COVID-19.

Operation initiatives and business development

During the Reporting Period, the Company conducted 184 lead underwriting projects, with a total underwritten amount of RMB132.202 billion.

During the Reporting Period, Orient Investment Banking put great efforts in recruiting underwriting talents for its bond business, adopted the business strategy of further developing the advantageous areas and strengthening the cultivation in new areas, and achieved growth in scale and income of bond underwriting business. It also provided services to more high-quality customers, including Pudong Development Bank, Bank of Communications, Shanghai Land, Shanghai State-owned Assets Management, AVIC Leasing, Zhuhai Huafa and Xiamen Port Holdings, underwrote the first tourism-specific corporate bond in the market, and successfully issued REITS, RMBS, pandemic prevention and control bonds and other innovative bonds to fully support the development of real economy. In 2020, despite the increase in default cases in the bond market, Orient Investment Banking maintained "zero default" in bond underwriting projects. During the Reporting Period, Orient Investment Banking won the "Sponsoring and Underwriting Service Award" in the member appraisal campaign of Shanghai Stock Exchange.

During the Reporting Period, the Company's sales of interest rate bonds continued to consolidate its advantages in the industry, and the credit bond distribution business achieved steady progress. Book-entry treasury bond underwriting, CDB financial bond underwriting and Agricultural Development Bank financial bond underwriting stood among the top two brokers in the industry. The Company also actively participated in the underwriting of local government bonds, and continued to rank second in the industry in terms of underwriting amount of local government bonds on SSE and Shenzhen Stock Exchange. The Company was awarded the "Outstanding Underwriter" and "Non-bank Underwriter of Local Government Bonds with Outstanding Contribution" in the China bond market by China Central Depository and Clearing Co., Ltd.; the "Outstanding Underwriter in Interbank Market" and "Outstanding Underwriter in Stock Exchanges" in financial bonds underwriting category by China Development Bank; the "Outstanding Underwriter" in financial bond category and "outstanding Underwriter of Financial Bonds in Stock Exchanges" by Agricultural Development Bank of China.

In 2020, the debt financing instruments underwritten by the Company as lead underwriter amounted to RMB27.549 billion, representing a year-on-year increase of 80%. In 2020, the Company ranked 10th in the industry for its debt financing business. In particular, the Company achieved good results in underwriting of poverty alleviation notes, green debt financing instruments and asset-backed commercial paper, which ranked 4th, 5th and 6th among the securities firms. The Company's debt financing business also won the "2020 China Bond Financing Team Junding Award (2020年中國區債券融資團隊君鼎獎)" and "2020 China Bond Project Junding Award (2020年中國區債券項目君鼎獎)".

The table below sets forth the breakdown of bonds underwritten by the Company as lead underwriter:

(in RMB million)	January – December 2020	January – December 2019
Corporate debentures:		
Number of underwriting as lead underwriter	**86**	44
Amount underwritten as lead underwriter	**65,681**	35,271
Corporate bonds:		
Number of underwriting as lead underwriter	**11**	15
Amount underwritten as lead underwriter	**7,573**	9,400
Financial bonds:		
Number of underwriting as lead underwriter	**17**	23
Amount underwritten as lead underwriter	**24,903**	13,710
Asset-backed securities:		
Number of underwriting as lead underwriter	**14**	14
Amount underwritten as lead underwriter	**7,170**	14,745
Debt financing instruments of non-financial enterprises:		
Number of underwriting as lead underwriter	**56**	33
Amount underwritten as lead underwriter	**26,875**	14,452
Total:		
Number of underwriting as lead underwriter	**184**	129
Amount underwritten as lead underwriter	**132,202**	87,578

Development plan and outlook

In the future, the Company will seize the strategic opportunities from capital market reform and development and the construction of an international financial center in Shanghai, adhere to the business strategy of "growth stabilization, risk control and reform promotion", and strive to secure a leading position in terms of bond underwriting scale.

To deepen group collaboration, the Company will further consolidate the intra-group cooperation, leverage the Group's license resources and extensive branch network to create synergy and secure more customers, thereby increasing the scale and income of underwriting of corporate debentures, corporate bonds, ABS, USD bonds, financial bonds, non-financial corporate debt financing instruments and other products.

The Company will strengthen the innovation of bond varieties, and increase its efforts in developing innovative products such as special corporate bonds, fund bonds, public REITs and the business of transformation from non-standard assets to standard assets in order to increase the underwriting scale of innovative bonds.

To strengthen regional development and innovative service, the Company will make full use of the existing government resources in each region of the bond business, leverage the Group's strengths to strengthen regional development, and serve local governments and state-owned enterprises by providing innovative, diversified and comprehensive products including bonds, equity, asset management, direct investment and funds in order to increase income sources and scale.

Financial advisory services

Market environment

In 2020, the M&A and restructuring business generally showed a trend of low passing rate and tightening requirements of administrative review. In particular, various travel restrictions and quarantine policies caused by the pandemic made the execution of cross-border M&A projects more difficult, and the business performance dampened by the pandemic also affected enterprises' ability and willingness to carry out M&A, thus increasing the uncertainty of the transactions.

Operation initiatives and business development

In 2020, Orient Investment Banking carried out M&A business in an orderly manner, and completed four merger and asset reorganization projects with total amount of approximately RMB2,724,363,000. The Company completed three merger and reorganization projects subject to administrative review (Bosun, Ninestar and Shanghai Phoenix) and one cross-border acquisition project (acquisition of 80% equity interest in ficonTEC by Feikong Taike). Orient Investment Banking has outstanding execution capability as an independent financial advisor in M&A and restructuring transactions that are subject to administrative review, and continued to maintain a 100% passing rate for its M&A and restructuring projects in 2020, ranking 7th in the industry in terms of number of projects passing administrative review and 13th in the industry in terms of amount of such projects.

Development plan and outlook

In the future, Orient Investment Banking will focus on leading enterprises with advantages in communications and semiconductors, advanced manufacturing, automotive, medical and consumer products sectors, attach importance to internal collaboration within the Group and actively pursuing potential M&A projects. At the same time, in view of the scarcity of high-quality targets and high premiums in China, Orient Investment Banking will proactively encourage buyers to look for overseas targets and put great efforts in developing cross-border M&A business.

(5) Headquarters and Others

Headquarters and others business of the Company mainly include the headquarters' treasury business, overseas business and financial technology business. During the Reporting Period, the headquarters and others business realized segment revenue and other income of RMB2.900 billion, accounting for 10.20% of the total.

Treasury business

Market environment

In 2020, the monetary market of China was in a counter-cyclical adjustment phase for "growth stabilization" in the first half of the year, and subsequently shifted to margin tightening of total liquidity and stable and neutral phase for "precise guidance". As a result of the margin tightening of policies, the liquidity stratification began to emerge as reflected in the repurchase interest rate. Credit bond defaults further divided the liquidity between banks and non-bank institutions, posing a greater challenge for liquidity management of securities firms.

Operation initiatives and business development

During the Reporting Period, the Company continued to optimize the reserve asset structure to enhance the safety margin of liquidity with the goal of improving the liquidity risk management system and strengthening the refine management of financing, thereby achieving an effective unity of capital safety, liquidity and profitability. Amid the intensified fluctuation in the monetary market, the Company managed to stabilize its capital to ensure that liquidity indicators continue to meet regulatory requirements. As of the end of the Reporting Period, the liquidity coverage ratio and net stable capital ratio of the Parent Company were 245.56% and 151.06%, respectively, much higher than the regulatory warning line of 120%.

Development plan and outlook

In the future, the Company will continue to improve the liquidity management system, optimize internal fund transfer pricing, and strengthen the overall liquidity management framework of the Group. It will also steadily promote the centralized and overall management of corporate debt financing tools, continuously improve the debt structure and focus on both safety margin of liquidity and economic benefits.

Overseas business

Market environment

In 2020, in the complex and ever-changing international political and economic situation, the Hong Kong financial market was impacted by the combined effects of the COVID-19 pandemic, the oil price disputes, the China-United States trade war and other factors, which weighed down the Hang Seng Index by 3% during the year and caused significant impact on market sentiment and business operation.

Operation initiatives and business development

The Company engages in overseas business through Orient Finance Holdings and Orient Securities International, wholly-owned subsidiaries of the Company, and their subsidiaries. In particular, as the Group's international business platform, Orient Securities International conducts securities brokerage, futures brokerage, asset management, investment banking, margin financing and securities lending and other businesses through wholly-owned subsidiaries licensed by the SFC. In face of the complex external environment, Orient Securities International steadily carried out business operation and management, effectively prevented and resolved major risks, stabilized its fundamentals, and enhanced its capital strength, thereby further consolidating the foundation for long-term development of its international business.

For brokerage business, Orient Securities International launched the Orient Global Fortune APP, facilitated the transformation of wealth management with financial technology, and basically established the "Trinity" institutional trading ecosystem. As of the end of the Reporting Period, the total number of customers exceeded 230,000, representing a year-on-year increase of 760%, and ranked 26th on the Hong Kong Stock Exchange. For asset management business, Orient Securities International developed diverse product lines and hit a new high in terms of management scale. As of the end of the Reporting Period, the total size of assets under management of the Company amounted to approximately RMB14.6 billion, standing among the top three China-based securities firms with operation in Hong Kong and representing a year-on-year increase of approximately 51%. During the Reporting Period, the Company successfully launched the first product under Dong Fang Hong Mingye Equity Fund and completed the first round of fund raising, continuously strengthening the presence of the Dong Fang Hong brand in overseas market. For fixed income business, through strict risk management and active market operations, Orient Securities International effectively resolved the liquidity crisis in international financial market at the beginning of the year and steadily improved investment returns. During the Reporting Period, Orient Securities International gradually improved the strength of its investment banking business, and ranked third among China-based securities firms with operation in Hong Kong in terms of underwriting amount of high-yield USD bonds issued by China-based companies, and participated in the Hong Kong listing of GDS and the IPO of Tigermed.

During the Reporting Period, Orient Securities International won the "Best China-based Securities Firm" under the 10th China Securities Golden Bauhinia Awards, the "Best Investment Institution of G3 Bonds in Asia" by the "The Asset" and other awards. "Dong Fang Hong Profit Increment Fund" won the "Best Offshore RMB Fund (5-Year) Award" by Insight & Mandate. In the 2020 Offshore China Fund Awards organized by Bloomberg and China Asset Management Association of Hong Kong, "Global Superior Choice Series Fund One SP" was awarded the "Winner of Best Total Return – Greater China Equity (1 Year)", and "Bosera-Orient Sun Rise Greater China Bond Fund" was awarded the "1st Runner-up of Best Total Return – Greater China Fixed Income (1 Year)"

Development plan and outlook

In the future, by adhering to the general keynote of stabilizing growth, controlling risks, bolstering areas of weakness and promoting reforms, Orient Securities International will expand and strengthen its advantageous businesses, focus on developing potential businesses and improve areas of weakness. It will also maintain the advantage of buyside business, expand the scale of asset management, accelerate the wealth management transformation of brokerage business, and enrich the "trinity" institutional trading ecosystem; strengthen the close collaboration between direct investment, investment banking and equity capital market, strengthen the sellside bond financing business, and improve the investment banking business chain; expand the business in note market, and explore market making and strategic trading businesses.

Financial technology

Market environment

"Finance + Technology" has transformed from a technological revolution to a strategic engine that drives high-quality business development and systematic services, and has become a key tool to enhance the core competitiveness of securities firms through digital transformation and technology driven approach. Currently, securities firms are actively responding to the wave of financial technology to seize the opportunities of a new era by leveraging their own advantages to promote fintech-empowered business development and deepen digital transformation.

Operation initiatives and business development

The Company attaches great importance to the layout in the field of financial technology, and leverages cloud computing, big data and artificial intelligence to extend the digital integrated financial service experience to all customers and employees, so as to cover all business needs such as customer service, investment decision-making and risk control decision-making.

The Company actively promotes the independent research and development of financial technology products to enhance its core competitiveness in all aspects. During the Reporting Period, the Company introduced the brand of Dong Fang Rui series and launched a new generation of distributed high-speed institutional trading system, and recorded significant increase in number of users and trading volume; independently developed the Super Investment Management Platform, and continuously expanded the scope of business access and application; continued to optimize the Orient Winners APP and achieved great results in facilitating product sales, wealth management transformation and consolidation of basic services; developed and improved the Orient Business Platform to promote the digital transformation of business branches; created the DFZQ artificial intelligence platform – Orient Brain, and built an overall structure comprising the AI foundation platform, the middle platform and the application layer to support the intelligent transformation of business operation.

The Company explored and carried out digital transformation by applying financial technology to all business lines. It continued to build several competence centers, established the financial data middle platform, facilitated the construction of a group-level risk control system, and launched the IT digital management project to promote the implementation of digital transformation. It also launched the intelligent operation collaboration platform, the "Operation Cloud" platform and the intelligent fund settlement platform to further strengthen the application of big data in business operation.

During the Reporting Period, the Company won the Shanghai High-tech Achievement Transformation Award in 2020 for its development achievements in artificial intelligence and arbitrage system, the project of "Abnormal Securities Transaction Monitoring and Identification" was awarded the first prize of the 2019 Securities and Futures Industry Financial Technology Research and Development Center (Shenzhen), "A New Generation of Institutional Trading Service Platform based on Distributed Architecture" won the third prize under the 7th Securities and Futures Science and Technology Awards, and the "FICC Business Intelligent Trading Platform" won the award of excellence under the 7th Securities and Futures Science and Technology Awards.

Development plan and outlook

In the future, the Company will continue to increase its efforts in financial technology innovation and strengthen its abilities in artificial intelligence and other innovative technologies to support the Company's digital and intelligent applications; put more efforts into independent research and development to form the dual drivers of technology and business with deep integration; continuously carry out data management, build a group-level data center and promote the construction of the Group's risk control system; facilitate IT digital management, implement a shared middle platform and promote structural transformation; build a smart operation and maintenance system and develop the capability of integrated information security protection.

(ii) Major items in consolidated statement of profit or loss

1. Revenue and other income

During the Reporting Period, the Group realized revenue and other income of RMB27.647 billion, up by RMB3.296 billion or 13.54% over the same period of last year. The change in revenue and other income was mainly attributable to the year-on-year increase in revenue from main businesses of proprietary trading of securities, securities brokerage, asset management and investment banking as well as the investment income from China Universal. Details were as follows:

Commission and fee income amounted to RMB7.954 billion, accounting for 28.77% of the total and representing an increase of 57.48%, which was primarily attributable to the increase in fee income from brokerage business, asset management business and investment banking business of the Company.

Interest income amounted to RMB5.538 billion, accounting for 20.03% of the total and representing a decrease of 9.00%, which was primarily attributable to the decrease in interest income from collateralized stock repurchase.

Net investment gains amounted to RMB5.175 billion, accounting for 18.72% of the total and representing an increase of 37.62%, which was primarily attributable to the increase in gains from disposal of financial assets at fair value through profit or loss and gains from change in fair value of financial liabilities at fair value through profit or loss.

Other revenue and income amounted to RMB8.980 billion, accounting for 32.48% of the total and representing a decrease of 5.01%, which was primarily attributable to the decrease in revenue from sales of bulk commodity business of subsidiaries.

Components of the Group's revenue and other income for the Reporting Period are set out below:

Unit: '000 Currency: RMB

Items	2020		2019		Changes	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Commission and fee income	**7,953,858**	**28.77%**	5,050,674	20.74%	2,903,184	57.48%
Interest income	**5,538,183**	**20.03%**	6,086,095	24.99%	(547,912)	-9.00%
Net investment gains	**5,175,065**	**18.72%**	3,760,362	15.44%	1,414,703	37.62%
Other income and gains	**8,979,880**	**32.48%**	9,453,390	38.83%	(473,510)	-5.01%
Total revenue and other income	**27,646,986**	**100.00%**	24,350,521	100.00%	3,296,465	13.54%

2. *Total expenses*

During the Reporting Period, total expenses of the Group reached RMB26.073 billion, up by RMB3.986 billion or 18.05% year-on-year, which was mainly attributable to the increase in revenue which led to corresponding increase in major operating costs related to revenue; and the increase in provision for impairment after the Company prudently assessed the expected credit risks of collateralized stock projects. Details were as follows:

Staff costs were RMB5.063 billion, up by 38.54%, which was mainly attributable to the increase in accrued salary expenses related to business income.

Interest expenses were RMB4.759 billion, down by 8.39%, which was mainly attributable to the decrease in payment of interest expense of financial assets sold under repurchase agreements.

Commission and fee expenses were RMB832 million, up by 55.57%, which was mainly attributable to an increase in fee expenses from agency securities sales business.

Depreciation and amortization expenses were RMB662 million, up by 19.41%, which was mainly attributable to the increase in depreciation of fixed assets and right-of-use assets and amortization of intangible assets.

Other expenses, including operation expenses, and tax and surcharges, were totally RMB10.871 billion, down by 2.09%, which was mainly attributable to the decrease in sales cost of bulk commodities trading conducted by subsidiaries.

Impairment losses were RMB3.885 billion, representing an increase of 271.98%, which was mainly attributable to an increase in expected credit impairment loss accrued for stock pledge repurchase business.

The components of total expenses of the Group during the Reporting Period are set out as follows:

Unit: '000 Currency: RMB

Items	2020	2019	Changes Amount	Changes Percentage
Staff costs	**5,062,944**	3,654,584	1,408,360	38.54%
Interest expenses	**4,759,411**	5,195,473	(436,062)	-8.39%
Commission and fee expenses	**832,327**	535,011	297,316	55.57%
Depreciation and amortization	**662,189**	554,535	107,654	19.41%
Other expenses	**10,871,077**	11,102,999	(231,922)	-2.09%
Impairment losses	**3,885,132**	1,044,458	2,840,674	271.98%
Total	**26,073,080**	22,087,060	3,986,020	18.05%

3. *Research and development investment*

Unit: '000 Currency: RMB

Expenses of research and development investment of current period	288,363
Capitalized research and development investment of current period	94,739
Total research and development investment	383,102
Percentage of research and development investment of revenue and other income (%)	1.39
Number of research and development staff	215
Percentage of staff of research and development of the total number of staff of the Company (%)	3.39
Percentage of capitalized research and development investment (%)	24.73

4. *Contribution to social welfare*

In 2020, the Group invested a total of RMB35.1169 million in charitable donations and other public welfare activities.

5. *Cash flow*

During the Reporting Period, the Company recorded RMB1.189 billion net decrease in cash and cash equivalents, including:

(1) Net cash from operating activities amounted to RMB1.714 billion, which was mainly attributable to:

i. RMB26.463 billion of net cash inflow was attributable to increase in account payables to brokerage clients;

ii. RMB5.473 billion of net cash inflow was attributable to profit before income tax;

iii. RMB2.153 billion of net cash inflow was attributable to increase in financial liabilities at fair value through profit or loss and derivative financial liabilities;

iv. RMB26.393 billion of net cash outflow was attributable to increase in restricted cash or cash held on behalf of clients and clearing settlement funds.

(2) Net cash from investment activities was RMB3.462 billion, which was primarily attributable to net cash inflow of RMB3.853 billion as a result of receipt of investment dividend and interest.

(3) Net cash used in financing activities amounted to RMB6.366 billion, which was mainly attributable to

i. net cash outflow of RMB3.331 billion as a result of payment of interests of bonds, short-term payables and borrowings;

ii. net cash outflow of RMB1.170 billion as a result of issuance, borrowing and repayment of bonds, short-term financing bills payables and borrowings.

(iii) Analysis on principal components of consolidated statement of financial position

1. Overview of consolidated statement of financial position

As at the end of the Reporting Period, the Group achieved total assets of RMB291.117 billion, total liabilities of RMB230.886 billion and total equity of RMB60.231 billion. Analysis on items of consolidated statement of financial position is set out below:

Unit: '000 Currency: RMB

Items	As of the end of 2020	Proportion	As of the end of 2019	Proportion	Changes Amount	Changes Proportion
Total assets	**291,117,442**		262,971,442		28,146,000	**10.70%**
Cash and bank balances	**65,640,360**	22.56%	48,940,834	18.61%	16,699,526	34.12%
Clearing settlement funds	**21,516,357**	7.39%	13,243,654	5.04%	8,272,703	62.47%
Deposits with exchanges and non-bank financial institutions	**2,183,090**	0.75%	1,642,894	0.62%	540,196	32.88%
Derivative financial assets	**155,876**	0.05%	609,102	0.23%	(453,226)	-74.41%
Advance to financing customers	**21,171,919**	7.27%	13,214,262	5.02%	7,957,657	60.22%
Account receivables	**874,406**	0.30%	1,019,920	0.39%	(145,514)	-14.27%
Restricted bank deposits	**0**	0.00%	0	0.00%	0	N/A
Financial assets held under resale agreements	**14,460,425**	4.97%	24,206,542	9.21%	(9,746,117)	-40.26%
Financial assets at fair value through profit or loss	**72,701,117**	24.98%	66,901,093	25.44%	5,800,024	8.67%
Debt instruments at fair value through other comprehensive income	**62,645,975**	21.52%	64,895,563	24.68%	(2,249,588)	-3.47%

Unit: '000 Currency: RMB

Items	As of the end of 2020	Proportion	As of the end of 2019	Proportion	Changes Amount	Changes Proportion
Equity instruments at fair value through other comprehensive income	**10,936,458**	3.76%	10,832,873	4.12%	103,585	0.96%
Debt instruments at amortized cost	**6,243,897**	2.14%	7,193,554	2.74%	(949,657)	-13.20%
Deferred tax assets	**1,455,922**	0.50%	760,995	0.29%	694,927	91.32%
Investments in associates	**5,771,194**	1.98%	4,453,754	1.69%	1,317,440	29.58%
Right-of-use assets	**847,355**	0.29%	1,002,749	0.38%	(155,394)	-15.50%
Investment property	**40,461**	0.01%	30,071	0.01%	10,390	34.55%
Properties and equipment	**2,225,662**	0.76%	2,189,204	0.83%	36,458	1.67%
Other intangible assets	**215,313**	0.07%	168,519	0.06%	46,794	27.77%
Contractual assets	**1,742**	0.00%	0	0.00%	1,742	N/A
Contract cost	**0**	0.00%	0	0.00%	0	N/A
Goodwill	**32,135**	0.01%	32,135	0.01%	0	0.00%
Other account receivables, other receivables and prepayments	**1,997,778**	0.69%	1,633,724	0.62%	364,054	22.28%

Unit: '000 Currency: RMB

Items	As of the end of 2020	Proportion	As of the end of 2019	Proportion	Changes Amount	Changes Proportion
Total liabilities	**230,886,298**		208,959,805		21,926,493	10.49%
Due to banks and other financial institutions	**9,670,114**	4.19%	6,384,659	3.06%	3,285,455	51.46%
Short-term financing bills payables	**16,255,486**	7.04%	16,113,200	7.71%	142,286	0.88%
Account payables to brokerage clients	**66,642,671**	28.86%	40,179,178	19.23%	26,463,493	65.86%
Financial assets sold under repurchase agreements	**52,860,883**	22.89%	57,478,063	27.50%	(4,617,180)	-8.03%
Financial liabilities at fair value through profit or loss	**14,576,073**	6.31%	12,630,961	6.04%	1,945,112	15.40%
Derivative financial liabilities	**504,957**	0.22%	2,643,375	1.27%	(2,138,418)	-80.90%
Contractual liabilities	**404,124**	0.18%	208,114	0.10%	196,010	94.18%
Current tax liabilities	**570,867**	0.25%	161,569	0.08%	409,298	253.33%
Accrued staff cost	**2,608,009**	1.13%	1,601,086	0.77%	1,006,923	62.89%
Borrowings	**579,732**	0.25%	640,154	0.31%	(60,422)	-9.44%
Lease liabilities	**856,910**	0.37%	995,005	0.48%	(138,095)	-13.88%
Bond payables	**62,265,473**	26.97%	67,309,199	32.20%	(5,043,726)	-7.49%
Deferred tax liabilities	**20,179**	0.01%	19,031	0.01%	1,148	6.03%
Other account payables, other payables and accruals	**3,070,820**	1.33%	2,596,211	1.24%	474,609	18.28%
Total equity	**60,231,144**		54,011,637		6,219,507	11.52%

Note: Percentages for assets and liabilities refer to the share in total assets and the share in total liabilities respectively.

2. *Assets*

As at the end of the Reporting Period, the Group's total assets reached RMB291.117 billion, an increase of RMB28.146 billion or 10.70% from the end of last year, which was mainly attributable to an increase in bank balances, clearing settlement funds and advance to financing customers. In the Group's assets, currencies, clearing settlement funds, deposits with exchanges and non-bank financial institutions amounted to RMB89.340 billion, an increase of RMB25.512 billion from the end of last year, accounting for 30.69% of total assets. Financial investment and derivative financial assets amounted to RMB152.684 billion, an increase of RMB2.251 billion from the end of last year, accounting for 52.45% of total assets. Advance to financing customers, financial assets held under resale agreements and account receivables amounted to RMB36.506 billion, a decrease of RMB1.934 billion from the end of last year, accounting for 12.54% of total assets. Long-term equity investment, fixed assets and others amounted to RMB12.587 billion, an increase of RMB2.317 billion from the end of last year, accounting for 4.32% of total assets. During the Reporting Period, the Company maintained stable asset scale with rational structure and sufficient liquidity.

3. *Liabilities*

As at the end of the Reporting Period, the Group's total liabilities reached RMB230.886 billion, an increase of RMB21.926 billion or 10.49% from the end of last year. The gearing ratio, net of account payables to brokerage clients and funds payable to securities issuers, was 73.13%, a decrease of 2.62 percentage points from the end of last year. In the Group's liabilities, borrowings, short-term financing bills payables, funds due to banks and other financial institutions, bond payables and financial assets sold under repurchase agreements amounted to RMB141.632 billion, a decrease of RMB6.294 billion from the end of last year, accounting for 61.34% of total liabilities. Financial liabilities held for trading and derivative financial liabilities amounted to RMB15.081 billion, a decrease of RMB0.193 billion from the end of last year, accounting for 6.53% of total liabilities. Account payables to brokerage clients amounted to RMB66.643 billion, an increase of RMB26.463 billion from the end of last year, accounting for 28.86% of total liabilities. Accrued staff cost, current tax liabilities, contractual liabilities and others amounted to RMB7.530 billion, an increase of RMB1.950 billion from the end of previous year, accounting for 3.27% of total liabilities.

4. Borrowings and bond financing

As at the end of the Reporting Period, the Company's total borrowings and bond financing were RMB88.771 billion. Set out below is the breakdown of borrowings and bond financing of the Company as at the end of the Reporting Period:

Unit: '000 Currency: RMB

Items	As of the end of 2020	As of the end of 2019
Bond payables	**62,265,473**	67,309,199
Borrowings	**579,732**	640,154
Short-term financing bills payables	**16,255,486**	16,113,200
Due to banks and other financial institutions	**9,670,114**	6,384,659
Total	**88,770,805**	90,447,212

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 40, 41, 47 and 49 to the consolidated financial statements herein.

Except for the liabilities disclosed in this report, as at the end of the Reporting Period, the Company had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and finance lease commitment, guarantee or other material contingent liabilities.

(iv) Explanations on change in the scope of consolidation of the statements

1. As compared with the end of last year, the Group added eight entities into its scope of consolidation, which included three, three and two structured entities newly consolidated by Orient Securities Capital Investment, Orient Securities Innovation Investment and Orient Finance Holdings, respectively.

2. As compared with the end of last year, the Group did not exclude any entities from its scope of consolidation during the year.

(v) Analysis on industrial operations

1. *New establishment and disposal of the Company's securities branches and subsidiaries during the Reporting Period*

(1) Capital increase in subsidiaries

① During the Reporting Period, the Company contributed additional capital of RMB800 million to Orient Securities Innovation Investment, a wholly-owned subsidiary, and completed the industrial and commercial registration of change of registered capital from RMB5 billion to RMB5.8 billion. This capital increase has been considered and approved at the president working meeting of the Company.

② During the Reporting Period, the Company contributed additional capital of RMB500 million (equivalent to HKD554,078,015.00 calculated based on the exchange rate between RMB and HKD at the time of actual payment of capital contribution) to Orient Finance Holdings, a wholly-owned subsidiary, and completed the change of share capital information with the Companies Registry of Hong Kong, and the paid-in capital of Orient Finance Holdings was increased from HKD2.2 billion to HKD2,754,078,015.00. This capital increase has been considered and approved at the president working meeting of the Company.

(2) New securities branches established by the Company

During the Reporting Period, the Company established 9 securities branches, and the total number of securities branches of the Company reached 177 branches. Details of the newly established branches are set out in the table below:

No.	Name of branch	Address	Date of obtaining the license
1	DFZQ Dongying Fuqian Avenue Securities Branch	22/F, Block A, Huali International Financial Plaza, No.128 Fuqian Avenue, Dongying Development Zone, Shandong Province, the PRC	May 19, 2020
2	DFZQ Hangzhou Shixin North Road Securities Branch	Room 1001, Block 1, Dongfang Zhizun International Center, No. 2028, 2030 and 2032 Shixin North Road, Ningwei Subdistrict, Xiaoshan District, Hangzhou City, Zhejiang Province, the PRC	October 9, 2020
3	DFZQ Baoding Ruixiang Avenue Securities Branch	Building No.9, Yunxi Jiucheng Commercial Center, No. 1988 Ruixiang Avenue, Lianchi District, Baoding City, Hebei Province, the PRC	December 7, 2020

No.	Name of branch	Address	Date of obtaining the license
4	DFZQ Jincheng Hongxing East Street Securities Branch	Shop 3, 1/F and 2/F, Block C, Taifu Xinju, Hongxing East Street, Cheng District, Jincheng City, Shanxi Province, the PRC	December 8, 2020
5	DFZQ Yuncheng Hedong East Street Securities Branch	1/F, Huixin Building, No. 195 Hedong East Street, Yanhu District, Yuncheng City, Shanxi Province, the PRC	December 9, 2020
6	DFZQ Datong Yuhe West Road Securities Branch	Shop 2384 of the Outlying Shops, Yujinyuan Phase II, Yuhe West Road, Pingcheng District, Datong City, Shanxi Province, the PRC	December 11, 2020
7	DFZQ Langfang Art Avenue Securities Branch	No. 409 Art Avenue (No. 101, 1/F, Unit 1, Block 28, Peacock Huijingxuan), Guangyang District, Langfang City, Hebei Province, the PRC	December 11, 2020
8	DFZQ Qingdao Yanji Road Securities Branch	No. 76-41, Building No. 6, No. 76 Yanji Road, Shibei District, Qingdao City, Shandong Province, the PRC	December 16, 2020
9	DFZQ Wenzhou Tangjiaqiao Road Securities Branch	No. 439 Tangjiaqiao Road, Nanhui Subdistrict, Lucheng District, Wenzhou City, Zhejiang Province, the PRC	December 18, 2020

(3) Relocation of the Company's securities branches

(1) DFZQ Beijing Anyuan Road Securities Branch was relocated within the same city. The branch was relocated from No.5 Xiaoguan North Road, Anyuan Road, Chaoyang District, Beijing, the PRC to No.202 and No.203, 2/F and No.301, 3/F, Building 27, No.8 Beichen East Road, Chaoyang District, Beijing, the PRC. The name of the branch was changed to DFZQ Beijing Anli Road Securities Branch.

(2) DFZQ Shenyang Huigong Street Securities Branch was relocated within the same city. The branch was relocated from 1-3/F, Block CD, No. 167 Huigong Street, Shenhe District, Shenyang, Liaoning, the PRC to Gates 2 and 3, No.423 Shifu Road, Shenhe District, Shenyang, Liaoning, the PRC. The name of the branch was changed to DFZQ Shenyang Shifu Road Securities Branch.

(3) DFZQ Zhengzhou Commercial Park Securities Branch was relocated within the same city. The branch was relocated from No. 1801, 18/F, Building 1, No. 2 Commercial Central Park, Zhengdong New District, Zhengzhou, Henan, the PRC to No.109 Courtyard, Huanghe Road, Jinshui District, Zhengzhou, Henan, the PRC. The name of the branch was changed to DFZQ Zhengzhou Huanghe Road Securities Branch.

(4) DFZQ Putian Licheng Middle Avenue Securities Branch was relocated within the same city. The branch was relocated from 1-3/F, No. 2299 Licheng Middle Avenue, Longqiao Street, Chengxiang District, Putian, Fujian, the PRC to 1-2/F, No.1102 and No.1106 Shengli North Street, Zhenhai Street, Licheng District, Putian, Fujian, the PRC. The name of the branch was changed to DFZQ Putian Shengli North Street Securities Branch.

(5) DFZQ Lhasa Jinzhu West Road Securities Branch was relocated within the same city. The branch was relocated from No.158 Jinzhu West Road, Lhasa, Tibet Autonomous Region, the PRC to No.123 Jinzhu West Road, Lhasa, Tibet Autonomous Region, the PRC. The name of the branch remains unchanged.

(6) DFZQ Shanghai Minhang District Gulong Road Securities Branch was relocated within the same city. The branch was relocated from No.218 Gulong Road, Minhang District, Shanghai, the PRC to Unit 201, 2/F, Building 85, No.700 Yishan Road, Xuhui District, Shanghai, the PRC. The name of the branch was changed to DFZQ Shanghai Xuhui District Yishan Road Securities Branch.

(7) DFZQ Shanghai Pudong New Area Yaohua Road Securities Branch was relocated within the same city. The branch was relocated from 1/F and 4-6/F, No.58 Yaohua Road, Pudong New Area, Shanghai, the PRC to Room 107, 1/F and 16/F, No.488 Yaohua Road, Pudong New Area, Shanghai, the PRC. The name of the branch remains unchanged.

(8) DFZQ Nanchong Wenhua Road Securities Branch was relocated within the same city. The branch was relocated from No.501, 5/F, Universal House Hotel, No.1 Wenhua Road, Shunqing District, Nanchong, Sichuan, the PRC to 1/F and 3/F, No.83 Hongguang Road, Shunqing District, Nanchong, Sichuan, the PRC. The name of the branch was changed to DFZQ Nanchong Hongguang Road Securities Branch.

(9) DFZQ Shanghai Changning District Zunyi Road Securities Branch was relocated within the same city. The branch was relocated from No. 567 Zunyi Road, Changning District, Shanghai, the PRC to Room 101, No. 88 Zunyi South Road, Changning District, Shanghai, the PRC. The name of the branch remains unchanged.

(10) DFZQ Shanghai Pudong New Area Fute West Third Road Securities Branch was relocated within the same city. The branch was relocated from Room 936, Block 10, No. 77 Fute West Third Road, Waigaoqiao Free Trade Zone, Pudong New Area, Shanghai, the PRC to Room 1517, Block B, South Building, No. 515 Qifan Road, Pudong New Area, Shanghai, the PRC. The name of the branch was changed to DFZQ Shanghai Pudong New Area Qifan Road Securities Branch.

(11) DFZQ Shanghai Qingpu District Huaxu Highway Securities Branch was relocated within the same city. The branch was relocated from No. 999 Huaxu Highway, Qingpu District, Shanghai, the PRC to Rooms 109 and 206, No. 29 and 33 Suhong Road, Minhang District, Shanghai, the PRC. The name of the branch was changed to DFZQ Shanghai Minhang District Suhong Road Securities Branch.

(12) DFZQ Shanghai Songjiang District Huting North Road Securities Branch was relocated within the same city. The branch was relocated from Rooms 901-8, 901-9 and 901-10, No. 1, Lane 199 Huting North Road, Songjiang District, Shanghai, the PRC to Rooms 901-8, 901-9 and 901-10 of No. 1 and Room 127 of No. 5, Lane 199 Huting North Road, Songjiang District, Shanghai, the PRC. The name of the branch remains unchanged.

(13) DFZQ Yantai Yingchun Street Securities Branch was relocated within the same city. The branch was relocated from 18/F, Jinmao Center, No. 170 Yingchun Street, Laishan District, Yantai, Shandong Province, the PRC to Inner No.102, No. 171 Yingchun Street, Laishan District, Yantai, Shandong Province, the PRC. The name of the branch remains unchanged.

(4) Relocation of the Company's futures branches

(1) Shanghai Xinzha Road Branch of Orient Futures Co., Ltd was relocated within the same city. The branch was relocated from Room 407, Block 1, No. 1418 Xinzha Road, Jing'an District, Shanghai, the PRC to Room 1107, No. 458 Fushan Road, China (Shanghai) Pilot Free Trade Zone. The name of the branch was changed to Shanghai Fushan Road Branch of Orient Futures Co., Ltd.

(2) Beijing Anyuan Road Branch of Orient Futures Co., Ltd was relocated within the same city. The branch was relocated from 6/F, Building 5, Century Jiayuan, No. 45 Xiaoguan North Lane, Chaoyang District, Beijing, the PRC to 302 and 303, 3/F, Building No. 27, Courtyard No. 8, Beichen East Road, Chaoyang District, Beijing, the PRC. The name of the branch was changed to Beijing Anli Road Branch of Orient Futures Co., Ltd.

(3) Guangzhou Branch of Orient Futures Co., Ltd was relocated within the same city. The branch was relocated from Room 2721 & 2722, Tower B, Sinopec Building, No. 191 Tiyuxi Road, Tianhe District, Guangzhou, Guangdong Province, the PRC to Room 2304, No. 365-1, Tianhe North Road, Tianhe District, Guangzhou, the PRC. The name of the branch remains unchanged.

(4) Dongying Branch of Orient Futures Co., Ltd was relocated within the same city. The branch was relocated from Room 902, Block 1, No. 53 Fuqian Street, Dongying District, Dongying, Shandong Province, the PRC to Room 903, Block 1, Guomao Building, No. 53 Fuqian Street, Dongying District, Dongying, Shandong Province, the PRC. The name of the branch remains unchanged.

(5) Chongqing Branch of Orient Futures Co., Ltd was relocated within the same city. The branch was relocated from 26-5, Jiafa Center Office Building, No. 36 Nanping West Road, Nan'an District, Chongqing, the PRC to 4-3, No. 2 Qingyun Road, Jiangbei District, Chongqing, the PRC. The name of the branch remains unchanged.

2. *Specific explanation on account standardization*

In strict compliance with the relevant requirements on account management by the CSRC and China Securities Depository and Clearing Corporation Limited, the Company further optimized its long-term account management mechanism, and made further clean-up to the unqualified accounts, small-amount-dormant accounts and dormant accounts without risk management which had been put in separated reserve category. In 2020, the Company has totally cleaned up 27 unqualified capital accounts, 14 unqualified securities accounts; 1,997 activated small-amount-dormant capital accounts, 3,567 activated small-amount-dormant securities accounts; 33 activated dormant capital accounts without risk management, and 34 activated dormant securities accounts without risk management, all of which have been put in separated reserve category.

As at the end of the Reporting Period, the Company had 2,335,603 capital accounts and 3,898,569 securities accounts, of which 1,841,366 and 3,321,747 were qualified capital accounts and qualified securities accounts respectively, 10,285 and 1,211 were unqualified capital accounts and unqualified securities accounts respectively, 450,314 and 561,224 were small-amount-dormant capital accounts and small-amount-dormant securities accounts respectively, and 33,638 and 14,387 were dormant capital accounts without risk management and dormant securities accounts without risk management.

3. *Development of innovative business and its risk control*

(1) *Analysis on development of innovative business*

The Company has always attached much importance to innovative business and considers the "proportion of innovative income" as an important indicator for strategic planning. In 2020, the Company further developed its innovative business and has achieved satisfactory results as follows:

1) The "proportion of innovative income" of the Company remained at high level. After years of cultivation, the innovative business has developed new revenue sources and profit drivers for the Company. In 2020, the "proportion of innovative income" of the Company was 32.3%, which continuously met the requirement of the strategic planning and also provided strong support for the Company's performance growth during the year.

2) The Company continued to obtain awards for its innovative business. In 2020, the Company received various awards for its innovative business. In particular, "China Universal Yangtze River Delta Integrated ETF Fund – Financial Innovation Serving National Strategy" won the third prize of the Shanghai Financial Innovation Achievement Award. Five projects of the Company were successfully selected in the 2020 "Financial Industry Serving National Strategy" case collection campaign organized by Shanghai SASAC. In the Shanghai Financial Industry Reform and Development Outstanding Research Achievements campaign organized by Shanghai Financial Association, one project won the third prize and two projects were shortlisted for the awards. In the "2020 Shanghai Enterprise Management Modernization and Innovation Achievements" campaign, three projects of the Company won the second prize and two projects won the third prize.

3) The Company further expanded its qualifications for innovative business. As a comprehensive securities firm, the Company has a complete set of business qualifications and licenses, and enjoys first-mover advantages in certain innovative business sectors. In 2020, the Company obtained the operation qualification of settlement and sale of foreign exchange business, the qualification for Sci-Tech Innovation Board securities refinancing business and other qualifications for innovative business, which further expanded the qualifications for innovative business and broadened the space for innovative development of the Company.

(2) Risk control for innovative business

With the promotion of the Company's development strategies, its innovative businesses maintained a steady development during the Reporting Period. Based on the actual conditions, the Company closely kept up with business innovation and placed emphasis on strengthening business risk verification mainly by adopting the following measures:

1) In terms of organizational structure, the Risk Management Department strengthened the communications with the business departments, kept track of and monitored innovative business, and also actively conducted risk identification and assessment. To prevent business risk jointly with various departments, the Company's business department, branches and subsidiaries served as the first defense line, the risk management function departments served as the second defense line, and the risk supervision and management departments served as the third defense line.

2) In terms of management procedures, the Company further improved the synchronous risk management system of innovative business, and closely kept up with the compliance and risk management of its innovative business. The Company also established a new assessment and verification mechanism of innovative business to keep track of the entire process of framework design, innovation declaration and business development of innovative business.

3) In terms of risk identification and assessment, the Company earnestly performed its duties for risk verification of innovative products, and formulated independent professional risk verification opinions on the option pricing, hedging strategies and testing results for products including income certificates of OTC options and embedded options. The Company also constantly improved the stress testing mechanism so as to ensure the smooth development of complicated financial derivatives business.

4) In terms of risk reports, the Company integrated the risk measurement and the progress of innovative business into the overall risk management report system to earnestly summarize risk management experience in innovative business.

5) In terms of system building, the Company considered innovative business in building an overall risk management system. The Company steadily conducted its innovative business with risk exposures being measurable, controllable and tolerable.

4. *Risk control indicators and establishment of net capital replenishment mechanism of the Company*

(1) Establishment of dynamic monitoring mechanism of risk control indicators

Based on the regulatory requirements and for the purpose of its own risk management, the Company has established a sound mechanism for monitoring, pre-warning and reporting mechanism of risk control indicators to effectively ensure the business operation with risk exposures being measurable, controllable and tolerable. In addition, based on changes in market, business development, technology and regulatory environment, the Company constantly optimizes the risk control indicator system and improve the dynamic monitoring system with a view to synchronously cover various business activities conducted by the Company. In early 2020, the CSRC issued the Regulations on Standards for Calculation of Risk Control Indicators for Securities Firms (Revised in 2020), which came into effect on June 1, 2020. In response, the Company promptly formulated and implemented the transition plan for the new regulations, completed the upgrade and improvement of the dynamic monitoring system and other supporting work for the implementation of the new regulations ahead of schedule in order to continuously ensure the timely and accurate reporting of risk control indicators. At the same time, we also assessed the potential impact of the new regulations on various businesses and made appropriate adjustments to the business structure to ensure a smooth transition of the risk control indicators.

The Company has set risk monitoring positions for all business lines and its overall indicators. Each of the positions has been allocated with explicit works and clear duties. With the monitoring system for various businesses and the dynamic monitoring mechanism for risk control indicators as its working platform, the Company has conducted dynamic monitoring and pre-warning on unusual changes and triggering issues of relevant risk control indicators, prepared risk management reports on a regular and irregular basis and kept track of the rectifications of the risks involved.

(2) Capital replenishment mechanism

Based on the risk control requirements of regulatory authorities and its own risk tolerance, the Company has established the capital replenishment mechanism to make dynamic adjustments to the scale and structure of various business sectors, while replenishing or increasing net capital according to its business development as and when appropriate.

The Company formulates plans in respect of allocation of assets and liabilities as well as risk appetite and limitation at the beginning of each year, and the relevant functional departments such as the Risk Management Department are responsible for the monitoring and reporting of risk control indicators. Once any risk control indicator reaches the triggering standard, the Company will adopt risk handling measures according to the alert level, including strictly controlling investment products with relatively high risk exposures and capital consumption or its business scale, adjusting structure of financial assets investment, reducing risk exposures with risk hedging instruments and replenishing its net capital in a timely manner through various financing channels including issuance of long-term subordinated bonds.

(3) Establishment of stress testing mechanism

The Company has established the stress testing mechanism to ensure its risks are measurable, controllable and tolerable in various stress scenarios, so as to ensure the sustainable operation of the Company. The Company has specified in the rules and regulations that a special or comprehensive stress test is required to be conducted when the risk control indicators such as net capital and liquidity may experience material adverse changes or may approach the triggering level due to major external investment or acquisition, major external guarantee, major fixed asset investment, profit distribution or other capital expenditure, negative adjustment to the ratings of securities firms, concentrated maturity or redemption of liabilities or other relevant activities, or when the Company needs to determine the scale of significant business or commence significant innovative business. Furthermore, suggestions on adjustment to business scale based on the analysis of testing results should be provided for the reference of the management when making decisions.

During the Reporting Period, according to the requirements under the Guideline on Stress Testing of Securities Companies (《證券公司壓力測試指引》) issued by the Securities Association of China, based on market environment changes and business development of the Company, it constantly optimized the stress testing mechanism in terms of organizational guarantee, system establishment and system support. The Company carried out a number of comprehensive and special stress tests throughout the year to enhance its response capacity as to extreme situations and events. The comprehensive stress test was targeted at risk control indicators and overall financial indicators including but not limited to net capital and liquidity, and the targets of the special stress test varied depending on the purposes of the test.

(4) Attainment of risk control indicators during the Reporting Period

During the Reporting Period, the key risk control indicators related to net capital and liquidity of the Company were kept in continuous compliance with the regulatory standards under the Administrative Measures for the Risk Control Indicators of Securities Companies and its implementation rules with certain margin of safety.

5. Explanations on financing

(1) Financing channels of the Company

In terms of financing method, the Company's financing channels usually include equity financing and debt financing. In terms of financing term, the Company generally satisfies its short-term capital needs through money lending, bonds repurchase, issue of short-term financing bills, issue of short-term income certificates, short-term financing of usufruct right, and margin and securities refinancing, and satisfies its medium-term and long-term capital needs through issue of or borrowing long-term subordinated bonds, issue of corporate bonds, issue of long-term income certificates, long-term financing of usufruct right and equity financing.

(2) Analysis on financing capability

With its proper operation in compliance with laws and regulations, good reputation, strong financing capability and solvency as well as sound cooperation relationship with major financial institutions, the Company is able to obtain financing by various ways as registered with, approved by or filed with competent authorities.

During the Reporting Period, the Company has adopted many forms of debt financing, including credit lending, bonds repurchase, income certificates, short-term financing bills, subordinated bonds and corporate bonds. For details of the issuance of various debt financial instruments by the Company, please refer to "Section VI, II, Issuance and Listing of Securities".

(3) The Company's liabilities structure

Please refer to "Section IV, (iii) Analysis on principal components of consolidated statement of financial position".

(4) Measures adopted by the Company for liquidity and the relevant management policies

By adhering to the unified capital management and operation, the Company continuously strengthens the establishment of capital management system through collectivized management of the allocation of funds. Meanwhile, it conducts a layered allocation of liquidity assets based on its realization ability to constantly improve its capability to withstand various liquidity impacts.

The Company strictly implements a centralized capital management and collective decision-making procedures. As a functional department for liquidity risk, the Fund Management Department is responsible for planning, financing, allocation, investment and pricing for its own capital to optimize the efficiency and gains of the Company's capital use on the premise of preventing liquidity risk.

During the Reporting Period, the Company actively broadened short-term and long-term financing channels, strengthened the liabilities management, and enhanced the diversification of internal and external liabilities types, terms, financing market, counterparty and financing collaterals. The Company constantly optimized its debt structure to meet the capital needs of daily operations and reduce financing costs. The Company attached much importance to maintaining sound cooperation relationship with its financing counterparties including major commercial banks, and had in place abundant bank facilities with strong short-term and middle-to-long term financing capability.

The Company continuously improved its liquidity risk management monitoring system and strengthened the monitoring approaches in terms of risk exposure and cash flow so as to increase the effectiveness of daily monitoring and enable front-end management of liquidity risk coverage ratio and net stable funding ratio. The Company put emphasis on strengthening intraday liquidity risk management to guarantee sufficient intraday liquidity position and meet the payment and settlement requirements under normal and stress scenarios. During the Reporting Period, the Company maintained sufficient liquidity assets reserves and continuously complied with relevant requirements regarding liquidity risk regulatory indicators.

(vi) Analysis on investments

1. Overall analysis on external equity investments

As at the end of the Reporting Period, investment in associates of the Group amounted to RMB5.771 billion, representing an increase of RMB1.317 billion, or 29.58%, from the end of last year. During the Reporting Period, external investment of subsidiaries recorded net increase of RMB0.540 billion, cash dividend or profit declared by associates amounted to RMB0.470 billion, change in investment gains and other income recognized under the equity method amounted to RMB1.247 billion. For details of investment in subsidiaries, please refer to Note 37 to the consolidated financial statements herein.

(1) Material equity investments

Unit: '000 Currency: RMB

Name of targets held	Percentage of the equity of the company	Carrying value as at the end of the period	Profit or loss during the Reporting Period	Changes in owners' equity during the Reporting Period
China Universal Asset Management Company Limited	35.412%	2,585,810	905,857	(8,357)

Notes: Profit or loss during the Reporting Period refers to effects of the investment on net profit of the Company during the Reporting Period.

Changes in owners' equity during the Reporting Period exclude effects on profit or loss during the Reporting Period.

(2) Significant non-equity investments

During the Reporting Period, the Company had no significant non-equity investments.

(3) Financial assets at fair value

Unit: '000 Currency: RMB

Items	Investment cost as at the end of the year	Book value as at the end of the year	Net amount purchased or sold during the year	Change in fair value during the year	Investment income during the year
1. Financial assets at fair value through profit or loss	70,250,422	72,701,117	4,560,052	1,363,920	5,426,437
2. Debt instruments at fair value through other comprehensive income	61,340,029	62,645,975	(1,581,882)	(702,533)	363,354
3. Equity instruments at fair value through other comprehensive income	11,229,618	10,936,458	129,769	(26,184)	284,615
4. Derivative financial instruments	(181,326)	(349,081)	2,299,011	(315,036)	(1,128,652)

(vii) Material assets and equity disposal

During the Reporting Period, the Company had no material disposal of assets and equity.

(viii) Analysis on major subsidiaries and associates

1. Orient Futures Co., Ltd, with a registered capital of RMB2.3 billion, is 100% owned by the Company. As at December 31, 2020, total assets of Orient Futures amounted to RMB45,158,939.5 thousand, and its net assets amounted to RMB3,348,142.5 thousand. In 2020, its operating income and net profit amounted to RMB9,583,529.2 thousand and RMB191,793.6 thousand, respectively.

   Its principal businesses are commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales.

2. Orient Securities Capital Investment Co., Ltd., with a registered capital of RMB4.0 billion, is 100% owned by the Company. As at December 31, 2020, total assets of Orient Securities Capital Investment amounted to RMB4,975,773.8 thousand, and its net assets amounted to RMB4,800,695.6 thousand. In 2020, its operating income (income from principal business) amounted to RMB614,976.8 thousand, the profit from principal business amounted to RMB414,432.6 thousand, and the net profit amounted to RMB360,645.3 thousand.

Its principal businesses are establishment of direct investment funds, equity investments of enterprises, or investment of other funds related to equity investment, the provision of financial advisory services to clients in respect of equity investment and other businesses permitted by the CSRC.

3. Shanghai Orient Securities Asset Management Co., Ltd., with a registered capital of RMB0.3 billion, is 100% owned by the Company. As at December 31, 2020, total assets of Orient Securities Asset Management amounted to RMB4,317,935.4 thousand, and its net assets amounted to RMB2,524,515.7 thousand. In 2020, its operating income (income from principal businesses), the profit from principal businesses and net profit amounted to RMB2,861,571.5 thousand, RMB1,017,753.6 thousand and RMB809,923.7 thousand, respectively.

   Its principal businesses are securities asset management and management of publicly offered securities investment funds.

4. Orient Securities Investment Banking Co., Ltd., with a registered capital of RMB0.8 billion, is 100% owned by the Company. As at December 31, 2020, total assets of Orient Investment Banking amounted to RMB2,599,190.8 thousand, and its net assets amounted to RMB1,551,083.2 thousand. In 2020, its operating income and net profit amounted to RMB1,036,175.7 thousand and RMB79,402.3 thousand, respectively.

   Its principal businesses are securities underwriting and sponsorship business (other than government bonds such as treasury bonds and local government bonds, financial bonds of policy banks, financing products governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)); other businesses permitted by the CSRC.

5. Shanghai Orient Securities Innovation Investment Co., Ltd. has a registered capital of RMB5.8 billion and was 100% owned by the Company. As at December 31, 2020, total assets of Orient Securities Innovation Investment amounted to RMB6,387,988.0 thousand, and its net assets amounted to RMB6,056,727.4 thousand. In 2020, its operating income and net profit amounted to RMB361,694.0 thousand and RMB206,136.2 thousand, respectively.

   Its principal businesses are venture capital, financial products investment, investment management and investment consultancy.

6. Orient Finance Holdings (Hong Kong) Limited has a registered capital of HKD2,754,078.015 thousand and was 100% owned by the Company. As at December 31, 2020, total assets of Orient Finance Holdings amounted to HKD18,980,569.8 thousand, and its net assets amounted to HKD2,519,826.9 thousand. In 2020, its operating income and net profit amounted to HKD533,281.1 thousand and HKD234,813.8 thousand, respectively.

   Its principal businesses are investment holding, and operation of securities brokerage business, futures brokerage business, asset management business, investment banking and margin financing business as regulated by the SFC pursuant to SFO through establishment of various subsidiaries and licensed sub-subsidiaries.

7. China Universal Asset Management Company Limited has a registered capital of RMB132,724.224 thousand and its 35.412% equity interests is held by the Company. As at December 31, 2020, total assets of China Universal amounted to RMB10,980,067.1 thousand, and its net assets amounted to RMB7,448,989.9 thousand. In 2020, its operating income (income from principal businesses) amounted to RMB6,643,037.6 thousand, the profit from principal businesses and net profit was RMB3,321,238.5 thousand and RMB2,566,382.8 thousand, respectively.

   Its principal businesses are fund raising, fund sales, asset management and other businesses permitted by the CSRC.

(ix) Structured Entities Controlled by the Company

When determining whether to consolidate structured entities, the Company considers total variable returns from such structured entities attributable to the companies within the consolidation scope, the risk exposures and other factors, and has incorporated 24 structured entities into the consolidation scope, including eight structured entities newly consolidated during the year.

Details of structured entities incorporated into the consolidation scope during the period:

Unit: '000 Currency: RMB

Items	December 31, 2020 or the year of 2020
Total assets	8,128,768
Total liabilities	760,871
Total net assets	7,367,897
Operating income	114,106
Net profit	62,684

The accounting data of the above-mentioned structured entities are based on the CASBE.

(x) Capital raising

As approved by the CSRC, the Company issued the overseas listed foreign shares (H Shares) in the Hong Kong Stock Exchange on July 8, 2016, and exercised the over-allotment option on August 3, 2016. Deloitte Touche Tohmatsu CPA LLP has verified the proceeds from this offering of H Shares by issuance of the capital verification report (De Shi Bao (Yan) Zi (16) No. 1082). Based on this capital verification report, it was noted that the Company made a public offering of 933,709,090 overseas listed foreign shares (H Shares) and the selling shareholders sold 93,370,910 H Shares, representing a total listing of 1,027,080,000 H Shares. Since the issue price of H Shares was HKD8.15 per share with a nominal value of RMB1 each, the total proceeds from this offering amounted to HKD8,370,702,000.00 which shall be paid in cash in Hong Kong dollars. After deduction of the transaction expense and other related expenses of HKD145,045,025.30 in aggregate, the remaining HKD8,225,656,974.70 has been deposited with the H Share proceeds account and converted into RMB7,083,154,510.65 (including the interest income received) based on the median exchange rate for conversion from HKD into RMB as published by the People's Bank of China on the date when the proceeds were actually remitted into the aforesaid account. The net proceeds from this offering of H Shares by the Company was HKD7,417,133,357.56 after deduction of such proceeds as transferred to the National Council for Social Security Fund and other expenses related to the issuance.

As at the end of the Reporting Period, the details relating to utilization of the proceeds from the offering of H Shares by the Company are set out below: HKD2.56 billion was used to further develop the Company's brokerage and securities financing business, HKD2.225 billion for developing the Company's foreign operation, HKD1.097 billion for expansion of the Company's investment management business, HKD0.732 billion for developing our securities sales and trading business, HKD0.240 billion for capital expenditure, and HKD0.416 billion for working capital and others. The Company utilized a cumulative of HKD7.270 billion of proceeds raised through H shares. Save for the above use of funds, approximately HKD0.154 billion (including the interests and exchange gains or losses thereof) of the proceeds remains unused. The Company will use the remaining proceeds for capital expenditure in line with the Company's development strategy and actual requirements in the next three years. (The exchange rate of utilized raised funds through issuance of H shares denominated in Renminbi has been calculated according to the actual exchange settlement rate, while the exchange rate of unutilized raised funds through issuance of H shares denominated in Renminbi has been calculated according to the final exchange rate.)

As at the end of the Reporting Period, there was no change in the above planned use of the proceeds as compared to that as disclosed in the Company's prospectus, related announcements and circulars. The Company will arrange utilization of such proceeds in due course based on the actual operation needs to maximize the shareholders' interests.

III. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(i) Industrial layout and trend

Increased concentration

The financial industry is a capital-intensive industry, which has long been considered as "too big to fail". The leading players have strong competitive advantages and risk resistance capacity, which can significantly enhance their appeal to customer resources, outstanding talents and high-quality capital. The domestic securities industry has become significantly more concentrated in recent years with intensifying competition and more prominent long-tail effect, and the market share in China will continue to be concentrated in leading large-scale securities firms in the future. In terms of regulatory guidance, the regulatory authorities have clearly proposed to actively promote the creation of "aircraft-carrier-class" securities firms to improve and strengthen the industry and enhance the international competitiveness of the industry. The top securities firms will receive more regulatory support in terms of license acquisition, approval for new business, capital expansion, talent attraction and brand building, and large and medium-sized securities firms will strive to become bigger and stronger and compete for a leading position in the industry.

Differentiated development

Securities firms will soon be categorized into more specific groups and need to identify their strategic positioning and carry out differentiated development based on their own resources and characteristics, which may develop an industry pattern where large-scale and comprehensive securities firms compete with boutique securities firms in a differentiated and complementary way. With sufficient talent reserves, advanced risk control capabilities, extensive business layout and great vision, high-quality leading securities firms will maintain a leading position in various business lines and propel the industry forward. With limited resources and the increasing costs of digital system and risk control and compliance, small and medium-sized securities firms may no longer expand in all business lines under the "small and all-inclusive" model, and instead, shall pursue differentiated and specialized development with their own characteristics, and develop unique and high-quality products and services by focusing on specific businesses, customers, regions and channels.

Comprehensive financial services

Institutional investors will become the main force of the capital market, and the growth and expansion of institutional investors will reshape the structure of the capital market. The significant increase in demand for integrated and diversified comprehensive financial services from institutional investors has posed higher requirements for securities firms in terms of business expertise and diversity of products and services. The leading large-scale securities firms, with their capital strength, service capability and institutional customer base, will have a head start in the transformation of institutional trading service business. Meanwhile, the continuously improving professional ability and bargaining power of customers are set to further intensify the competition for customer resources. To develop differentiated competitive strengths and secure a leading position in the industry, modern investment banks will have to lay a solid foundation by breaking the barrier of license division, building a customer-oriented service system, developing diversified products and services and covering the whole life cycle of customers with comprehensive financial services.

Empowered with financial technology

Based on mobile internet and artificial intelligence, financial technology continues to shape the foundation and pattern of development of the securities industry. The function of finance technology has transformed from serving business to leading and empowering business by matching customers with more suitable products and services based on big data analysis, exploring potential needs of existing customers and acquiring new customers, providing rapid response to customers' needs and substantially improving and enhancing customer experience. Moreover, financial technology may also improve the way of communication and interaction with corporate and institutional customers through digital channels, change the trading modes, enhance the intelligent level in investment decision making, risk pricing and product design, generate a new business model of wealth management, and guide the industry to transform from the traditional channel-based revenue model to a diversified model that focuses on professional services, deepening customer relationship and using online services. Financial technology will also facilitate the centralized and intelligent operation of the middle and back office of securities firms, provide an opportunity for certain securities firms to catch up from behind by breaking the traditional financial process with technology and Internet thinking, and integrate the technological elements into the whole process and all aspects of operation and development, thus creating a new entry barrier.

International layout

From a policy perspective, the opening up of the capital market represented by the lift of restriction on foreign investment in the securities industry, and the resulting wave of establishment of foreign-owned securities firms, will trigger a "catfish effect" in the securities industry. Domestic securities firms will face full-on competition from foreign firms in terms of service concept, business model, service offerings and product portfolio. However, foreign players will also change the overall market concept and style, introduce new business models, facilitate the optimization and adjustment of the industry structure, and further promote professional development. From a market perspective, as the internationalization of the capital market accelerates, there is an increasing demand from domestic investors for cross-border asset allocation and global wealth management, and more foreign investors participate in China's capital market, which drives significant growth in demand for investment and financing in China. The internationalization of the market and customers will greatly accelerate the internationalization of securities firms. In order to meet clients' demand for comprehensive global financial services, the development pattern of securities companies will gradually shift from a predominantly domestic focus to joint development of domestic and overseas businesses and active expansion of cross-border businesses, which will also deepen the cross-border integration and collaborative development of all businesses.

(ii) The Company's development strategy

2021 is the starting year for the implementation of the 2021-2024 strategic plan. In line with the new strategic plan of the Company, the Company is committed to "providing quality integrated financial services to the real economy and social wealth management, creating a happy life for staff and providing both material and spiritual returns to shareholders, employees and society", bears a core vision of "becoming a modern investment bank with first class core competitiveness in China that provides integrated financial services for customers", adheres to the core values of "Customer First, People Oriented, Professionalism Based and Innovation Centered", upholds the corporate values of "being united, enterprising, pragmatic and efficient", striving to achieve the new round of strategic development goals.

The goals of 2021-2024 strategic plan of the Company are to pursue professional and high-quality development of as a first-class modern investment bank, strive to enhance its core competitiveness, endeavor to approach the first-tier level of the industry in terms of scale, strength and operational efficiency, and make more contribution to the capital market reform and development and the construction of Shanghai as an international financial center. Specific objectives under the plan are to effectively promote business transformation, significantly increase and improve the number and quality of customers, continuously enhance operational efficiency, accelerate digital transformation, develop a young and professional talent team, and carry out effective compliance and risk management.

Focusing on the above strategic objectives, the Company will rely on the strategic drivers of "promoting high-quality development driven by digitalization, collective operation and internationalization", and follow the overall strategic framework of "focusing on three major customer systems, building four major business segments and enhancing six management effectiveness through systematic planning to achieve key breakthroughs". During the planning period, the Company will take a customer-oriented approach to reconstruct the service system focusing on three types of customers; build four major business segments based on comprehensive financial services; and improve six major management support systems with the goal of enhancing management efficiency and effectiveness. With the above measures, the Company will actively strive to achieve the new round of strategic goals.

(iii) Business plan

In 2021, the Company will continue to adhere to the business strategy of "growth stabilization, risk control and reform promotion" with focus on "two enhancement", being enhancement of industry position of the investment banking business and enhancement of the speed of transformation and development of wealth management business, "two consolidation", being consolidation of the advantages of asset management business and consolidation of the results and returns of proprietary investment business, and "one breakthrough", being breakthrough in digital transformation through in-depth integration of business and technology, seek capital replenishment, promote system reform, further implement talent strategy, carry out comprehensive risk management and facilitate development empowered by financial technology, thereby improving the ROE and the operational management standard.

The Company will diligently uphold the ideas of the 5th Plenary Session of 19th CPC Central Committee, implement the new requirements of industry culture construction, and strengthen the Company's brand influence in terms of social responsibility; continue to accelerate the disposal of risky assets under equity pledge, and steadily facilitate the clearance of risky assets; accelerate market-oriented reform, optimize the market-oriented assessment mechanism of the management team, optimize the performance management system, improve the corporate governance mechanism, and enhance decision-making efficiency; capture the market opportunities for capital replenishment, improve the Company's capital strength, strengthen the Company's liquidity management, optimize the allocation of assets and liabilities, and improve the net capital utilization efficiency. For asset management business, the Company will seize the opportunity of institutional investment in the market, consolidate its position in the industry, make use of its brand influence, actively carry out intra-group collaboration, and drive the development of other businesses. It will also optimize the asset portfolio of the proprietary business and make scientific and reasonable plans for asset allocation. For investment banking business, the Company will capture the opportunities from the in-depth reform of capital market and the launch of registration-based IPO System and interact and collaborate with other businesses of the Group to achieve overall development of the Group. By focusing on institutional trading services, the Company will explore and implement the comprehensive financial service model for institutional customers and accelerate the wealth management transformation.

(iv) Potential risks

1. Major risks of the Company and countermeasures

The risks to which the Company is exposed to in its operations are mainly market risk, credit risk, liquidity risk, operational risk, money laundering and terrorism financing risk and reputational risk. Specifically, such risks and respective countermeasures are as follows:

(1) Market risk

Market risk refers to the risk of loss of the portfolio held by the Company due to adverse market changes. Market risk can be categorized into securities assets price risk, interest rate risk, exchange rate risk and commodity price risk, which refers to risks which the Company is exposed to due to the fluctuation in securities assets price, interest rate, exchange rate and commodity price respectively.

The Company has established a system covering the Group's allocation of assets and liabilities and risk limits, reflecting the Company's overall market risk appetite and risk tolerance. Under the Company's overall business authority framework, each business segment operates within different levels of authorized risk limits to implement effective controls over various businesses and products so as to ensure the risk level to be within risk appetite set by the Company. The Company's business departments, branches and subsidiaries are the first line of defense against market risk, while its risk management functional department is responsible for coordinating the overall market risk management of the Company.

The Company adopts daily mark-to-market, concentration analysis and quantitative risk model to manage business scale, risk exposure, establishes dynamic-tracking stop-loss mechanisms, identifies the key factors affecting investment portfolio returns through sensitivity analysis, and evaluates the tolerance of investment portfolios to extreme market fluctuations by using scenario analysis and stress testing.

The Company closely follows the macro-economic indicators and trend and significant economic policies and development. The Company also evaluates the potential systematic risk of investment as may be caused by changes of macro-economic factors, and adjusts its investment strategies based on regular monitoring of market risk indicators. The Company establishes decision-making, implementation and accountability systems relating to material issues and develops contingency plans for different predictable extreme situations, under which material issues will be categorized and managed according to the level of seriousness.

① Securities assets price risk

The equity proprietary business which the Company has traditional advantages has a large investment scale. Given the profitability and risks of the business are highly associated with market sentiment, market risks of the Company are mainly concentrated in the business.

In 2020, the world was impacted by the COVID-19 pandemic, which led to deep recession in global economy. The Chinese government took the lead to take measures and continuously carried out pandemic prevention and control while maintaining economic and social development, thereby achieving significant strategic results in pandemic prevention and control in the shortest possible time, while orderly facilitating the resumption of business operation and production. By adopting a flexible and moderate monetary policy to support the real economy and continuously promoting the expansion of domestic demand and opening up to external environment, China becomes the only country to achieve positive economic growth in 2020. Against this backdrop, the Shanghai Composite Index closed the year at 3,473.07 points, up 13.87% from 3,050.12 points for the same period of last year, while the SZSE Component Index rose 38.73%.

To monitor the impact of market changes on the value of equity securities, the Company keeps a daily track of changes in trading positions, make appropriate adjustment to trading positions through implementing diversified investment strategies, and conduct hedging through stock index futures, stock options and other equity derivatives so as to control the market risk exposure. In the meantime, the Company strengthens control over investment concentration risk through diversified investment in the industries and individual stocks.

In addition, the Company prudently controls the business scale of various complicated financial derivatives, and stringently implements the model risk verification working procedures of the products pricing, hedging strategies and testing results for derivatives with high risk including OTC futures, so as to strictly control the market risk. The Company's derivatives business mainly focuses on arbitrage business with low risk, the market risk exposure it faces is therefore relatively low.

② Interest rate risk

The Company's assets which are exposed to interest rate risk mainly include business with relatively low risk such as bond investment and monetary deposits.

In 2020, in face of the precipitous economic decline resulting from the COVID-19 pandemic, the world rolled out a wave of interest rate cuts and major economies have implemented extraordinarily accommodative monetary policies. People's Bank of China maintained a reasonable abundance of liquidity by lowering the reserve requirement ratio and continuously adjusting the MLF and LPR rates. As the pandemic in China was gradually brought under effective control, the problem of regulatory arbitrage on structured deposits intensified, and monetary policy began to return to normal, coupled with the frequent defaults of credit bonds at the end of the year, making the yields fall and then rise with a "V" shaped trend and a wide range of fluctuations throughout the year. The Company maintained generally the same position holding of debt as last year and the debts accounting for 80.74% of the market value of the total position held by the Company are related to those with a term of 0 to 5 years. The weighted average term of debt portfolio increased to 3.38 years from 3.26 years as at the end of previous year. As at the end of the Reporting Period, the basic point value was RMB29.5797 million, representing a decrease from the end of previous year.

Based on its analysis on interest rate and debt market, the Company has witnessed a steady increase in the investment scale of its fixed income securities proprietary business with the duration of investment portfolio under effective control, and the influence of interest rate movement on its overall assets are small. In the meantime, it hedges potential interest rate risk by utilizing investment products such as interest rate swap and treasury bonds futures.

③ Foreign exchange risk

In 2020, amid the global economic downturn, major economies continuously introduced the monetary policies, which increased foreign exchange volatility. The offshore exchange rate of Renminbi against US dollar fell below 1:7.17 in the first half of the year and subsequently rallied past 1:6.50 in the second half of the year. The Company's overseas business expanded, the size of foreign currency bonds increased, and the overall exchange rate risk gradually appeared.

The Company strengthened its research on the foreign exchange market, tracked changes in overseas asset prices, monitored exchange rate risk exposure, and effectively managed exchange rate risk through reasonable use of exchange rate derivatives for hedging and mitigation.

④ Value-at-Risk

Value-at-Risk ("VaR") refers to the potential loss of the investment portfolio arising from future movement in market price under certain confidence level. The Company adopts a VaR with a confidence level of 95% and a holding period of one day to measure the market risk condition of its financial products investment portfolio. In 2020, due to market environment and allocation of trading positions, the VaR of the Company's equity portfolios fluctuated to certain extent. At the end of the Reporting Period, the VaR of the Company's overall market risk was RMB143 million with a confidence level of 95%.

(2) Credit risk

Credit risk mainly refers to the probability of loss the Company would suffer because of the failure of debtor or counterparty to perform the contractual obligations or the deterioration of their credit quality. The first is direct credit risk, i.e. the risk arising from failure of issuer to perform contractual obligations; the second is counterparty risk, i.e. the risk arising from a breach of contract by the counterparty and financier in a derivatives transaction or securities financing transaction; the third is settlement risk, i.e. the risk arising from a breach of contract during the settlement and delivery of a transaction, in short, the Company performs its delivery obligation, however the counterparty breaches the contract.

Centering on net capital management and risk tolerance, the Company implements overall management on risk control indicators relating to scale, counterparty and risk exposure according to specific level and module, and implements refined management on credit risk exposure from the perspective of product type, model and hedging to effectively control credit risk.

The Company has established its respective credit risk management system with regard to bonds issuer, counterparties and financing clients from the perspective of business practices. The Company has enhanced evaluation of qualities and risk and implemented credit risk management through means including contract review and monitoring of transactions and public sentiment. The Company pays great attention to possible non-compliance in the transaction and developed contingency plans for risks. In bond investment and counterparty transactions associated with credit risk, the Company has enhanced analysis on the fundamentals of bonds issuer and counterparties, and established the corporate internal scoring system for credit risk, and realized internal rating, united credit management, collective management of investment, pledged bonds management, defaulting clients management, stress tests, early warning, risk reporting and other functions through the credit risk management system, thus strengthening its credit risk management and enhancing credit risk management. In derivative transactions, the Company has set the margin deposit ratio for counterparty and rule restrictions on the transaction, controlled the counterparty's credit risk exposure through daily mark-to-market, margin calls, forced closure of positions and other means. In securities financial business, the Company has established mechanisms of credit rating assessment for clients, credit facilities management, collateral management and supervisory reporting, and handled risk projects through mandatory close-out mechanism and legal proceedings.

(3) Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at a reasonable cost in time to pay its debts when falling due, fulfill other payment obligations and meet the capital demand for normal business development.

According to the regulatory requirements including the Guideline on Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》) and for the purpose of its own risk management, the Company continuously refines the liquidity risk management system and internal management system and has dedicated personnel responsible for dynamic monitoring, pre-warning, analysis and reporting of the Company's liquidity risk. For management of daily liquidity position, the Company reserves sufficient high-quality liquid assets and monitors cash flow shortfall on a daily basis to ensure the smooth operation of the company's business and the timely repayment of liabilities as they fall due. At the beginning of each year, the Company carefully determines the qualitative principles and quantitative indicators of liquidity risk appetite, and has established irregular adjustment mechanism to implement limit management of liquidity risk and conduct monitoring and reporting of compliance with limits. The Company conducts regular liquidity stress testing and emergency exercise and continuously updates and improves the emergency plan. During the Reporting Period, according to the requirements of the Regulations on Standards for Calculation of Risk Control Indicators for Securities Firms (《證券公司風險控制指標計算標準規定》), the Company upgraded and improved its liquidity risk management system, adjusted the basis of calculation of liquidity risk control indicators, utilized the information system to effectively identify measure, monitor and control the liquidity risk, and ensured that the Company's liquidity coverage ratio and net stable funding ratio continued to meet regulatory requirements. During the Reporting Period, the Company put more efforts into liquidity risk management of subsidiaries, improved the liquidity risk management capabilities of subsidiaries and explored to establish an intra-group liquidity risk management system.

(4) Operational risk

Operational risk refers to risk of losses which may be caused by weakness or problem existing in internal procedure, staff and information technology systems as well as by external events.

For operational risk management, the Company conducted careful review on the operational procedure based on its internal control procedure and identified operational risks in the procedure and categorized risks according to its management needs. Based on the impacts from and the possibilities of risks, the Company has established an operational risk assessment model to analyze, measure and rank the identified operational risk, so as to identify the risks that need special attention and prioritized control. By establishing key risk indicators monitoring system, the Company has realized quantified monitoring management of key operational risks. The Company has realized internal operational risk reporting and industry operational risk events collection and management with the operational risk losses reporting mechanism. In addition, the Company has completed the development of operational risk management system and realized the identification, evaluation, monitoring, measurement and reporting of operational risk. The Company has completed the implementation of operational risk management of its subsidiaries to align with the Parent Company.

(5) Money laundering and terrorism financing risk

Money laundering risk refers to the risk that the products or services of financial institutions are manipulated by criminals to engage in money laundering activities, which will adversely affect the Company in terms of law, reputation, compliance and operation.

In order to effectively implement the requirements of the Guidelines for Management of Money Laundering and Terrorism financing risk of Corporate Financial Institutions (Trial) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》) issued by the People's Bank of China, in January 2020, the Board of Directors of the Company considered and approved the Measures for Risk Management of Money Laundering and Terrorist Financing of Orient Securities Company Limited, which clarified the anti-money laundering responsibilities of the Board of Directors, the Supervisory Committee, the management, the business departments and the functional management departments, and proposed the Company's money laundering risk management objectives, money laundering risk management culture construction objectives, money laundering risk management principles, strategies and procedures, so as to manage money laundering risks at the Group level in a united manner. The Company continuously carried out anti-money laundering customer information governance, constantly optimized and improved anti-money laundering system functions, organized anti-money laundering promotion and training activities, and proactively assessed money laundering risk. After careful selection, the Company engaged third-party consulting agencies to carry out the Group's money laundering risk assessment and gap analysis. In view of the regulatory environment of improving anti-money laundering standards and increasingly stringent penalties, the Company has also put more efforts into its staffing and system construction to improve the standard and efficiency of its anti-money laundering work.

(6) Reputational risk

Reputational risk mainly refers to the risk of a negative evaluation of the Company's reputation which may be caused by the Company's operations, management and other actions or external events.

During the Reporting Period, the Company did not encounter any material public sentiment events that had an impact on the reputation of the Company, certain sensitive events had been addressed efficiently and appropriately. The Company primarily manages its reputational risk by the following means:

① further strengthening supervision on public sentiment by conducting all-around and 24/7 all-day monitoring on major search engines available 24 hours per day, 7 days per week, about 300 mainstream media, over 1,000 mainstream financial and local websites, more than 1,500 mainstream financial Weibo accounts, nearly 300 mainstream financial WeChat public accounts and over ten overseas media, with a view to getting informed of the public sentiment of the Company and laying a solid foundation for effectively preventing reputational risk.

② launching the reputation risk event reporting process on the OA intranet to further improve the sensitive public opinion reporting system.

③ upgrading and improving monthly report on reputation risk public opinion to add the Company's active dissemination, negative public opinion management situation, peer public opinion comparison and interpretation, so as to have a more comprehensive understanding of the public opinion environment of the Company and lay a solid foundation for reputation risk management.

④ conducting training on reputation risk management for all the employees to enhance the awareness of reputation risk of all staff, which achieved good results.

2. Overall implementation of risk management

The Company has always upheld the risk management concept of "compliance by all staff and risk control-oriented", and strives to realize the organic integration and convergence among risk management, compliance management and internal control. The Company has built comprehensive and endogenous comprehensive risk management system and internal control system, which covers the whole process of decision-making, implementation, supervision and feedback and effectively ensures that the Company's overall risk is measurable, controllable and tolerable.

The Company has established a clear and rational risk management organizational structure. The Company has set up the strict and effective comprehensive risk management featured with "three defenses" consisting of various business departments, branches and subsidiaries, relevant functional management departments and risk supervision and management departments, which clarifies the division of responsibilities among the Board, the Supervisor Committee, management and various subsidiaries and functional departments to ensure the effective operation of the risk management system.

The Company attaches great importance to the construction of risk management system. Based on the "Basic System of Comprehensive Risk Management of DFZQ", the Company has formulated special risk management systems regarding market risk, credit risk, liquidity risk, operational risk and reputational risk, and defines risk management requirements for various business systems and ensures the specific implementation of various risk management requirements through the formulation of operational specifications and rules. At the same time, in order to scientifically guide and rationally allocate resources, the Company prepares plans for asset and liability allocation and risk limit according to market conditions, corporate strategy and industry development on an annual basis, and implements dynamic adjustment mechanism to cater for the Company's business development.

Section IV Report of the Board

The Company has established risk management mechanisms for risk identification and assessment, risk monitoring and measurement, risk analysis and response, and adopts a combination of qualitative and quantitative risk measurement methods to enhance the professional management capabilities of various risks. Through the establishment of risk management cockpit, comprehensive risk management system, risk management indicator dynamic management system and various special risk management information systems, the Company has further promoted the practical application of information technology in risk management. The Company implements the multi-perspective risk review mechanism based on comprehensive risk management through strict approval of new businesses and new products and dynamic monitoring on risks of all key processes in daily business operations. The Company also dynamically monitors and evaluates various types of risks and tolerance during it business operation through sensitivity analysis and stress testing. The Company strengthens risk response mechanism construction and risk defense through multiple channels with a focus on pre-judgment of risk response and handling, so as to effectively control various risks. Smooth risk information communication mechanism is established to ensure timely, accurate and complete information transmission and feedback.

Based on the requirements of industry culture construction, the Company strengthens the coordination between the risk management culture and corporate culture as well as party style and integrity construction, and consolidates the risk management awareness of all employees of the Company through multiple approaches to improve the level of risk management. The Company continuously enhances the training and recruitment of risk management personnel to keep the number of risk management personnel meeting regulatory requirements. The Company adheres to the organic integration of risk management with performance appraisal and accountability mechanism and specifies performance assessment standards to effectively ensure that the Company's various business developments comply with regulatory requirements.

3. Investment in compliance risk control and information technology

The Company attaches great importance to the construction of compliance risk management information system, and has established a proactive and effective comprehensive risk management system. The Company continuously improves the compliance risk system to constantly enhance the compliance risk management level, and has built a group-wide compliance and risk management system to ensure compliance of business operations. The Company's compliance risk control investment mainly includes the procurement and development expenditures of compliance risk control related systems, the daily operation expenses of the compliance risk control department, and the compliance risk control staff investment. During the Reporting Period, the total compliance control investments was RMB205,963.2 thousand.

The Company invests significant resources to enhance the Company's information technology to offer safe, stable and personalized services and to provide strong support for the Company's business development. The Company's information technology investment (based on the information system construction investment indicators of securities companies) mainly includes: IT investment, depreciation and amortization expenses of fixed assets and intangible assets, IT daily operating expenses, computer room rental or depreciation expenses, IT line leasing, IT independent R&D expenses and IT staff investment. During the Reporting Period, the Company's IT investment totaled RMB535,661.2 thousand.

(v) Others

1. Directors, Supervisors and senior management of the Company

For details of the composition, changes and biographies of the Directors, Supervisors and senior management of the Company during the Reporting Period, please refer to "Section VIII, Directors, Supervisors, Senior Management and Staff" of this report.

2. Pre-emptive rights

According to the PRC laws and the Articles of Association, none of the shareholders of the Company has any pre-emptive rights.

3. Sufficient public float

As at the latest practicable date prior to the printing of this annual report, based on the information available to the public and as far as the Directors are aware, the Directors believe that the Company has sufficient public float which satisfies the public float requirement under the Rule 8.08 of the Hong Kong Listing Rules and the waiver granted by the Hong Kong Stock Exchange.

4. *Directors' interests in the business competing with the Company*

Mr. Chen Bin, a non-executive Director of the Company (resigned in March 2020), was a non-executive director of Haitong Securities Co., Ltd. from December 2014 to March 2020. Mr. Zhou Donghui, a non-executive Director of the Company, has been a non-executive director of Haitong Securities Co., Ltd. since June 2020. Mr. Xu Jianguo, a non-executive Director of the Company (resigned in March 2021), has been a non-executive director of Haitong Securities Co., Ltd. since October 2016. As Haitong Securities Co., Ltd. is engaged in, among others, securities brokerage, securities investment consultancy, financial advisory service relating to securities trading and securities investment activities, proprietary trading, margin financing and securities lending, securities underwriting, agency sale of securities investment fund and share options market making, Haitong Securities Co., Ltd. has competed or is likely to compete, either directly or indirectly, with some aspects of the business of the Company. Save as disclosed above, none of the Company's Directors has any interest in the business which competes or is likely to compete, either directly or indirectly, with the Company's business.

5. *Service contracts of Directors and Supervisors*

None of the Company's Directors or Supervisors has entered into any service contract with the Company or its subsidiaries which is not determinable within one year without payment of any compensation (other than statutory compensation).

6. *Directors' and Supervisors' interests in major transactions, arrangements and contracts*

During the Reporting Period, the Directors or Supervisors of the Company or entities relating to the Directors or Supervisors did not have any material interests, whether directly or indirectly, in any major transactions, arrangements and contracts entered into by the Company or its subsidiaries.

7. *Share option scheme*

The Company did not set any share option scheme.

8. *Major clients and suppliers*

The Company serves a diverse base of institutional and retail clients across a spectrum of industrial sectors. The Company's clients range from large state-owned enterprises, multinational corporations and small and medium enterprises clients to high net worth individuals and retail clients. Its clients are primarily located in the PRC. The improving overseas network layout will help the Company provide overseas services and expand its clients' source. In 2020, revenue attributable to the five largest clients of the Company accounted for not exceeding 5% of the Group's total revenue.

The Company has no major suppliers given the nature of its business.

9. *Relationship with employees, customers and suppliers and persons who are materially related*

For the details of the remuneration and training plans of employees of the Company, please refer to "Section VIII, Directors, Supervisors, Senior Management and Staff" of this report. For the relationships between the Company and its major customers and suppliers, please refer to "Section IV, (v), 8. Major clients and suppliers" of this report.

10. *Proposal on profit distribution*

For the proposal on profit distribution, please refer to "Section V, I. Proposal on Profit Distribution for Ordinary Shares or on Transfer of Capital Reserve Fund into Share Capital" of this report.

11. *Tax relief*

(1) Holders of A Shares

Pursuant to the provisions under the Circular on Relevant Issues Concerning Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2015] No. 101) and the Circular on Relevant Issues Concerning Implementation of Differentiated Individual Income Tax Policies for Dividends of Listed Companies (Cai Shui [2012] No. 85) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for individual shareholders of the Company who hold shares for a period (from the date of an individual's acquisition of the shares of a listed company from the public offering and the secondary market to the date prior to the date of transfer and settlement of such shares) of within one month (including one month), their dividends and bonus incomes are fully included in taxable income (effective tax rate is 20%); for those who hold shares for a period of over one month to one year (including one year), 50% of their dividends and bonus incomes are temporarily included in taxable income (effective tax rate is 10%); for those who hold shares for a period of over one year, their dividends and bonus incomes are temporarily exempt from income tax. When distributing dividends and bonuses, the listed company temporarily withholds no individual income tax for its individual holders who hold shares for a period of within one year (including one year). When an individual transfers his/her shares, the securities depository and clearing company calculates the actual taxable income according to his/her period for holding shares, and the company withholds tax otherwise through the securities depository and clearing company. For the dividends and bonus incomes obtained by a securities investment fund from a listed company, individual income tax thereof is levied in accordance with the requirements of Cai Shui [2012] No. 85.

For Qualified Foreign Institutional Investors ("QFII"), listed companies are required to uniformly withhold and pay enterprise income tax at a rate of 10% pursuant to the provisions under the Notice on the Relevant Issues Concerning the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation. If the QFII shareholder intends to claim the preferential treatment as stipulated in tax treaties (arrangements) for his dividend and bonus incomes, application for tax refund can be submitted to the competent tax authority after obtaining such dividends and bonuses in accordance with the regulations.

Pursuant to the provisions under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect (Cai Shui [2014] No. 81) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends and bonus incomes obtained by investors (including enterprises and individuals) in the Hong Kong market from investing in A Shares listed on the SSE, the implementation of differentiated tax policies based on period of shareholding are suspended before Hong Kong Securities Clearing Co., Ltd. meets the conditions of providing identification, term of shareholding and other specific data of investors, and the income taxes thereof are withheld and paid by the listed company at the rate of 10%, which should be duly declared to the competent tax authority. For Hong Kong investors who are tax residents from another country and that country has entered into a tax treaty with the PRC stipulating a tax rate of lower than 10% for the dividends, those enterprises or individuals may by themselves, or may entrust a withholding agent on their behalf to, apply to the competent tax authority of the listed company for the treatment as stipulated in such tax treaties. Upon the verification and approval by the competent tax authority, taxes shall be refunded based on the discrepancy between the levied taxes and the taxes payable pursuant to the tax treaty.

For institutional investors, the taxes on their dividends and bonus incomes shall be paid by themselves.

(2) Holders of H Shares

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

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

Pursuant to the provisions under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Market Connect (Cai Shui [2014] No. 81) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends and bonuses obtained by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H shares companies shall withhold individual income tax at the rate of 20%. For the dividends and bonus incomes obtained by Mainland securities investment funds by investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the individual income tax will be levied pursuant to the provisions mentioned above. For the dividends and bonus incomes obtained by Mainland enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, such H shares companies shall not withhold and pay any income taxes on the dividends and bonus incomes, and those enterprise investors shall report and pay the relevant tax themselves. Meanwhile, for the dividends and bonus incomes obtained by Mainland resident enterprises from holding relevant H shares for consecutive 12 months, the enterprise income taxes shall be exempted according to laws.

Pursuant to the provisions under the Notice on the Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC, for dividends received by domestic individual investors from investing in H shares listed on Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on their behalf. For dividends received by domestic securities investment funds from investing in shares listed on Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors; and for domestic corporate investors, the company of such H shares shall not withhold and pay the income tax on their behalf and the domestic corporate investors shall report and pay the relevant tax themselves.

Shareholders of the Company are recommended to consult their taxation advisors regarding tax implications arising from their holding and disposal of shares of the Company in the PRC, Hong Kong and other countries (regions).

12. *Contract of significance*

During the Reporting Period, the Company did not have any controlling shareholder and there is neither any contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries (as defined in Appendix 16 to the Hong Kong Listing Rules).

13. *Management contract*

During the Reporting Period, no contracts were entered into and subsisted (other than the service contracts with any Director or Supervisor or any of the full-time employee of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individual, firm or body corporate.

14. *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.

15. *Equity-linked agreement*

No equity-linked agreements were entered into by the Company or subsisted during the Reporting Period.

16. *Issuance of equity, stock and bond*

For the issuance of equity, stock and bond by the Company as of December 31, 2020, please refer to "Section VI, I. Changes in Share Capital of Ordinary Shares" and "Section VI, II. Issuance and Listing of Securities", "Section VII, Preference Shares" and "Section X, Corporate Bonds" of this report.

17. *Environmental policies and performance of the Company*

For the Company's environmental policies and performance, please refer to "Section V, XVII. Actively Fulfilling Social Responsibilities" of this report.

18. *Compliance with relevant laws and regulations*

For the Company's compliance with relevant laws and regulations which have great impact on the Company, please refer to "Section IX, Corporate Governance" of this report.

19. Review of annual results

The Audit Committee of the Board of the Company has reviewed the audited annual financial statements and annual report of the Company for the year ended December 31, 2020, and did not raise any objection to the accounting policies and practices adopted by the Company.

20. Subsequent events

Other than those disclosed in this report, the Company had no other material events subsequent to the financial year-end date and up to the date of this report.

IV. THE SITUATION THAT THE COMPANY FAILED TO DISCLOSE INFORMATION ACCORDING TO THE STANDARDS DUE TO SPECIAL REASONS, E.G. NON-APPLICABILITY TO THE STANDARDS OR STATE SECRETS AND TRADE SECRETS AND THE DESCRIPTION OF RELEVANT REASONS

During the Reporting Period, there was no non-disclosure by the Company due to non-applicability to the standards or special reasons.

Section V Significant Events

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

(i) Formulation, implementation or adjustment of cash dividends policy

In strict compliance with Article 245 of the Articles of Association, and adhering to the principle of "the same shares entitled to the same rights and dividends", the Company allocates its profit as per the shareholders' proportions of shareholding in the Company. The Company implements a sustainable and stable profit distribution policy, and places a great emphasis on the reasonable investment returns of its investors as well as the long-term development of the Company.

The Company formulated a clear profit distribution policy as stated in the Articles of Association: "The Company shall distribute its dividends in cash or in shares, and adopts cash dividends as its priority dividends distribution policy, which enables the shareholders to share the growth and development results of the Company and receive reasonable investment returns, by considering factors such as its development stage and capital requirements. In principle, the Company generally distributes its cash dividends in a profitable year. Subject to the compliance with the profit distribution principle and cash dividends conditions, the Company may also distribute interim cash dividends. The profit distributed by the Company shall not exceed its accumulated distributable profits. Profit distributed in cash in a single year shall be no less than 30% of the distributable profit of that year."

The profit distribution plan proposed by the Board of Directors shall be passed by a majority of the Directors, and independent Directors shall express their independent opinions on the profit distribution plan before it is submitted to the general meeting for consideration and approval. If profit distribution plan for the current year can be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividends, the profit distribution plan shall be passed by more than a half of the voting rights held by shareholders (including their proxies) present at the general meeting. If profit distribution plan for the current year cannot be decided in compliance with the existing cash dividends policy or as per the minimum proportion of cash dividends under special circumstances, the Company shall disclose specific reasons and definite opinions from independent Directors in regular reports, and make specific explanations on matters such as use of the retained earnings by the Company, estimated investment income, etc. Profit distribution plan for the current year shall be passed by more than two thirds of the voting rights held by shareholders (including their proxies) present at the general meeting and the shareholders shall be accessible to network voting when attending the general meeting to consider such plan. The Supervisory Committee shall monitor the execution of cash dividends policy and the shareholders' return plan carried out by the Board of Directors, as well as the implementation of appropriate decision-making procedures and the information disclosures.

Where the Company needs to adjust its profit distribution policy in light of industrial regulatory policies, business operations, investment plans and long-term development of the Company, or due to significant changes in the external operating environment or business operations of the Company, the adjusted profit distribution policy shall not violate relevant laws and regulations and relevant requirements of the CSRC and the stock exchanges. The proposal on the adjustment to the profit distribution policy shall be formulated by the Board of Directors based on the operating condition of the Company and relevant regulations and policies, and it shall be submitted to the general meeting for consideration. When formulating the proposal on the adjustment to the profit distribution policy, the Board of Directors shall listen fully to the opinions from the independent Directors and discuss their opinions in detail. The proposal on the adjustment to the profit distribution policy formulated by the Board of Directors shall be approved by a majority of all Directors of the Company, and independent Directors shall express their independent opinions on such proposal. The Supervisory Committee shall monitor the adjustment to profit distribution policy by the Board of Directors. The proposal on the adjustment to the profit distribution policy shall be approved by more than two thirds of the voting rights represented by the shareholders (including their proxies) present at the general meeting, and the Company shall provide an online voting system to facilitate the shareholders to vote on the relevant proposal.

The implementation of the Company's profit distribution plan for the year 2019 was accomplished on June 29, 2020. On the basis of the total share capital of 6,993,655,803 shares of the Company, cash dividends of RMB1.50 (tax inclusive) per ten shares were distributed, and the cash dividends distributed amounted to RMB1,049,048,370.45.

(ii) Plan or proposal on dividends distribution for ordinary shares or on transfer of capital reserve fund into share capital of the Company for the recent three years (including the Reporting Period)

Unit: Yuan Currency: RMB

Year of distribution	Amount of bonus shares per ten shares	Amount of dividends per ten shares (in RMB) (tax inclusive)	Number of shares transferred per ten shares	Amount of cash dividends (tax inclusive)	Net profit for the year attributable to the owners of the Parent Company in the consolidated statements during the year of distribution	Percentage of net profit for the year attributable to the owners of the Parent Company in the consolidate statements (%)
2020	0	2.50	0	1,748,413,950.75	2,722,988,518.72	64.21
2019	0	1.50	0	1,049,048,370.45	2,435,079,764.10	43.08
2018	0	1.00	0	699,365,580.30	1,231,013,208.91	56.81

As audited, the net profit attributable to the owners of the Parent Company in 2020 consolidated statements of the Group was RMB2,722,988,518.72 and the net profit of the Parent Company in 2020 was RMB1,536,393,008.19.

According to the Company Law, the Securities Law, the Financial Rules for Financial Enterprises, the Regulatory Guidelines for Listed Companies No.3 – Cash Dividends of Listed Companies of the China Securities Regulatory Commission, the Guidelines for Cash Dividends of Listed Companies of the Shanghai Stock Exchange, and the Articles of Association, and based on the actual needs of the Company's business development, the Company has proposed the following profit distribution plan for 2020:

The distributable profit of the Company for 2020 was RMB5,141,903,137.38, which is calculated by retained profits of RMB4,766,558,982.91 of the Company as the beginning of 2020, plus net profit achieved by the Company in 2020 of RMB1,536,393,008.19, minus cash dividend of RMB1,049,048,370.45 for 2019, minus the effect of transfer within owner's equity on retained profits in 2020 of RMB28,712,812.04, and minus interest expense accrued for perpetual subordinated bonds of RMB83,287,671.23. Based on the net profit realized in 2020, the Company withdrew 10% statutory surplus reserve fund, 5% discretionary surplus reserve fund, 10% general risk reserve fund, 10% transaction risk reserve fund and custodian business risk reserve based on 2.5% of the income from custodian fee of publicly offered funds, totaling RMB537,742,438.69. After deducting the above withdrawal, the distributable profit of the Company at the end of 2020 was RMB4,604,160,698.69.

Taking into consideration the long-term development of the Company and the interests of investors, the Company has proposed the following profit distribution plan for 2020:

1. Ways of cash dividend distribution for 2020 profit of the Company: based on the total share capital of 6,993,655,803 shares as at December 31, 2020, a cash dividend of RMB2.50 (tax inclusive) for every 10 shares will be distributed to A shareholders and H shareholders who are registered on the date of cash distribution in 2020, with a total cash dividend of RMB1,748,413,950.75, accounting for 64.21% of the net profit attributable to the Parent Company in the 2020 consolidated statements.

2. Cash dividend will be denominated and distributed in RMB and paid in RMB to A shareholders and paid in HK dollars to H shareholders. The actual amount of distribution in HK dollars will be converted into HK dollars based on the average benchmark exchange rate published by the People's Bank of China five working days prior to the date of 2020 annual general meeting.

Cash dividends will be distributed within two months after the date of the 2020 annual general meeting, following the approval of the profit distribution proposal for 2020 at such annual general meeting.

The Company will announce, in due course, the date of convening the 2020 annual general meeting, and for the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the timing for which the register of members of the Company will be closed. The Company will give further notice on the record date and book closure date for the dividend of H Shares.

(iii) Cash repurchase offer which is credited to cash dividends

During the Reporting Period, there is no cash repurchase offer which is credited to cash dividends.

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

During the Reporting Period, there was no such case that the Company recorded profit and the Parent Company recorded positive retained profits for distribution to shareholders of ordinary shares but no proposal for profit distribution for ordinary shares in cash was proposed.

II. PERFORMANCE OF UNDERTAKINGS

(i) Undertakings by the Company's de facto controller, shareholders, related parties, acquirers, the Company and other parties during the Reporting Period or subsisting to the Reporting Period

Background of undertaking	Type of undertaking	Covenantor	Undertaking	Time and validity period of undertaking	Subject to expiry	Timely and strictly performed	Reasons for failure to perform	Follow up plan for failure to perform timely
Undertakings in relation to IPO of A Shares	To solve the problem of business competition	Shenergy Group	Shenergy Group has issued the Commitment Letter of Avoiding Business Competition to the Company and undertook that it and the companies and enterprises under its direct or indirect control would not participate in any form of business or operation that compete or might compete with the Company and its subsidiaries.	After the public offering and listing of A Shares of the Company	Yes	Yes	/	/
Undertakings in relation to refinancing	Shares subject to lock-up	Shenergy Group	Shenergy Group undertook that, during the 48 months from the listing and trading of such increased Shares on the stock exchange, it would not transfer or entrust other parties to manage the Shares of the Company held by it directly and indirectly or cause the Company to repurchase such shares.	Within 48 months from the non-public issuance and listing of A Shares of the Company	Yes	Yes	/	/
Undertakings in relation to refinancing	Shares subject to lock-up	Shanghai Haiyan Investment	Shanghai Haiyan Investment undertook that, during the 36 months from the listing and trading of such increased Shares on the stock exchange, it would not transfer or entrust other parties to manage the Shares of the Company held by it directly and indirectly or cause the Company to repurchase such shares.	Within 36 months from the non-public issuance and listing of A Shares of the Company	Yes	Yes	/	/

(ii) Where profit predictions were made on the assets or projects of the Company and the Reporting Period fell in the prediction period of profit, the Company gave an explanation on whether the original profit predictions on its assets or projects were met and the reasons

During the Reporting Period, no profit predictions were made on the assets or projects of the Company.

(iii) Fulfillment of results undertakings and its impact on impairment test of goodwill

During the Reporting Period, the Company did not make undertakings on its results.

Section V Significant Events

III. APPROPRIATION OF FUND AND PROGRESS OF DEBT CLEARANCE DURING THE REPORTING PERIOD

During the Reporting Period, no appropriation of fund was noted by the Company.

IV. THE COMPANY'S EXPLANATIONS ON "NON-STANDARD AUDIT REPORT" OF ACCOUNTING FIRM

During the Reporting Period, there were no explanations on "non-standard audit report" of accounting firm of the Company

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON REASONS FOR AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS

(i) Analysis and explanation from the Company on reasons for and impacts of changes in accounting policies and accounting estimates

During the Reporting Period, there were no changes in accounting policies and accounting estimates of the Company.

(ii) Analysis and explanation from the Company on reasons for and impacts of correction of material accounting errors

During the Reporting Period, there did not exist correction of any material accounting error.

(iii) Communication with the previous accounting firm

During the Reporting Period, the Company did not communicate with its previous accounting firm.

(iv) Other explanations

During the Reporting Period, the Company had no other explanations.

VI. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: '0000 Currency: RMB

	Currently engaged
Name of the domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of the domestic accounting firm	119
Term of the audit services provided by the domestic accounting firm (year)	4
Name of the overseas accounting firm	Deloitte Touche Tohmatsu
Remuneration of the overseas accounting firm	119
Term of the audit services provided by the overseas accounting firm (year)	5

	Name	Remuneration
Accounting firm engaged for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	42

Explanations on appointment and dismissal of accounting firms

During the Reporting Period, as approved upon consideration at the Company's 2019 annual general meeting, the Company re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its domestic auditor for 2020, who was responsible for provision of relevant domestic audit services in accordance with CASBE for a term of one year, with annual auditing fees for finance and special supervision report of RMB1.19 million. The Company also re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its internal control auditor for 2020, with internal control auditing fees of RMB0.42 million. The Company re-appointed Deloitte Touche Tohmatsu as the Company's overseas auditor for 2020 for a term of one year, who was responsible for provision of relevant audit and review services in accordance with IFRS, with annual auditing fees of RMB1.19 million and interim reviewing fees of RMB0.60 million. Deloitte Touche Tohmatsu Certified Public Accountants LLP provides auditing services to subsidiaries of the Group, and the auditing fees in total amounted to RMB1.2533 million.

Explanations on changes of accounting firms during the audit period

During the Reporting Period, The Company did not change its accounting firm, nor did the Board disagreed with the opinion of the audit committee on the selection and appointment of external auditors.

Accounting firm appointed by the Company in the past three years	2020	2019	2018
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Name of overseas accounting firm	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu

VII. RISK OF SUSPENSION OF LISTING

During the Reporting Period, the Company was not exposed to the risk of suspense of listing.

VIII. DELISTING AND REASONS

During the Reporting Period, the Company was not subject to delisting.

IX. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

During the Reporting Period, the Company experienced no bankruptcy or restructuring related matters.

X. MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, the Company was not involved in any material litigation or arbitration that involves claims of over RMB10 million and accounting for more than 10% of the absolute value of the Company's net assets as audited in the latest financial statements, which shall be disclosed in accordance with the requirements under the SSE Listing Rules. The Company did not have matters commonly questioned by media during the Reporting Period.

The major litigations and arbitrations (representing more than 90% of the total litigation and arbitration of the Company) in which the Company is involved are as follows:

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Dalian Changfu Ruihua Group Co., Ltd. (大連長富瑞華集團有限公司)	Litigation	Dalian Changfu Ruihua Group Co., Ltd. ("Changfu Ruihua") conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Dalian Holdings (大連控股)" (600747) held by it in June 2014. The above-mentioned transaction has been in default.	Principal of RMB800 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	The application for enforcement was accepted in June 2017, and Liaoning High Court made a ruling in July 2017, designating Dalian Intermediate Court as the jurisdiction of the case. In January 2018, Dalian Intermediate Court obtained the right to dispose of the collateralized securities from the first court. After that, the case entered the judicial auction procedure in August 2019. During the judicial evaluation process, the collateralized securities were delisted from the market in December 2019, and there were third-party creditors who applied for bankruptcy of the debtor, which was accepted by Dalian Intermediate Court as designated by Liaoning High Court. Both the bankruptcy applicant and the debtor raised objections to the judicial auction regarding this case and requested to suspend the execution. In March 2020, Dalian Intermediate Court rejected the objection to execution. Dalian Holdings was delisted and quoted on the Agency Share Transfer System. After applying with Pacific Securities (the nominated broker), the manager agreed to dispose of the collateralized equity in advance, and auctioned it for the first time in June but the auction was unsuccessful. The first creditor meeting was held in July 2020, and the claims were validated by the manager. At present, the case is in bankruptcy proceedings and will continue after the release of collateralized shares from judicial freezing and all follow-up freezing.
DFZQ	Shanghai Yutai Dengshuo Investment Center (Limited Partnership) (上海郁泰登碩投資中心(有限合夥)) and Shanghai Fuxing Industrial Group Co., Ltd. (上海阜興實業集團有限公司), the guarantor	Litigation	Shanghai Yutai Dengshuo Investment Center (Limited Partnership) conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Jianrui Woneng (堅瑞沃能)" (300116) held by it in September 2016 and Shanghai Fuxing Industrial Group Co., Ltd. provided the unconditional, irrevocable and joint guarantee. The above-mentioned transaction has been in default.	Principal of RMB170 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In August 2018, the case was filed with enforcement procedure in Shanghai No.2 Intermediate People's Court and the first freeze on collateralized securities was completed in September of the same year. In September 2019, the case entered the implementation phase. Certain collateralized shares were disposed of through judicial entrustment in secondary market, and certain implementation funds were recovered. After the remaining collateralized shares were auctioned off by judicial auction in January 2020, the court has now made a ruling on debt repayment with shares, and the procedures for debt repayment with shares have been completed. In March 2020, in the proceedings of other cases related to Shanghai Fuxing and its associates, Shanghai No.2 Intermediate People's Court froze the execution proceeds recovered from disposal of shares related to the Company's case of RMB65.41 million and the remaining 4.81 million shares that have been transferred but not dispose of. After several rounds of communication with the court, the Company's case will be handle according to relevant legal documents after conclusion of the criminal case. Meanwhile, the Company sued Shanghai Yutai Investment Management Co., Ltd., the guarantor, in the Shanghai Financial Court for the shortfall between the pledged shares and the debts.

Section V Significant Events

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Lin Wenhong and his spouse	Litigation	Lin Wenhong conducted the share collateralized repurchase transaction with the Company by way of the circulating shares of "Guanfu Limited (冠福股份)" (002102) held by him in March 2014. The above-mentioned transaction has been in default.	Principal of RMB50.91 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In July 2019, the Company filed a lawsuit with Shanghai Financial Court and completed the litigation preservation. The formal hearing was held in January 2020. In March 2020, the Company received the ruling of first instance where the court ruled in favor of the Company in respect of all claims except for the attorney's fees not actually incurred and the preservation guarantee fee, and the defendant did not appeal. In April 2020, the Company applied for enforcement. In October 2020, Hangzhou Shangcheng District Court, the first freezing court, transferred the disposal right of collateralized shares to Shanghai Financial Court. In November 2020, the Shanghai Financial Court ruled that the shares should be disposed of by judicial auction, which is now pending the publication of judicial auction announcement.
DFZQ	Lin Wenzhi, his spouse and Fujian Tongfu Industry Co., Ltd., the guarantor of the third tranche of transaction	Litigation	Lin Wenzhi conducted three tranches of share collateralized repurchase transactions with the Company by the circulating shares of "Guanfu Limited (冠福股份)" (002102) held by him since September 2014 and Fujian Tongfu Industry Co., Ltd. provided the unconditional, irrevocable and joint guarantee for one of the transactions. The above-mentioned transaction has been in default.	Principal of RMB126.87 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In July 2019, the three transactions were jointly sued by the Company to the Shanghai Financial Court and litigation preservation was completed. The Shanghai Financial Court planned to split the above three transactions into two cases and formally held a hearing in January 2020 on the transaction case involving a principal of RMB90.87 million. On March 3, 2020, the Company received the ruling of first instance where the court ruled in favor of the Company in respect of all claims except for the attorney's fees not actually incurred and the preservation guarantee fee, and the defendant did not appeal, and applied for execution in April 2020. In October 2020, the court obtained the disposal right for the firstly frozen 3,836,265 shares from Shanghai Qingpu Court, and disposed of the shares through judicial auction in December 2020 with proceeds of RMB6.71 million, which will be transferred to the Company by the court. Due to changes of the first freezing court, the transfer of the remaining pledged shares was put on hold and subject to reply from the latest effective first freezing courts, i.e. Shanghai Pudong Court and Hangzhou Xiacheng District Court.

Section V Significant Events

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Beijing Wutong Yuxiang Investment Co., Ltd. (北京市梧桐翔宇投資有限公司)	Litigation	Beijing Wutong Yuxiang Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Deao Freight (德奧通航)" (002260) held by it in August 2016. The above-mentioned transaction has been in default.	Principal of RMB123.6708 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	The lawsuit was filed in July 2019 and originally scheduled to be heard in February 2020. Affected by the pandemic, the hearing was postponed to April 2020. In May 2020, the court ruled in favor of the Company in first instance, and the defendant did not appeal. In July 2020, the Company applied for enforcement. In September 2020, Hangzhou Intermediate Court, the first freezing court, transferred the disposal right to Shanghai Financial Court.
DFZQ	Lin Wenchang	Litigation	Lin Wenchang conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Guanfu Limited (冠福股份)" (002102) held by him in June 2016. The above-mentioned transaction has been in default.	Principal of RMB283.1 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In September 2019, Quanzhou Intermediate People's Court formally accepted the case and completed the enforcement preservation. In March 2020, Quanzhou Intermediate People's Court obtained the right to dispose of pledged shares. In October 2020, the court and the notary office informed that they received the application from the executed party on objection to enforcement and revocation of enforcement certificate. In November 2020, the court and the notary office rejected such application in writing. In December 2020, the executed party applied with Fujian Higher People's Court for review on the objection.
DFZQ	Zhang Qingwen	Litigation	Zhang Qingwen conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Bangxun Technology (邦訊技術)" (300312) held by him in December 2015. The above-mentioned transaction has been in default.	Principal of RMB185.8101 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In October 2019, the case entered into enforcement procedure and was executed and filed with the court. In March 2020, the court received the disposal right of 10 million shares from the first freezing court in Shenzhen, and the Company applied with the court to resume the enforcement on such 10 million shares. In April 2020, Beijing No.1 Intermediate People's Court. received the letter of transfer of disposal right from Shanghai No.1 Intermediate People's Court. In June 2020, the Company communicated with the court in respect of the auction plan. The auctions held in October and November 2020 were unsuccessful. Subsequently, the debtor communicated with the Company for settlement, and the communication is still in progress.
DFZQ	Dai Furong	Litgation	Dai Furong conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Bangxun Technology (邦訊技術)" (300312) held by her in September 2015. The above-mentioned transaction has been in default.	Principal of RMB150 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	It is divided into two judicial cases: Among them, the lawsuit case was formally filed in September 2019, but the defendant filed a jurisdictional objection, which was rejected by Huangpu Court, and the defendant appealed to Shanghai Financial Court. In January 2020, Shanghai Financial Court issued a final ruling which rejected the defendant's jurisdictional objection. The trial was held in May 2020. In June 2020, the Company received the ruling of first instance where the court ruled in favor of the Company in respect of all claims except for the attorney's fees not actually incurred and the preservation guarantee fee. In June 2020, the defendant filed an appeal. In December 2020, the Company received the ruling of second instance which upheld the original ruling. The case is pending application for enforcement. The enforcement case was filed with enforcement procedure in Beijing No. 1 Intermediate Court in October 2019. In April 2020, Beijing No.1 Intermediate People's Court. received the letter of transfer of disposal right from Shanghai No.1 Intermediate People's Court. In June 2020, the Company communicated with the court in respect of the auction plan. The auctions held in October and November 2020 were unsuccessful. Subsequently, the debtor communicated with the Company for settlement, and the communication is still in progress.

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Xu Leilei	Litigation	Xu Leilei conducted the share collateralized repurchase transaction with the Company by the shares of "Huangshi Group (皇氏集團)" (002329) held by her in November 2016. The above-mentioned transaction has been in default.	Principal of RMB119.0308 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In October 2019, the case was put on file with enforcement procedure in Beijing No. 3 Intermediate Court. In December, the execution settlement agreement was reached with the executed party. However, due to the defendant's failure to repay the loan, the Company applied for resumption of enforcement procedure in January 2020. The case was put on trial again in September and pending for ruling. The Company's enforcement case will continue after conclusion of the first freezing case.
DFZQ	Huang Xiuzhen, Wang Wenqi, Jia Xiaoyu, the legal successors of Jia Quanchen and the transaction guarantors, Jia Xiaoyu and Wang Jingjing	Litigation	Jia Quanchen (deceased) conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Qingdao Zhongcheng (青島中程)" (300208) held by him in September 2016 and Jia Xiaoyu and Wang Jingjing provided the unconditional, irrevocable and joint guarantee for the transaction. Jia Quanchen deceased before the maturity date and failed to buy back the shares due, which constituted a breach of contract and the collateralized shares were frozen by the judiciary. Therefore, the Company claimed creditor's rights from its property heirs Wang wenqi, Jia xiaoyu and the guarantor.	Principal of RMB115 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	The lawsuit was filed at the end of October 2019 and first heard in April 2020. The defendant's attorney proposed to the judge to postpone the case, and was required by the judge to provide power of attorney. In the same month, the attorney provided certain inheritance documents. In June 2020, the defendants stated that they would not give up their inheritance, but would like to introduce a third party to reach a settlement plan. In August 2020, the Company and the defendants reached a settlement in court and produced a civil settlement agreement. As the defendants failed to perform the settlement agreement, the Company applied for enforcement, which was filed with Shanghai Financial Court.
DFZQ	Beijing Dongfang Junsheng Investment Co., Ltd. (北京東方君盛投資有限公司) and its guarantors Feng Biao, Gao Zhonglin and their spouses	Litigation	Beijing Dongfang Junsheng Investment Co., Ltd. ("Dongfang Junsheng") conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Hainan Yedao (海南椰島)" (600238) held by it in September 2017 and Feng Biao and Gao Zhonglin provided the unconditional, irrevocable and joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB425 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In November 2019, the case was filed and the litigation preservation was completed. In late March 2020, the court rejected the jurisdictional objection filed by Dongfang Junsheng and Feng Biao, who filed an appeal for such rejection in April 2020, and the scheduled hearing for the case was cancelled. Shanghai Financial Court transferred the case files to the higher court system in May 2020. In June 2020, the Company received the ruling of second instance on the jurisdictional objection, which upheld the original ruling. Subsequently, Shanghai Financial Court announced the service of summons and held the hearing in November 2020, pending the ruling of first instance.

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Shenzhen Laohuhui Asset Management Co., Ltd. (深圳市老虎匯資產管理有限公司) and the guarantor Feng Biao and his spouse	Litigation	Shenzhen Laohuhui Asset Management Co., Ltd. ("Laohuhui") conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Jiaying Pharmacy (嘉應製藥)" (002198) held by it in February 2017 and Feng Biao, the de facto controller, provided the unconditional, irrevocable and joint guarantee liabilities for the transaction. The above-mentioned transaction has been in default.	Principal of RMB470 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In November 2019, the case was filed and the litigation preservation was completed. Laohuhui and Feng Biao filed an objection to jurisdiction. In March 2020, the Company received the ruling from the court which rejected the jurisdictional objection. The defendants appealed against the rejection, and the scheduled hearing for the case was cancelled. In April 2020, Shanghai Financial Court received the case files transferred. In August 2020, the Company received the ruling of second instance on the jurisdictional objection from Shanghai High Court, which upheld the original ruling. Subsequently, Shanghai Financial Court announced the service of summons and scheduled to hold the hearing in January 2021.
DFZQ	Kedi Food Group Co., Ltd (科迪食品集團股份有限公司) and Zhang Qinghai, the guarantor	Litigation	Kedi Food Group Co., Ltd conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Kedi Dairy (科迪乳業)" (002770) held by it in December 2015 and Zhang Qinghai, the de facto controller, provided the unconditional, irrevocable and joint guarantee liabilities for the transaction. The above-mentioned transaction has been in default.	Principal of RMB231.86 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In May 2020, Zhang Qinghai, the guarantor, was sued together in Shanghai Financial Court, and the lawsuit was filed. In June 2020, the court made a preservation ruling. The hearing of first instance was held in October 2020, pending the ruling of first instance.
DFZQ	Shanghai Huaimao Equity Investment Fund Management Partnership (Limited Partnership) (上海淮茂股權投資基金管理合夥企業(有限合夥))	Litigation	Shanghai Huaimao Equity Investment Fund Management Partnership (Limited Partnership) conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Gangtai Holdings (剛泰控股)" (600687) held by it in January 2016 and Shanghai Dingbai Equity Investment Fund Management Partnership (Limited Partnership) provided the unconditional, irrevocable and joint guarantee liabilities for the transaction. The above-mentioned transaction has been in default.	Principal of RMB415.9174 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In April 2020, the Company applied to Shanghai Financial Court for enforcement and the case was formally accepted by the court at the end of June. In August 2020, Shanghai Financial Court received the disposal right of the collateralized shares. In November 2020, as the listed company was subject to delisting due to its share price being lower than the par value, the court issued the ruling on disposal of shares in secondary market and relevant notice of assistance in execution. A total of 14,887,153 shares were disposed of according to relevant regulations on shareholding reduction. After deducting the execution fee and handling fee, the court transferred the proceeds of RMB11,601,009.78 to the Company in December 2020. The court has made ruling on the remaining collateralized shares and published relevant announcement, and such shares were scheduled to be disposed of in January 2021 through the judicial assistance execution platform for block trade of shares operated by Shanghai Financial Court and the SSE.

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Linlu Investment (Shanghai) Co., Ltd. (霖瀘投資(上海)有限公司) and Chen Zhonghua, Ji Jun and his spouse, the guarantors	Litigation	Linlu Investment (Shanghai) Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Huayi Jiaxin (華誼嘉信)" (300071) held by it in August 2016 and Chen Zhonghua, the legal representative and Ji Jun, a shareholder, provided the unconditional, irrevocable and joint guarantee liabilities for the transaction. The above-mentioned transaction has been in default.	Principal of RMB109 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In June 2020, the Company filed a lawsuit with Shanghai Financial Court, and the litigation preservation and the first-instance freezing of the pledged shares was completed. The case was heard in September 2020, and settlement was reached with civil settlement agreement produced by the court. As the debtors failed to perform the civil settlement agreement, the Company proposed to apply for enforcement with Shanghai Financial Court.
DFZQ	Shandong Oriental Ocean Group Co., Ltd. (山東東方海洋集團有限公司)	Litigation	Shandong Oriental Ocean Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Oriental Ocean (東方海洋)" (002086) held by it since October 2017 and Che Shi, Song Zhenghua and Che Zhiyuan provided the unconditional, irrevocable and joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB175.3 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In July 2020, the Company filed a lawsuit with Shanghai Financial Court, and the hearing of first instance was held in December and pending the ruling of first instance.
DFZQ	Shantou Chenghai Humei Storage Battery Co., Ltd. (汕頭市澄海區滬美蓄電池有限公司)	Litigation	Shantou Chenghai Humei Storage Battery Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Dynavolt Technology (猛獅科技)" (002684) held by it since May 2016 and Chen Zaixi, Chen Yinqing, Chen Lewu, Lin Shaojun and Guangdong Mengshi Industrial Group Co., Ltd. (廣東猛獅工業集團有限公司) provided the unconditional, irrevocable and joint guarantee for the transaction. The above-mentioned transaction has been in default.	Principal of RMB569.3 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In August 2020, the Company filed a lawsuit with Shanghai Financial Court, and the hearing of first instance was scheduled in February 2021.

Unit: RMB

Plaintiff	Defendant	Category of the litigation and arbitration	Reason	Amount involved	Progress
DFZQ	Nantong Yuanding Investment Co., Ltd. (南通元鼎投資有限公司)	Litigation	Nantong Yuanding Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Gangtai Holding (剛泰控股)" (600687) held by it since October 2016. The above-mentioned transaction has been in default.	Principal of RMB306.3312 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In August 2020, the case of enforcement of notarized debt instrument was accepted by Nantong Intermediate Court, which seized and froze the collateralized shares in first instance. In November 2020, as the listed company was subject to delisting due to its share price being lower than the par value, the court issued the ruling on disposal of shares in secondary market and relevant notice of assistance in execution. A total of 14,887,098 shares were disposed of according to relevant regulations on shareholding reduction. After deducting the execution fee and handling fee, the court proposed to transfer the proceeds of RMB13,151,670.43 to the Company in January 2021. The court has made ruling on the remaining collateralized shares and announced to dispose of such shares through judicial auction in January 2021.
DFZQ	Xusen International Holding (Group) Co., Ltd. (旭森國際控股(集團)有限公司)	Litigation	Xusen International Holding (Group) Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the circulating shares of "Shangying Global (商贏環球)" (600146) held by it since September 2016. The above-mentioned transaction has been in default.	Principal of RMB238.7 million and interest, delayed interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid	In December 2020, the case of enforcement of debt instrument was accepted by Shanghai Financial Court. The executed party filed an objection to enforcement, which is pending trial by the court.

XI. PUNISHMENT ON AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND ACQUIRER

During the Reporting Period, none of the Company and its directors, supervisors or senior management had been investigated by competent authorities, and no compulsory measures had been imposed on them by the judicial organs or discipline inspection departments, nor had they been handed over to the judicial organs or been investigated for criminal liability, or was subject to investigation as a case or administrative punishment, or banned from access to the market by the CSRC, identified as an inappropriate candidate, subject to significant administrative punishment by environmental protection, safety supervision, taxation or other administrative departments, or publicly condemned by stock exchanges.

XII. EXPLANATIONS ON CREDIT WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

The Company's largest shareholder is Shenergy Group. During the Reporting Period, the Company maintained excellent creditworthiness and there were no cases such as non-performance of an effective court judgment or any large obligation or liability remaining unpaid passed their maturity date.

XIII. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

In order to establish and improve the benefit co-sharing mechanism between employees and the Company, improve the cohesion among employees and the competitiveness of the Company, attract and retain quality talents, promote the long-term, sustainable and healthy development of the Company, and maximize the interests of the Company, Shareholders and employees, the Company implemented the H-share employee stock ownership plan in 2020.

At the 20th meeting of the 4th session of the Board, the 15th meeting of the 4th session of the Supervisory Committee and the 2020 first extraordinary general meeting, the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 and the Proposal in relation to the Authorization to the Board to Fully Handle Matters Related to the Employee Stock Ownership Plan were considered and approved. On July 7, 2020, the 4th plenary meeting of the third session of the employee congress of the Company was convened, at which the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 was considered and approved. The actual number of participants in the employee stock ownership plan of the Company is 3,588, and the total amount of funds raised is RMB316,657,000, of which the subscription amount of Directors, Supervisors and senior management personnel of the Company accounts for 8.27% of the total amount of the employee stock ownership plan.

On July 23, 2020, the first meeting of the holders of the Company's employee stock ownership plan was convened through online voting, at which the Proposal on Election of Members of the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 and the Proposal on Authorizing the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 to Handle Matters Related to the Employee Stock Ownership Plan were considered and approved.

The H share employee stock ownership plan of the Company has completed the acquisition of all subject shares and relevant transfer and registration on December 24, 2020. In particular, "DFZQ ESOP Single Asset Management Scheme No. 1" and "DFZQ ESOP Single Asset Management Scheme No. 2" acquired a total of 65,906,800 H shares of the Company in the secondary market, accounting for 0.942% of the total share capital of thee Company and 6.417% of the H share capital of the Company, at total consideration of RMB0.30 billion, and the remaining fund will be used for liquidity management.

According to the Employee Stock Ownership Plan of 東方證券股份有限公司, the lock-up period of the subject shares purchased under the H share employee stock ownership plan of the Company shall be 12 months with effect from the date on which the Company announces that the latest purchased subject shares are transferred and registered, i.e. from December 25, 2020 to December 24, 2021.

The Company will strictly adhere to the market trading rules, continuously monitor the implementation of the employee stock ownership plan of the Company, and perform its obligation of information disclosure under relevant regulations in a timely manner.

XIV. MATERIAL RELATED-PARTY TRANSACTIONS

(i) Related-party transactions related to daily operation

During the Reporting Period, the Group had no significant related party transactions and there were no non-operating related credits and debts.

1.1 Continuing Related-party/Connected Transactions between the Group and Shenergy Group and its related companies

Reference is made to the announcement of the Company dated June 3, 2019 in relation to the continuing connected transactions. As at the date of this report, Shenergy Group holds approximately 25.27% of the issued share capital of the Company. According to Rule 14A.07 (1) of the Hong Kong Listing Rules, Shenergy Group and its related companies are connected persons of the Company. During the Reporting Period, the Company carried out related/connected transactions in strict compliance with the "Resolution on Estimation for the Company's 2020 Daily Related Transactions" considered and approved at the 2019 annual general meeting, the relevant related/connected transaction as agreed in the "Resolution on the Signing of the Connected Transaction Framework Agreement with Shenergy (Group) Company Limited" considered and approved at the 4th meeting of the fourth session of the Board and the "Resolution on the Signing of the Supplemental Connected Transaction Framework Agreement with Shenergy (Group) Company Limited" considered and approved at the 12th meeting of the fourth session of the Board. The relevant implementation is set out in the following table:

Unit: '0000 Currency: RMB

Type of transaction	Items of transaction	Brief description of related business or matters	Related party/ connected person	Projected amount	Actual amount
Securities and financial products services	Fee and commission income	The Company charges fees and commissions for providing services such as trading of securities and futures on their behalf and other services.	Shenergy Group and its related companies	15,000.00	48.31
	Interest expense on the margins of clients	The Company pays interest on the deposits from clients for providing services such as trading of securities and futures on their behalf and other services.		2,500.00	17.38
Purchase of goods and receiving of services	Business and management fee	The Company receives its services such as property management, gas and electric supply.		5,000.00	1,942.93

Note: In 2020, the related-party/connected transactions between the Company and Shenergy Group and its related companies accounted for a small proportion of the Company's similar transactions.

1.2 *Related party transactions between the Group and other related parties*

During the Reporting Period, the Company carried out connected transactions in strict compliance with the annual transaction amount caps stipulated in the "Proposal on Estimation for the Company's 2020 Daily Related Transactions" reviewed and approved at the 2019 annual general meeting. The relevant implementation is set out in the following table:

Unit: '0000 Currency: RMB

Type of transaction	Items of transaction	Brief description of related business or matters	Related party	Projected amount	Actual amount
Securities and financial products services	Fee and commission income	The Company charges fees and commissions for providing related parties with services such as trading of securities and futures on their behalf, financial advisory and other services.	Great Wall Fund Management Co., Ltd.	Subject to the actual amount due to unpredictable transaction volume.	346.16
			Orient International Group Shanghai Investment Limited		0.85
			Shanghai Orient Xindeyizhang Public Welfare Foundation		0.80
			Related/connected natural person		38.92
	Underwriting fee income	The Company charges securities underwriting fees for providing securities underwriting services.	Shanghai Construction Group Co., Ltd.	Subject to the actual amount due to unpredictability of volume of underwriting securities.	82.00
			Zhejiang Energy Group Co., Ltd.		21.83
			Shanghai Xinhua Distribution Group Co., Ltd.		2.70
	Interest income	The Company holds the bonds issued by the related parties and earns interest income for the corresponding period.	China Pacific Property Insurance Co., Ltd.	Subject to the actual amount due to unpredictability of size and term of bonds.	483.76
			Shanghai Xinhua Distribution Group Co., Ltd.		317.86
			Shanghai Shangbao Asset Management Co., Ltd.		154.29
			Greenland Holdings Group Co., Ltd.		45.72

Type of transaction	Items of transaction	Brief description of related business or matters	Related party	Projected amount	Actual amount
	Investment income	The Company obtained investment income from purchasing securities, funds, insurance and other products issued by the related parties.	Shanghai Construction Group Co., Ltd.	Subject to the actual amount due to unpredictability of size and yields of securities and other products.	775.83
			Great Wall Fund Management Co., Ltd.		662.27
			China Greatwall Technology Group Co., Ltd.		8.83
			Yantai Zhangyu Grape Wine Co., Ltd.		2.02
			Jiangsu Financial Leasing Co., Ltd.		1.22
			Shanghai Jinqiao Export Processing Zone Development Co., Ltd.		(0.32)
			Greenland Holdings Group Co., Ltd.		(13.78)
			Haitong Securities Co., Ltd		(89.87)
			China Pacific Insurance (Group) Co., Ltd.		(117.21)
	Interest expense on clients' deposits	The Company pays interest on the deposits from clients for providing the related parties with services such as trading of securities and futures on their behalf and other services.	Greenland Holdings Group Co., Ltd.	Subject to the actual amount due to unpredictability of the amount of funds of the clients.	63.33
			Shanghai Construction Group Co., Ltd.		6.82
			Shanghai Orient Xindeyizhang Public Welfare Foundation		0.23
			China Greatwall Technology Group Co., Ltd.		0.13
			Orient International Group Shanghai Investment Limited		0.08
			Related/connected natural person		1.40
	Insurance expenditure	The Company purchases liability insurances for directors, supervisors, and senior management.	China Pacific Property Insurance Co., Ltd.	Subject to the actual amount due to unpredictability of insurance type, time and amount.	63.02

Type of transaction	Items of transaction	Brief description of related business or matters	Related party	Projected amount	Actual amount
Trading in securities and financial products	Securities transactions	Balance of the stocks, bonds, funds and other products which are issued by the related parties and subscribed for by the Company as at the end of the period.	Shanghai Construction Group Co., Ltd.	Subject to the actual amount due to unpredictability of transaction and the volume.	16,006.73
			China Pacific Property Insurance Co., Ltd.		10,000.00
			Shanghai Qizhong Golf Club Co., Ltd.		5,800.00
			Shanghai Xinhua Distribution Group Co., Ltd.		5,000.00
			Shanghai Shangbao Asset Management Co., Ltd.		4,000.00
			Great Wall Fund Management Co., Ltd.		3,456.86
			China Pacific Insurance (Group) Co., Ltd.		1,977.25
			Haitong Securities Co., Ltd.		1,517.86
			China Greatwall Technology Group Co., Ltd.		31.47
			Greenland Holdings Group Co., Ltd.		21.42
			Jiangsu Financial Leasing Co., Ltd.		3.43
			Yantai Zhangyu Grape Wine Co., Ltd.		3.10
			Shanghai Jinqiao Export Processing Zone Development Co., Ltd.		1.75

Notes:

(1) The inter-group transaction and the transactions with their parent companies of the subsidiaries who have a control relationship and are incorporated in the Company's consolidated financial statements were offset.

(2) In 2020, the related transactions between the Company and other related parties accounted for a small proportion of the Company's similar transactions.

(3) The related/connected natural persons include: natural persons who directly or indirectly hold more than 5% of the shares of the listed company; directors, supervisors and senior management of the Company; close family members of the above-mentioned persons. All the applicable percentage ratios for aforesaid transaction calculated fall below the de minimis threshold as stipulated under Rule 14A.76 (1) of the Hong Kong Listing Rules, these transactions therefore will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

1.3 Transaction categories and pricing policies for related-party/connected transactions

The Group expects to conduct transactions with securities/financial products and intermediary services with related/connected parties, specific transaction categories and pricing policies are as follows:

1.3.1 Securities and Financial Products Services

Securities and financial products services include but are not limited to, the following services: securities, futures brokerage; rental trading seats; sales of securities and financial products; securities financing business; custodian asset management; investment consultancy; securities underwriting; financial advisor; and asset custody services.

The pricing principles for securities and financial products services are determined by the parties in accordance with the relevant applicable laws and regulations with reference to the prevailing market rates. In particular:

1) Securities and Futures Brokerage Services – The commission rate for these services is generally transparent and standardized and determined after fair negotiations with reference to the prevailing market rates of similar securities or futures industries; fees (as the case may be) will be determined by reference to, among other things, the brokerage transaction fees, interest rates and commissions of the independent third party customers in the market and the total amount of the expected broker transaction. For futures brokerage, each unilateral commission is different depending on (i) the type of futures contract; (ii) the futures exchange where the trading is conducted; and (iii) whether the trading is conducted in Hong Kong during the day or night. For brokerage related services, the fees (as the case may be) will be determined with reference to the expected cost;

2) Sales of Securities and Financial Products Services – Factors determining service fees include market prices, industry practices and total sales of financial products with reference to the level of fees charged by the Group for sales of products of similar types and nature;

3) Custodian Asset Management Services – The market rates of these services are generally transparent in the market and determined after fair negotiations with reference to factors such as current market rates, the number of products sold on behalf of customers or the size of the custodian assets and the complexity of providing designated services;

4) Investment Advisory Services – These service fees are based on the current market charge levels of similar types and sizes of transactions, which are determined by the relevant business units after fair negotiations with reference to the service costs of the parties;

5) Securities Underwriting Services – The market for securities underwriting services is highly competitive, and market commissions are generally transparent and standardized. The underwriting commission was determined after fair negotiations and considering a number of factors, including current market conditions, size of the proposed offering, recent general market commission rates with similar nature and size, and rates charged by the Group to independent third parties. The securities underwriting market is highly competitive, and the underwriting commission rate is generally transparent and standardized, and may be determined based on market pricing by the Group;

6) Financial Advisory Services – Factors determining the financial advisory fees and other service fees include the nature and size of the transaction and the prevailing market conditions. Investment banking service charges are generally transparent in the market and may be determined based on market pricing by the Group;

7) Asset Custody Services – These service fees are determined by fair negotiations with reference to the current market charge levels for transactions of similar type and size.

1.3.2 Securities and Financial Products Transactions

Securities and financial products trading include but not limited to, the following transactions: transactions under resale agreements or under repurchase agreements with the related/connected parties in the interbank market; proprietary bond transactions in the interbank market with the related/connected parties; income rights transfer transaction with the related/connected parties; subscription of bonds, funds, wealth management products or trust plans issued by the related/connected parties; and related/connected parties' subscription of bonds, funds, wealth management products issued by the Group.

The rates of various securities and financial products tradings are fairly transparent and standardized throughout the market. Commissions and fees charged for related product transactions shall be determined by reference to the prevailing market rate or after fair negotiations based on market rates generally applicable to independent counterparties for similar products or types of transactions. On-exchange tradings in securities and financial products are conducted at market prices or market rates prevailingly applicable to such type of securities and financial products; off-exchange and other tradings in securities and financial products are conducted after arm's length negotiations by both parties at market prices or market rates prevailingly applicable to such type of securities and financial products; if there is no market price prevailingly applicable to such type of securities and financial products, the price or rate of the trading shall be subject to the price or rate determined by the parties in accordance with the fair market trading principle. For example, if trading is conducted in the inter-bank bond market and China Exchange Bond Market, the quotation is provided based on the prices of the inter-bank bond market and China Exchange Bond Market respectively; if trading is conducted on the stock exchange, the trading is conducted at current market price on the relevant stock exchange; for inter financial institutions lending, the trading is conducted at the current interest rate quoted by the interbank lending market. The pricing of such tradings is subject to strict supervision by the PRC and is subject to applicable laws and regulations of the PRC.

If the securities and financial products launched by related/connected parties are subscribed by the Group, and the securities and financial products launched by the Group are subscribed by the related/connected parties, the subscription price is the same as the one at which other investors conduct subscription. The subscription price is determined by the financial institution that launches the securities and financial products after considering general conditions of the invested assets/business.

1.3.3 Purchasing goods and receiving services

Purchasing goods and receiving services include acceptance of services within the scope of the Shenergy Group and its contacts, including but not limited to the following transactions: supporting services such as procurement of gas, natural gas, gas stoves, gas appliances, gas kitchen equipment, gas acceptance distribution, gas engineering planning, design and construction.

The pricing principle of purchased goods and services is determined on normal commercial terms after arm's length negotiation pursuant to the applicable laws and regulations, with reference to the prevailing market price during the ordinary course of business of each party. The Group and Shenergy Group and its liaison have agreed in principle on the pricing mechanism and will determine the price by the following ways: (i) if there are government pricing guidelines, at the government's indicative price; or (ii) in the absence of any currently applicable government pricing guidelines, then adopting the government indicative price previously issued by the government agency as the basic price, and the basic price is adjusted by reference to the purchase or service cost of Shenergy Group and its associates; the above-mentioned item (ii) shall be a fair and reasonable price after the above adjustment.

1.4 Internal control measures for related-party/connected transactions (including continuing connected transactions)

1) The terms of the proposed securities and financial products services, securities and financial products trading, and purchasing goods and receiving services (including pricing terms) shall be similar to those provided by the independent third parties and shall be subject to same internal selection, approval and monitoring procedures and pricing policies applicable to independent third parties.

2) Before confirming the pricing of transactions with the related/connected parties, the Group will refer to the pricing of similar transactions or the offer of products or services to two or more independent third parties at the same time to determine whether the pricing and terms of relevant transactions are fair and reasonable and not less favorable than those quoted by independent third parties (or not better than that provided by independent third party) (as the case may be). In the event that the above-mentioned pricing quoted from or by an independent third party for a particular transaction, relevant related/connected transactions shall be considered independently and approved by the investment decision-making group of the relevant business to ensure that the pricing is fair and reasonable to the Group.

3) When providing or selling the same batch of securities or financial products to customers (including related/connected parties and independent third parties), the Group will propose the same pricing terms to all customers and will not offer preferential terms to related/connected customers.

4) Prior to the price determination, pricing advice and supplementary materials for continuing connected transactions will be submitted to the relevant internal authorities for approval. The relevant internal department will conduct qualification review and due diligence to assess whether the pricing of a particular transaction is in compliance with the Group's relevant policies and procedures and whether the price is fair and reasonable and will grant approval where appropriate. The internal audit department and the finance department are responsible for reviewing whether the continuing connected transactions comply with the above pricing policies and monitor the payment of such transactions.

5) Any documents and records for related/connected transactions must be properly kept and maintained properly.

6) The Company has established internal guidelines in accordance with Hong Kong Listing Rules and has established an approval process for related/connected transactions.

The Company's independent non-executive Directors and auditors will review the Company's continuing related-party/connected transactions annually. The Board (including independent non-executive Directors) has confirmed that the terms of the abovementioned transactions are fair and reasonable and are based on general business terms or better in the daily business of the Group and are in the interests of the Company and the shareholders as a whole. The auditor of the Company has reviewed abovementioned continuing connected transactions and issued a letter to the Board to confirm: (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board; (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; (4) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

(ii) Related-party/connected transactions incurred as a result of acquisition or disposal of assets or equity interests

References are made to the announcements of the Company dated December 16, 2018, January 8, 2019, May 30, 2019, December 3, 2019 and April 22, 2020, in relation to the acquisition of partial equity interests in Citi Orient.

As Citi Orient is a subsidiary of the Company and the Company holds 66.67% equity interests of it, Citigroup Asia holds 33.33% equity interests of Citi Orient and accordingly is a substantial shareholder of Citi Orient. Pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules, Citigroup Asia is a connected person of the Company at the subsidiary level. According to Rule 14A.101 of the Hong Kong Listing Rules, as (1) Citigroup Asia is a connected person of the Company at the subsidiary level; (2) the Board has approved the acquisition; and (3) the Directors (including the independent non-executive Directors) are of the view that the terms of the acquisition are fair and reasonable, on normal commercial terms or better for the Company and has been entered into in the ordinary and usual course of business of the Company, and the acquisition is in the interests of the Company and its Shareholders as a whole, accordingly, the acquisition is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In January 2019, the Board of the Company considered and approved the Resolution relating to the Acquisition of Part of Equity Interests of Citi Orient Securities Co., Ltd. and the Related-party/Connected Transaction, pursuant to which, it is agreed that the Company to acquire the entire 33.33% equity interests of Citi Orient held by Citigroup Global Markets Asia Limited ("Citigroup Asia").

On May 30, 2019, the Company and Citigroup Asia entered into the Equity Transfer Agreement of 33.33% of the Equity Interest in the Registered Capital of Citi Orient Securities Co., Ltd. (the "Transfer Agreement"). It is agreed in the Transfer Agreement that Citigroup Asia shall transfer its entire 33.33% equity interests of Citi Orient to the Company at a price of RMB475,583,890.59 (calculated according to the audited net assets of Citi Orient which amounted to RMB1,426.7517 million as of December 31, 2018, multiplied by 33.33% of the equity proportion). The Company should pay the transaction consideration in one lump sum in US dollars in accordance with the requirements of the Transfer Agreement.

In December 2019, the Company received the Letter of No Objection to the Change of Shareholders of Citi Orient Securities Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2019] No. 465) (《關於東方花旗證券有限公股東變更的無異議函》(滬證監機構字[2019]465號)) from the Shanghai Bureau of the CSRC, pursuant to which, the Shanghai Bureau of the CSRC in principle holds no objection to the acquisition of 33.3% equity interests in Citi Orient Securities Co., Ltd. by the Company.

In April 2020, the Company completed the registration of industrial and commercial change regarding the acquisition of the 33.33% equity interests of Citi Orient and change of name of Citi Orient, and received the new business license issued by the Shanghai Market Supervision and Administration Bureau. The company name of Citi Orient was changed to Orient Securities Investment Banking Co., Ltd. Orient Securities Investment Banking Co., Ltd becomes a wholly-owned subsidiary of the Company.

The Company confirmed that the abovementioned transaction complies with the requirements under the Chapter 14A of the Hong Kong Listing Rules. Save as disclosed above, during the Reporting Period, the Company had no other connected transaction which was required to be disclosed under Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, details relating to the related party transactions under the relevant accounting standards were set out in note 60 to the consolidated financial statements. Saved as disclosed above, the related transactions did not constitute the connected transactions required to be disclosed under the Chapter 14A of the Hong Kong Listing Rules.

XV. MATERIAL CONTRACTS AND PERFORMANCE

(i) Custody, contracting and leasing matters

During the Reporting Period, the Company had no material custody, contracting or leasing matters.

(ii) Guarantees

Unit: 100 million Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)	
Total amount of guarantees provided during the Reporting Period (excluding guarantees for subsidiaries)	
Total balance of guarantees provided at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	
Guarantees provided by the Company and its subsidiaries for subsidiaries	
Total amount of guarantees provided for subsidiaries during the Reporting Period	30.64
Total balance of guarantees provided for subsidiaries at the end of the Reporting Period (B)	100.02

Total amount of guarantees provided by the Company (including those provided for subsidiaries)	
Total amount of guarantees (A+B)	100.02
Percentage of total guarantees over net assets of the Company (%)	16.61
Including:	
Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)	
Amount of debt guarantees directly or indirectly provided for parties with gearing ratio exceeding 70% (D)	100.02
Amount of total guarantees exceeding 50% of net assets (E)	
Total amount of above three types of guarantees (C+D+E)	100.02
Explanations on outstanding guarantees subject to joint liabilities	
Explanations on guarantees	During the Reporting Period, the Company and its wholly-owned subsidiary provided guarantee on financing activities of its subsidiaries of RMB2.085 billion and non-financing guarantee of RMB0.979 billion.

Note: The amount of guarantees denominated in USD was converted at the spot exchange rate of USD1 to RMB6.5249 as at the end of December 2020; and the amount of guarantees denominated in HKD was converted at the spot exchange rate of HKD1 to RMB0.84164 as at the end of December 2020.

(iii) Other material contracts

During the Reporting Period, the Company had no other material contract or transactions that should be disclosed but not disclosed.

XVI. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

In accordance with relevant requirements under the CASBE and the accounting policy of the Company, to reflect the Company's financial position in 2020 and its operating performance in 2020 in a more true and fair manner, after an assessment on the expected credit loss of the relevant assets of the Company and its subsidiaries, a total of RMB3.885 billion was provided for assets impairment in 2020, including provision for impairment of financial assets held under resale agreements amounting to RMB3.696 billion. For details, please refer to the Company's announcements dated August 28, 2020 and February 5, 2021 and Note 15 to the consolidated financial statements herein.

Section V Significant Events

XVII. ACTIVELY FULFILLING SOCIAL RESPONSIBILITIES

(i) Poverty alleviation of the listed company

1. Precise poverty alleviation plan

(i) Basic policies and overall objectives

To actively respond to the national call and the guideline of securities industry, and to implement the spirit of related documents, the Company took forward precise poverty alleviation works. During the Reporting Period, the Company continued to participate in the "One Company to One County" and "One Company Helping One County" initiative proactively and actively responded to the "Double-hundred" village-enterprise pair-up poverty alleviation practice of Shanghai, making efforts in precise poverty alleviation. The Company fulfilled its social responsibility in fighting poverty in different aspects including industry, financing, education, consumption, welfare and others.

(ii) Main Strategies

1) Supporting industries based on the resource endowment and local conditions of poor counties. On the basis of full on-the-spot investigation and understanding of the characteristic resources of each poverty-stricken county, the Company provides industrial assistance according to local conditions. At present, the Company takes Hubei Wufeng, Inner Mongolia Morin Banner and other places as the subject of key projects, focuses on helping the local development of tea, Guniang fruits and other characteristic industries, actively explores the establishment of a long-term anti-poverty mechanism, and steadily advances pair-up counties to get them out of poverty through rippling effect selectively.

2) Insisting on giving priority to poverty alleviation through industry support, and promoting poor counties to realize the function of "Blood Generation" through consumption channels. In various poverty alleviation programs, the Company focuses on the industrial poverty alleviation model that can achieve sustainable development for poor counties, which has achieved initial results. The Company continues to focus on industrial poverty alleviation, and through the integration of the Group's resources and Internet resources, including joint efforts with well-known e-commerce websites and well-known enterprises in specialty industries, to promote the development of local specialty industries in poor counties hands in hands, aiming to realize the "Blood Generation" function for poor counties in the long run.

3) Providing talent guarantee for poor areas. The Company adheres to the work idea of "prioritizing knowledge support" in poverty alleviation work, and continues to provide poverty-stricken counties with knowledge support and transportation of relevant talents through various methods such as educational poverty alleviation, financial knowledge lectures, and vocational skills training, aiming at helping poor counties to continue to maintain stable and healthy development after being lifted out of poverty.

4) Making full use of the advantages of financial enterprise and innovating a new model of precise poverty alleviation. The Company continues to give full play to the advantages of financial enterprise, and assists many poor counties to reduce the risk of agricultural product price fluctuations through "insurance + futures" poverty alleviation, etc., and fully integrates and uses relevant resources to innovate the precise poverty alleviation model, aiming to provide more relevant and replicable cases for precise poverty alleviation.

5) Strengthening the process management of poverty alleviation projects and promoting the smooth implementation of precise poverty alleviation. The Company sets up an internal group for poverty alleviation to establish the key tasks of precise poverty alleviation each year, and through the daily work contact mechanism with paired poverty alleviation counties, field visits and investigations, and post-event and post-feedback mechanisms, to better manage the poverty alleviation project process and ensure smooth implementation of poverty alleviation to make sure the implementation of poverty alleviation projects.

2. Summary of precise poverty alleviation during the year

Under the guidance and initiative of the CSRC and the China Securities Association, the Company actively responded to the national call and industry guidelines and made solid progress in the precise poverty alleviation work. As of the end of 2020, the Company and its subsidiaries had signed twinning assistance agreements with 18 national poverty-stricken counties, including Morin Banner in Inner Mongolia, Tongyu County in Jilin Province, Jingle County in Shanxi Province, Muchuan County in Sichuan Province, Wufeng County in Hubei Province, Yanchi County in Ningxia Province, Yanchang County in Shaanxi Province, Qin'an County in Gansu Province, Jinggu County in Yunnan Province, Lancang County in Yunnan Province, Menglian County in Yunnan Province, Nankang City in Jiangxi Province, Funing County in Yunnan Province, Suibin County in Heilongjiang Province, Maigaiti in Xinjiang Province, Tongbai County in Henan Province, Lindian County in Heilongjiang Province, and Xichou County in Yunnan Province.

During the Reporting Period, the Company invested a total of RMB20.1349 million in poverty alleviation projects and carried out 23 poverty alleviation projects, including 5 industrial poverty alleviation projects with an investment of RMB7.8423 million; 6 financial poverty alleviation projects with an investment of RMB9.3419 million; 2 educational poverty alleviation projects with an investment of RMB0.7260 million; 3 consumption poverty alleviation projects with an investment of RMB0.1099 million and 7 public welfare poverty alleviation projects with an investment of RMB2.1148 million.

1. Continuing to Implement the Industrial Poverty Alleviation Projects of "Dongfanghong Selected Mingqian Spring Tea" and "Dongfanghong Yi Black Tea" in Hubei Wufeng

In September 2017, the Company signed a precise poverty alleviation pair-up agreement with the People's Government of Wufeng Tujia Autonomous County in Hubei Province. After rounds of on-the-spot investigations, the Company found that Wufeng County is located in the western border of Hubei at 30 degrees north latitude, and enjoys a unique geomorphic environment with towering mountains, plentiful rainfalls, thick fog and significant temperature differences between day and night, which is very suitable for the growth of tea. Besides, nearly half of the arable land in Wufeng County grows tea and two thirds of the population in the county are engaged in the tea industry. The development of the tea industry is of vital importance to the local poverty alleviation. Therefore, the Company implemented the "Dongfanghong Yi Black Tea" industrial poverty alleviation project in 2018 and achieved sound results.

During the Reporting Period, in order to further promote the development of Wufeng tea industry, the Company continued to carry out poverty alleviation work in the local characteristic tea industry, and continued to implement the industrial poverty alleviation projects of "Dongfanghong Selected Mingqian Spring Tea" and "Dongfanghong Yi Black Tea". The Company has pooled the resources from various sides to jointly promote the smooth implementation of the "Dongfanghong Selected Mingqian Spring Tea" and "Dongfanghong Yi Black Tea" projects. In particular, the Company engaged a professional illustration designer to design distinctive outer packaging for the local spring tea based on the local unique rare animals and plant elements in Wufeng and design the outer package of Yi Black Tea under the theme of "Open the Goodness", which further promoted the local customs and practices of Wufeng and won wide acclaim. In addition, capitalizing on the influence of its "Dongfanghong" asset management brand, the Company created the brand of "Dongfanghong Selected Mingqian Spring Tea" and "Dongfanghong Yi Black Tea" in order to develop lasting market competitiveness and brand effect.

2. *Actively Carrying out Village-Enterprise Pair-up Assistance in Funing County of Yunnan Province*

In 2018, the Company actively responded to the call of Shanghai's "Double-hundred" village-enterprise pair-up precise poverty alleviation to provide assistance to Funing County of Yunnan Province, and signed a village-enterprise pair-up agreement with Pingmeng Village, Gula Township, Funing County.

During the Reporting Period, the Company continued to carry out precise poverty alleviation in Funing County of Yunnan Province. With preliminary funding from the Company, a village road into Pingmeng Village, Gula Township was successfully constructed and put into use. A new road hardening project funded by the Company was also completed and put into use. In addition, the Company also funded the LED solar street light project and industrial poverty alleviation projects with local features, which effectively improved the local accessibility and promoted the economic development of the village.

3. Steadily Promoting the "Orient Guniang" Industrial Poverty Alleviation in Morin Banner, Inner Mongolia

Since 2017, in Morin Banner of Inner Mongolia, one of the poor counties to be helped, the Company took Guniang fruits industry, the featured industry of the county, as the essential industry for the poverty alleviation works, and successfully delivered the brand "Orient Guniang". During the Reporting Period, the Company continued to promote the upgrading of the local industrial chain and successfully implemented the "Orient Guniang" industrial poverty alleviation project in Morin Banner, Inner Mongolia.

During the Reporting Period, the Company completed the implementation of the "Orient Guniang" industrial project for the fourth year in a row. The project of storage and transfer base funded by the Company was successfully put into use, effectively optimizing fruit collection, storage and airing of local Guniang fruits, directly improving the product quality and facilitating the sale of local fruit farmers. The Company continued to design the overall plan for the promotion and dissemination of Guniang fruits in Morin Banner, which further improved the popularity of the product. We improved the cooperation mechanism with Benlai Life, made use of the advantages of the Group and livestreaming e-commerce channels, and increased the promotion and sales of Guniang products to benefit more poor local farmers.

4. Constant Progress in Education Poverty Alleviation Projects

The Company achieved substantial progress in the education poverty alleviation works in Morin Banner, Inner Mongolia during the Reporting Period. Through student application and approval by schools and local poverty alleviation authorities, the Company was enabled to determine the specific number of students who needed assistance. Continuous assistance was made by the Company for this project. The poverty alleviation funds were granted precisely to the families of the students recorded for help, making sure the high school students under this project could finish their school successfully. During the Reporting Period, a total of 242 students suffering poverty in the No. 1 Middle School of Ni Er Ji, Morin Banner, Inner Mongolia were benefited from the Company involving an aggregate of capital donation of RMB0.726 million. The Company has successively carried out seven poverty assistance programs in No. 1 Middle School of Ni Er Ji in Morin Banner, benefiting approximately 820 impoverished students, with total amount of aid exceeding RMB2.4 million.

3. Results of precise poverty alleviation

Unit: '0000 Currency: RMB

Indicator			Amount and Progress
I.	Overall condition		
	Among which:		
	1. Capital		2,013.49
	2. Material equivalent		0
	3. Number of beneficiaries in recorded poor family (person)		728
II.	Contribution to segments		
	1. Poverty alleviation by industrial development		
	Including:		
	1.1 Types of industrial poverty alleviation project	☑ Agriculture and forestry ☐ Tourism ☑ E-commerce ☐ Assets income ☐ Science and technology ☑ Others	
	1.2 Number of industrial poverty alleviation projects (unit)		5
	1.3 Contribution to industrial poverty alleviation projects		784.23
	1.4 Number of beneficiaries in recorded poor family (person)		
	2. Poverty alleviation through transferring employment		
	Including:		
	2.1 Contribution to trainings on vocational skills		
	2.2 Number of people attended trainings on vocational skills (person/time)		
	2.3 Number of poverty-stricken people in recorded poor family who achieved employment (person)		248

Unit: ’0000 Currency: RMB

Indicator	Amount and Progress
3. Poverty alleviation by relocation	
Including:	
3.1 Number of beneficiaries under employment from relocated families (person)	
4. Poverty alleviation by education	
Including:	
4.1 Contribution to subsidize students in poverty	72.60
4.2 Number of students in poverty being subsidized (person)	242
4.3 Contribution to improve education resources in poverty areas	
5. Poverty alleviation by healthcare	
Including:	
5.1 Contribution to medical and healthcare resources in poverty-stricken areas	
6. Poverty alleviation by ecological conservation	
Including:	
6.1 Project name	☐ Development of ecological conservation and construction ☐ Establishment of compensation method for ecological conservation ☐ Setting up positions for ecological public welfare ☐ Others
6.2 Amount of contribution	
7. Protection for the most impoverished people	
Including:	
7.1 Amount contributed to help the “three left-behind” groups	
7.2 Number of people of the “three left-behind” groups helped (person)	
7.3 Amount contributed to help poor people with disabilities	
7.4 Number of poor people with disabilities helped (person)	

Unit: ’0000 Currency: RMB

Indicator			Amount and Progress
8.	Poverty alleviation in the society		
	Including:		
	8.1	Amount contributed to poverty alleviation in the east and west parts of the country	
	8.2	Amount contributed to targeted poverty alleviation work	
	8.3	Poverty alleviation public welfare fund	
9.	Other projects		
	Including:		
	9.1.	Number of projects (unit)	16
	9.2.	Amount of contribution	1,156.66
	9.3.	Number of beneficiaries in recorded poor family (person)	
	9.4.	Description for other projects	Including fighting poverty in financing, consumption and welfare

III. Awards obtained (details and class)

In September 2020, the Company won the “Social Responsibility Contribution Award of the Year” by China Business;

In November 2020, the Company received the MSCI ESG rating of BBB for the third consecutive year;

In December 2020, the Company was named the “Best Securities Company for Responsible Investment (責任投資最佳證券公司)” by Sina Finance.

In December 2020, the Company won the “Best ESG Practice Award for Chinese Enterprises” by Cailianshe.

4. Subsequent precise poverty alleviation plan

1. Promoting Key Projects of Industrial Poverty Alleviation

The Company has carried out a number of industrial poverty alleviation projects according to local conditions and taking its resources into consideration, including the Orient Guniang Project in Moqi Banner, Inner Mongolia, Dongfanghong Yi Black Tea Project in Wufeng, Hubei, etc., and has achieved sound poverty alleviation results. In the future, the Company plans to continue to focus on industrial poverty alleviation, push forward the key industrial poverty alleviation projects that have been carried out in several poor counties in a timely manner to facilitate the local industries to achieve sustainable development and help people in poor areas achieve a better life.

2. Actively Practicing the "Double-hundred" Pair-up Assistance

The Company actively responded to the call of the Shanghai State-owned Assets Supervision and Administration Commission for "enterprise-village pair-up" to help Pingmeng Village, Gula Township, Funing County, Wenshan Prefecture, Yunnan Province. The Company will continue to focus on "three mobilizations and two transformations", namely, mobilizing people, goods, industries and transforming ideas and the appearance of villages, sparing no effort to solve the urgent and difficult problems that the local poor people care about and ensure that the precise poverty alleviation achieves the expected results, so as to facilitate Funing County and pair-up villages in poverty to achieve sustainable development.

3. Continuing to Accomplish Various Public Welfare Poverty Alleviation Projects

According to the on-the-spot investigation and the actual demand in poor counties, the Company and its subsidiaries carried out various public welfare poverty alleviation projects, including building infrastructure, donating office materials and learning and living goods for primary school students, etc., effectively improving and enriching the Company's precise poverty alleviation work. In the future, the Company plans to continue to make use of the strength of its Xindeyizhang Public Welfare Foundation to continue to accomplish various public welfare poverty alleviation projects.

(ii) Performance of social responsibilities

For details relating to the Company's environmental policies and performance, our compliance with such laws and regulations which may materially affect the Company and the important relationship between the Company and its employees, customers and suppliers, please refer to the DFZQ 2020 Environment, Social and Governance Report disclosed on the website of SSE (http://www.sse.com.cn), the website of Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.dfzq.com.cn) on March 30, 2021.

(iii) Explanations on environmental protection

The industry that the Company engages in is financial securities industry, with main business scope covering: securities brokerage; margin financing and securities lending; securities investment advisory; financial consultancy in relation to securities transactions and securities investment activities; proprietary of securities; distribution of securities investment funds; provision of intermediary and referral business for futures companies; distribution of financial products; security underwriting (only including government bonds such as treasury bonds, local municipal bonds, financial bonds of policy banks, financing products governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)); stock and options market making business and securities investment fund custodian business.

Under the background of low-carbon economy, the Company has always advocated and carried out the concept of "green office, low-carbon life", explored energy-saving, environmental protection and efficient management mode, and implemented the concept of green environmental protection in the Company's management process.

For energy saving and emission reduction, the Company built the data center on South Zhongshan Road and continuously innovated energy-saving measures to improve the energy utilization rate by adopting indoor micro-module row-level cooling, enclosing the cooling channel and using efficient modular uninterruptible power supply. The Company also encouraged the use of public transport and sharing riding, and strictly controlled travelling with the Company's own vehicles; encouraged the use of teleconferencing systems for online communication to reduce the number of on-site meetings and reduce carbon emissions from business travels. For water saving, the Company installed induction taps in toilets to prevent leaving water running unintentionally and conducted regular and timely inspection and repairing of water equipment to eliminate water leakage. For management of use of paper, the Company published all company announcements through OA system to promote paperless office and used paper certified by Forest Stewardship Council (FSC) to print its environmental, social and governance report to ensure that the paper comes from sustainable, legal and logging-permitted forest resources, thus contributing to the sustainable development of environment.

To promote the idea of environmental protection, the Company organized the environmental protection campaign of "Care for the Earth Together at This Moment" in 2020 to raise the environmental awareness among the employees. The Company also organized environmental protection themed photography exhibition and encouraged its employees to participate in the "coffee grounds recycling" scheme and "used clothes recycling" scheme in order to advocate all employees to protect the natural ecosystem and take practical actions to reduce waste of resources.

In addition, as a practitioner of green finance, the Company proactively advocated the concept of green development and provided comprehensive services to support the business development, industrial upgrading and strategic layout of environmental protection enterprises through bond issuance and listing, thereby facilitating green finance to become a new driver for China's economic transformation and development.

During the Reporting Period, the Company was not punished for violating environmental laws and regulations.

XVIII. CONVERTIBLE CORPORATE BONDS

During the Reporting Period, the Company did not issue convertible corporate bonds.

Section VI Changes in Ordinary Shares and Information on Shareholders

I. CHANGES IN SHARE CAPITAL OF ORDINARY SHARES

(i) Changes in ordinary shares

1. Changes in ordinary shares

Unit: share

		Before the change		Changes (+,-)					After the change	
		Number of shares	Percentage (%)	Issue of new shares	Bonus issue	Share conversion from capital reserve fund	Others	Sub-total	Number of shares	Percentage (%)
I.	Restricted shares	289,215,263	4.14	-	-	-	-59,215,263	-59,215,263	230,000,000	3.29
	1. Shares held by state	-	-	-	-	-	-	-	-	-
	2. Shares held by state-owned legal persons	289,215,263	4.14	-	-	-	-59,215,263	-59,215,263	230,000,000	3.29
	3. Shares held by other domestic investors	-	-	-	-	-	-	-	-	-
	Including: Shares held by domestic non-state-owned legal persons	-	-	-	-	-	-	-	-	-
	Shares held by domestic natural persons	-	-	-	-	-	-	-	-	-
	4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
	Including: Shares held by foreign legal persons	-	-	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-	-	-
II.	Circulating non-restricted shares	6,704,440,540	95.86	-	-	-	59,215,263	59,215,263	6,763,655,803	96.71
	1. RMB denominated ordinary shares	5,677,360,540	81.18				59,215,263	59,215,263	5,736,575,803	82.03
	2. Foreign shares listed in the PRC	-	-	-	-	-	-	-	-	-
	3. Foreign shares listed overseas	1,027,080,000	14.68	-	-	-	-	-	1,027,080,000	14.68
	4. Others	-	-	-	-	-	-	-	-	-
III.	Total number of ordinary shares	6,993,655,803	100.00	-	-	-	-	-	6,993,655,803	100.00

2. Explanations on changes in ordinary shares

During the Reporting Period, there was no change in the total number of ordinary shares, number of A shares and number of H shares of the Company.

59,215,263 non-public issued restricted shares held by Shanghai Haiyan Investment Management Company Limited commenced trading due to the expiry of their lock-up period on December 28, 2020. As of the end of the Reporting Period, the Company had 6,763,655,803 shares not subject to trading restriction and 230,000,000 shares subject to trading restriction, accounting for 96.71% and 3.29%, respectively, of the total number of shares.

3. Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per share for the most recent year and the most recent period

During the Reporting Period, there was no change in the Company's ordinary shares.

4. Other disclosures deemed necessary by the Company or required by securities regulatory authorities

During the Reporting Period, there was no other disclosure deemed necessary by the Company or required by securities regulatory authorities.

(ii) Changes in restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of restricted shares released during the year	Increase in restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Expiry date of restriction
Shenergy (Group) Company Limited	230,000,000	–	–	230,000,000	Lock-up under non-public issuance of shares	December 28, 2021
Shanghai Haiyan Investment Management Company Limited	59,215,263	59,215,263	–	–	Lock-up under non-public issuance of shares	December 28, 2020
Total	289,215,263	59,215,263	–	230,000,000	/	/

II. ISSUANCE AND LISTING OF SECURITIES

(i) Issuance of securities as at the end of the Reporting Period

Unit: 100 million shares Currency: RMB

Type of shares and their derivative securities	Issuing date	Issuing price (or interest rate)	Number of shares (or amount) issued	Date of listing	Number of shares (or amount) permitted to be listed for trading	Date of termination of the trading
Ordinary shares						
A Shares	2015-03-11	RMB10.03	10	2015-03-23	10	/
H Shares	2016-06-22	HKD8.15	9.57	2016-07-08	9.57	/
H Shares (over-allotment)	2016-07-28	HKD8.15	0.70	2016-08-03	0.70	/
A Shares (non-public issuance)	2017-12-28	RMB14.21	7.78	2017-12-29	7.78	/

Section VI Changes in Ordinary Shares and Information on Shareholders

Unit: 100 million shares Currency: RMB

Type of shares and their derivative securities	Issuing date	Issuing price (or interest rate)	Number of shares (or amount) issued	Date of listing	Number of shares (or amount) permitted to be listed for trading	Date of termination of the trading
Convertible corporate bonds, detachable convertible bonds, corporate bonds						
Bonds of securities companies	2015-11-26	3.90%	120	2015-12-18	120	2020-11-26
Bonds of securities companies	2017-06-09	5.30%	40	2017-07-19	40	2020-06-09
Bonds of securities companies	2017-06-09	5.50%	10	2017-07-19	10	2022-06-09
Bonds of securities companies	2017-08-03	4.98%	40	2017-08-15	40	2027-08-03
Bonds of securities companies	2019-11-25	3.50%	49	2019-11-28	49	2022-11-25
Bonds of securities companies	2020-03-24	2.70%	20	2020-03-30	20	2021-03-24
Bonds of securities companies	2020-03-24	2.95%	30	2020-03-30	30	2022-03-24
Bonds of securities companies	2020-06-18	3.45%	40	2020-06-24	40	2023-06-18
Bonds of securities companies	2020-08-19	3.50%	40	2020-08-26	40	2023-08-19
Bonds of securities companies	2020-09-28	3.75%	35	2020-10-12	35	2023-09-28
Bonds of securities companies	2020-11-04	3.65%	35	2020-11-10	35	2023-11-04
Subordinated bonds	2016-11-14	3.45%	40	2016-11-25	40	2021-11-14
Subordinated bonds	2017-04-26	4.90%	15	2017-05-11	15	2020-04-26
Subordinated bonds	2017-04-26	5.10%	15	2017-05-11	15	2022-04-26
Subordinated bonds	2017-05-15	5.15%	15	2017-05-31	15	2020-05-15
Subordinated bonds	2017-05-15	5.35%	15	2017-05-31	15	2022-05-15
Subordinated bonds	2018-07-12	5.18%	64	2018-07-20	64	2020-07-12
Subordinated bonds	2019-03-19	4.20%	60	2019-03-26	60	2022-03-19
Subordinated bonds	2019-06-14	4.20%	40	2019-06-20	40	2022-06-14
Perpetual subordinated bonds	2020-08-26	4.75%	50	2020-09-07	50	/

Unit: 100 million shares Currency: RMB

Type of shares and their derivative securities	Issuing date	Issuing price (or interest rate)	Number of shares (or amount) issued	Date of listing	Number of shares (or amount) permitted to be listed for trading	Date of termination of the trading
Short-term financing bonds	2019-10-25	3.02%	40	2019-10-28	40	2020-01-22
Short-term financing bonds	2019-12-03	3.07%	25	2019-12-04	25	2020-03-02
Short-term financing bonds	2020-01-20	2.78%	40	2020-01-21	40	2020-04-17
Short-term financing bonds	2020-03-19	2.12%	35	2020-03-20	35	2020-06-17
Short-term financing bonds	2020-06-03	1.58%	30	2020-06-04	30	2020-08-31
Short-term financing bonds	2020-07-07	1.90%	30	2020-07-08	30	2020-09-30
Short-term financing bonds	2020-07-28	2.60%	35	2020-07-29	35	2020-10-23
Short-term financing bonds	2020-10-20	2.88%	30	2020-10-21	30	2021-01-15
USD bonds	2017-11-30	3.625%	5	2017-12-01	5	2022-11-30
USD bonds	2018-03-22	3.625%	2.5	2018-07-23	2.5	2022-11-30
USD bonds	2019-08-20	6M LIBOR+1.25%	3	2019-08-21	3	2022-08-20
USD bonds	2019-09-18	4.03%	1.6	Non-listed	N/A	2020-09-15
Euro bonds	2019-08-20	0.625%	2	2019-08-21	2	2022-08-20
Singapore dollar bonds	2019-09-27	2.90%	2	2019-09-30	2	2022-09-27
USD bonds	2020-10-13	2.40%	1.6	Non-listed	N/A	2023-10-13

Note: In the table above, the amounts issued and amounts permitted to be listed for trading of USD bonds, Euro bonds and Singapore dollar bonds are denominated in US dollar, Euro and Singapore dollar, respectively.

Section VI Changes in Ordinary Shares and Information on Shareholders

Explanations on the issuance of securities during the Reporting Period:

1. Domestic debt financing instruments

On March 27, 2020, the Proposal on General Mandate to Issue Domestic Debt Financing Instruments by the Company was considered and approved at the 18th meeting of the fourth session of the Board of the Company, and at the annual general meeting for 2019 of the Company convened on May 15, 2020. The outstanding balance of the domestic debt financing instruments in aggregate did not exceed 200% of the audited net assets (Parent Company) of the previous year and the authorization period will expire on May 15, 2023.

The Company applied to the People's Bank of China and received the Notice of the People's Bank of China on Approving the Maximum Outstanding Balance of Short-term Financing Bonds of 東方證券股份有限公司 (Yin Fa [2019] No. 50) (《中國人民銀行關於核定東方證券股份有限公司短期融資券最高待償還餘額的通知》(銀發[2019]50號)), pursuant to which, the People's Bank of China determined that the maximum balance of the outstanding short-term financing bonds of the Company was RMB16.7 billion, which shall remain effective from the publication date of such notice within the above balance, the Company may decide upon the issuance size of each tranche of short-term financing bonds at its sole discretion.

On January 20, 2020, the Company successfully issued the short-term financing bonds (first tranche) of DFZQ in 2020, with the actual issue size of RMB4 billion, a term of 88 days, and the final coupon rate of 2.78%.

On March 19, 2020, the Company successfully issued the short-term financing bonds (second tranche) of DFZQ in 2020, with the actual issue size of RMB3.5 billion, a term of 90 days, and the final coupon rate of 2.12%.

On June 3, 2020, the Company successfully issued the short-term financing bonds (third tranche) of DFZQ in 2020, with the actual issue size of RMB3 billion, a term of 89 days, and the final coupon rate of 1.58%.

On July 7, 2020, the Company successfully issued the short-term financing bonds (fourth tranche) of DFZQ in 2020, with the actual issue size of RMB3 billion, a term of 85 days, and the final coupon rate of 1.90%.

On July 28, 2020, the Company successfully issued the short-term financing bonds (fifth tranche) of DFZQ in 2020, with the actual issue size of RMB3.5 billion, a term of 87 days, and the final coupon rate of 2.60%.

On October 20, 2020, the Company successfully issued the short-term financing bonds (sixth tranche) of DFZQ in 2020, with the actual issue size of RMB3 billion, a term of 87 days, and the final coupon rate of 2.88%.

The Company applied to the SSE and received the Letter of No Objection on Listing and Transfer of Corporate Bonds under Private Placement of Orient Securities Company Limited (Shang Zheng Han [2020] No. 160) (《關於對東方證券股份有限公司非公開發行公司債券掛牌轉讓無異議的函》(上證函[2020]160號)). The letter approved the Company to privately issue corporate bonds with a total amount not exceeding RMB20 billion to qualified investors, which can be listed and transferred on the SSE upon issuance. The above quota will expire in December 2021.

On March 24, 2020, the Company successfully issued the non-public corporate bonds (first tranche) of DFZQ in 2020, in which type 1 has an actual issue size of RMB2 billion, a term of 1 year, and the coupon rate of 2.70%, and type 2 has an actual issue size of RMB3 billion, a term of 2 years, and the coupon rate of 2.95%.

On June 18, 2020, the Company successfully issued the non-public corporate bonds (second tranche) of DFZQ in 2020, with the actual issue size of RMB4 billion, a term of 3 years, and the coupon rate of 3.45%.

The Company applied to the CSRC and received the Reply on Approving the Registration of Public Issuance of Corporate Bonds to Professional Investors by Orient Securities Company Limited (Zheng Jian Xu Ke [2020] No. 1329) (《關於同意東方證券股份有限公司向專業投資者公開發行公司債券注 的批覆》(證監許可[2020]1329號)), which approved the Company to publicly issue corporate bonds of no more than RMB20 billion to professional investors, which can be listed and transferred on the SSE upon issuance. The above quota will expire in December 2022.

On August 19, 2020, the Company completed the public issuance of corporate bonds (for professional investors) (first tranche) of DFZQ in 2020, with the actual issue size of RMB4 billion, a term of 3 years and the final coupon rate of 3.50%.

On September 28, 2020, the Company completed the public issuance of corporate bonds (for professional investors) (second tranche) of DFZQ in 2020, with the actual issue size of RMB3.5 billion, a term of 3 years and the final coupon rate of 3.75%.

On November 4, 2020, the Company completed the public issuance of corporate bonds (for professional investors) (third tranche) of DFZQ in 2020, with the actual issue size of RMB3.5 billion, a term of 3 years and the final coupon rate of 3.65%.

The Company applied to the CSRC and received the Reply on Issuance of Perpetual Subordinated Bonds by Orient Securities Company Limited (Ji Gou Bu Han [2020] No. 1577) (《關於東方證券股份有限公司發行永續次級債券有關意見的覆函》(機構部函[2020]1577號)), which approved the Company to publicly issue perpetual subordinated bonds of no more than RMB8 billion, which can be listed and transferred on the SSE upon issuance.

On August 26, 2020, the Company completed the public issuance of perpetual subordinated bonds (first tranche) of DFZQ in 2020, with the actual issue size of RMB5 billion, a term of 3 years and the final coupon rate of 4.75%.

The Company applied to the SSE and received the Letter of No Objection on Listing and Transfer of Subordinated Corporate Bonds under Private Placement of Orient Securities Company Limited (Shang Zheng Han [2020] No. 1843) (《關於對東方證券股份有限公司非公開發行次級公司債券掛牌轉讓無異議的函》(上證函[2020]1843號)). The letter approved the Company to privately issue subordinated corporate bonds with a total amount not exceeding RMB14 billion to professional investors, which can be listed and transferred on the SSE upon issuance. The above quota will expire in December 2021.

The Company applied to the CSRC and received the Reply on Approving the Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors by Orient Securities Company Limited (Zheng Jian Xu Ke [2020] No. 2673) (《關於同意東方證券股份有限公司向專業投資者公開發行短期公司債券注 的批覆》(證監許可[2020]2673號)), which approved the Company to publicly issue short-term corporate bonds of no more than RMB17 billion to professional investors, which can be listed and transferred on the SSE upon issuance. The above quota will expire in December 2022, and the first issuance shall be completed by the end of December 2021.

2. Overseas debt financing instruments

On March 28, 2019, the Proposal on General Mandate to Issue Domestic Overseas Debt Financing Instruments by the Company was considered and approved at the 10th meeting of the fourth session of the Board of the Company, and at the annual general meeting for 2018 of the Company convened on May 28, 2019, authorizing the Company or its wholly-owned overseas subsidiaries or the direct or indirect wholly-owned offshore subsidiaries established overseas by the Company to serve as the issuer of overseas debt financing instruments, and to issue overseas debt financing instruments in one or more tranches, publicly or privately, with a total outstanding balance of not more than RMB20 billion after issuance. The authorization shall be valid until May 28, 2022.

On October 13, 2020, Orient HongSheng Limited, an overseas wholly-owned subsidiary indirectly held by the Company, completed the non-public issuance of USD160 million bonds with maturity date on October 13, 2023 and a coupon rate of 2.40%. Orient Finance Holdings (Hong Kong) Limited, as the guarantor, provided the full amount principal and interest guarantee.

(ii) Changes in total number of ordinary shares and shareholding structure of the Company and the Company's assets and liabilities structure

During the Reporting Period, there was no change in the total number of ordinary shares, number of A shares and number of H shares of the Company, 59,215,263 non-public issued restricted shares held by Shanghai Haiyan Investment Management Company Limited commenced trading due to expiry of their lock-up period. As of the end of the Reporting Period, the Company had 6,763,655,803 shares not subject to trading restriction and 230,000,000 shares subject to trading restriction, accounting for 96.71% and 3.29%, respectively, of the total number of shares. For details of changes in the Company's assets and liabilities structure, please refer to "Section IV, II, (iii) Analysis on principal components of consolidated statement of financial position" in this report.

(iii) Information on shares held by existing internal employees

During the Reporting Period, no shares were held by the existing internal employees.

III. INFORMATION ON SHAREHOLDERS AND DE FACTO CONTROLLER

(i) Total number of shareholders

Total number of holders of ordinary shares as at the end of the Reporting Period (accounts)	146,509
Total number of holders of ordinary shares as at the end of the month preceding the month when the annual report was disclosed (accounts)	149,809

(ii) Shareholdings of the top ten shareholders, the top ten shareholders of circulating shares (or shareholders not subject to restriction on sales) as at the end of the Reporting Period

Unit: share

	Shareholdings of the top ten shareholders						
Name of shareholder (Full name)	Changes in number of shares during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of restricted shares held	Pledged or frozen Status of shares	Pledged or frozen Number of shares	Nature of shareholders
Shenergy (Group) Company Limited	0	1,767,522,422	25.27	230,000,000	Nil	–	State-owned legalperson
HKSCC Nominees Limited	1,150	1,026,968,730	14.68	–	Nil	–	Off-shore legalperson
Shanghai Haiyan Investment Management Company Limited	0	345,486,596	4.94	–	Nil	–	State-owned legal person
Shanghai United Media Group	-3,998,900	237,744,006	3.40	–	Nil	–	State-owned legal person
China Securities Finance Corporation Limited	0	209,110,425	2.99	–	Nil	–	Unknown
Zheneng Capital Holdings Limited (浙能資本控股有限公司)	0	208,700,000	2.98	–	Nil	–	State-owned legal person
China Post Group Corporation Limited	0	178,743,236	2.56	–	Nil	–	State-owned legal person
Hong Kong Securities Clearing Company Limited	55,560,310	136,286,073	1.95	–	Nil	–	Off-shore legalperson
Shanghai Construction Group Co., Ltd.	0	133,523,008	1.91	–	Nil	–	State-owned legal person
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	-5,520,882	133,140,504	1.90	–	Nil	–	Domestic non-state owned legal person

Unit: share

Shareholdings of the top ten shareholders of non-restricted shares			
Name of shareholder	Number of circulating non-restricted shares held	Type and number of shares Type	Number
Shenergy (Group) Company Limited	1,537,522,422	RMB ordinary shares	1,537,522,422
HKSCC Nominees Limited	1,026,968,730	Overseas listed foreign shares	1,026,968,730
Shanghai Haiyan Investment Management Company Limited	345,486,596	RMB ordinary shares	345,486,596
Shanghai United Media Group	237,744,006	RMB ordinary shares	237,744,006
China Securities Finance Corporation Limited	209,110,425	RMB ordinary shares	209,110,425
Zheneng Capital Holdings Limited (浙能資本控股有限公司)	208,700,000	RMB ordinary shares	208,700,000
China Post Group Corporation Limited	178,743,236	RMB ordinary shares	178,743,236
Hong Kong Securities Clearing Company Limited	136,286,073	RMB ordinary shares	136,286,073
Shanghai Construction Group Co., Ltd.	133,523,008	RMB ordinary shares	133,523,008
Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	133,140,504	RMB ordinary shares	133,140,504
Related party relationship or parties acting in concert among above shareholders	N/A		

Shareholdings of the top ten shareholders of restricted shares and restrictions

Unit: share

			Listing and trading of restricted shares		
No.	Name of restricted shareholder	Number of restricted shares held	Time for listing and trading	Number of shares newly added for listing and trading	Restriction
1	Shenergy (Group) Company Limited	230,000,000	December 28, 2021	–	Lock-up period of 48 months
Related party relationship or parties acting in concert among above shareholders		N/A			

(iii) Strategic investors or general legal persons became the top ten shareholders due to placement of new shares

During the Reporting Period, no strategic investors or general legal persons became top ten shareholders of the Company due to the placement of new shares.

(iv) Substantial shareholders and other persons' interests and short positions in the shares and underlying shares

As at December 31, 2020, to the best knowledge of the Company and its Directors, having made all reasonable enquiries, the following substantial shareholders and other parties (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Name of shareholder	Type of share	Nature of interests	Number of shares (Note 1)	Approximate percentage of total share capital of relevant class in issue of the Company (%) (Note 2)	Approximate percentage of total share capital in issue of the Company (%) (Note 2)
Shenergy (Group) Company Limited	A Share	Beneficial owner	1,767,522,422 (L)	29.62	25.27
China National Tobacco Corporation (Note 3)	A Share	Interests in controlled corporation	345,486,596 (L)	5.79	4.94
Shanghai Tobacco (Group) Company (Note 3)	A Share	Interests in controlled corporation	345,486,596 (L)	5.79	4.94
Shanghai Haiyan Investment Management Company Limited (Note 3)	A Share	Beneficial owner	345,486,596 (L)	5.79	4.94
Zhu Lijia (Note 4)	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.36
Sun Hongyan (Note 4)	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.36
Hung Jia Finance Limited (Note 4)	H Share	Interests in controlled corporation	94,940,800 (L)	9.24	1.36
Kaiser Century Investments Limited (Note 4)	H Share	Beneficial owner	94,940,800 (L)	9.24	1.36
Raise Sino Investments Limited (Note 5)	H Share	Beneficial owner	113,737,200 (L)	11.07	1.63

Name of shareholder	Type of share	Nature of interests	Number of shares (Note 1)	Approximate percentage of total share capital of relevant class in issue of the Company (%) (Note 2)	Approximate percentage of total share capital in issue of the Company (%) (Note 2)
Bank of Communications Co., Ltd. (Note 6)	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.34
Bank of Communications (Nominee) Company Limited (Note 6)	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.34
BOCOM International Asset Management Limited (Note 6)	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.34
BOCOM International Holdings Company Limited (Note 6)	H Share	Interests in controlled corporation	93,991,600 (L)	9.15	1.34
BOCOM International Global Investment Limited (Note 6)	H Share	Beneficial owner	93,991,600 (L)	9.15	1.34
Shanghai Wealspring Asset Management Co., Ltd. (上海寧泉資產管理有限公司)	H Share	Investment manager	103,350,800 (L)	10.06	1.48
China Universal Asset Management Company Limited (on behalf of China Universal – DFZQ ESOP Single Asset Management Scheme No. 1 and China Universal – DFZQ ESOP Single Asset Management Scheme No. 2) (Note 7)	H Share	Asset manager	61,838,400 (L)	6.02	0.88

Notes:

1. (L) represents the long position.

2. As at December 31, 2020, the Company has issued 6,993,655,803 shares in total, including 5,966,575,803 A Shares and 1,027,080,000 H Shares.

3. Shanghai Haiyan Investment Management Company Limited is wholly owned by Shanghai Tobacco (Group) Co., Ltd., which in turn is wholly owned by China National Tobacco Corporation. Therefore, each of China National Tobacco Corporation and Shanghai Tobacco (Group) Co., Ltd. is deemed to be interested in the shares of the Company held by Shanghai Haiyan Investment Management Company Limited under the SFO.

4. Kaiser Century Investments Limited is owned as to 100% by Hung Jia Finance Limited. Hung Jia Finance Limited is owned as to 50% by each of Mr. Zhu Lijia and his spouse Ms. Sun Hongyan. Therefore, each of Mr. Zhu Lijia, Ms. Sun Hongyan and Hung Jia Finance Limited is deemed to be interested in the shares of the Company held by Kaiser Century Investments Limited under the SFO.

5. Raise Sino Investments Limited is owned as to 100% by Chu Lam Yiu.

6. BOCOM International Global Investment Limited is wholly owned by BOCOM International Asset Management Limited. BOCOM International Asset Management Limited is wholly owned by BOCOM International Holdings Company Limited, which in turn is wholly owned by Bank of Communications (Nominee) Company Limited. Bank of Communications (Nominee) Company Limited is wholly owned by Bank of Communications Co., Ltd. Therefore, each of Bank of Communications Co., Ltd., Bank of Communications (Nominee) Company Limited, BOCOM International Holdings Company Limited and BOCOM International Asset Management Limited is deemed to be interested in the shares of the Company held by BOCOM International Global Investment Limited under the SFO.

7. According to the Company's employee stock ownership plan, China Universal Asset Management Company Limited (as the asset manager) purchases and owns the shares of the Company through China Universal – DFZQ ESOP Single Asset Management Scheme No. 1 and China Universal – DFZQ ESOP Single Asset Management Scheme No. 2. For details of H Shares indirectly held by certain Directors, Supervisors and senior management of the Company through asset management schemes, please refer to "Section V, XIII, The Company's Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives and Their Impacts" in this report.

Save as disclosed above, as at December 31, 2020, none of the other substantial shareholders or other parties has any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

(v) Directors', Supervisors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations

As at December 31, 2020, according to the information available to the Company and so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the Part XV of the SFO), which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

IV. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(i) Controlling shareholder

As at the end of the Reporting Period, Shenergy Group, the Company's largest shareholder, had a shareholding of 25.27%. H Shares held by HKSCC Nominees Limited were H Shares owned by non-registered shareholders.

(ii) De facto controller

As at the end of the Reporting Period, Shenergy Group, the Company's largest shareholder, had a shareholding of 25.27%. The Company had no de facto controller.

(iii) Other information of controlling shareholder and de factor controller

As at the end of the Reporting Period, the Company had no controlling shareholder or de facto controller.

V. OTHER LEGAL-PERSON SHAREHOLDERS WITH A SHAREHOLDING OF MORE THAN 10%

Unit: 100 million Currency: RMB

Name of legal-person shareholder	Person-in-charge of the unit or legal representative	Date of incorporation	Organization code	Registered capital	Principal businesses or management events
Shenergy Group	Huang Dinan	November 18, 1996	91310000132271814 7	200	It primarily engages in investment, development, management in power and energy-based industries, investment in natural gas resources and urban gas network, investment and management in real estate and hi-tech industries, industrial investment, as well as operation of its assets and domestic trade (excluding specially regulated ones). For items subject to approval pursuant to laws, its operations could only be commenced upon approval by relevant authorities

Explanations
1. As at the end of the Reporting Period, Shenergy Group held 25.27% of shares of the Company.
2. The shares held by HKSCC Nominees Limited were owned by non-registered holders of H Shares.

VI. EXPLANATION ON THE RESTRICTION OF SHAREHOLDING REDUCTION

During the Reporting Period, the Company had no restriction on shareholding reduction.

VII. REPURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the securities of the Company, other than trading as an agent on behalf of customers of the Company or its subsidiaries.

Section VII Preference Shares

During the Reporting Period, the Company did not have any matters relating to preference shares.

Section VIII Directors, Supervisors, Senior Management and Staff

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(i) Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period

Unit: share(s)

Name	Position (Note)	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding uring the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not
Song Xuefeng	CPC Party committee secretary	Male	1970	2020-09-09	/	0	0	0	Nil	0	Yes
	Executive Director			2021-03-05	2024-03-04						
Jin Wenzhong	Deputy Party committee secretary	Male	1964	2010-09-08	/	0	0	0	Nil	311.74	No
	Executive Director			2010-09-27	2024-03-04						
	Chairman			2021-03-05	2024-03-04						
	President			2010-09-27	2024-03-04						
Yu Xuechun	Non-executive Director	Male	1964	2021-03-05	2024-03-04	0	0	0	Nil	0	Yes
Liu Wei	Non-executive Director	Male	1973	2018-03-14	2024-03-04	0	0	0	Nil	0	Yes
Zhou Donghui	Non-executive Director	Male	1969	2020-05-15	2024-03-04	0	0	0	Nil	0	Yes
Cheng Feng	Non-executive Director	Male	1971	2021-03-05	2024-03-04	0	0	0	Nil	0	Yes
Ren Zhixiang	Non-executive Director	Male	1969	2021-03-05	2024-03-04	0	0	0	Nil	0	Yes
Zhu Jing	Employee representative Director	Female	1969	2021-03-05	2024-03-04	0	0	0	Nil	0	No
Xu Zhiming	Independent non-executive Director	Male	1961	2016-07-08	2024-03-04	0	0	0	Nil	16.00	No
Jin Qinglu	Independent non-executive Director	Male	1972	2017-10-16	2024-03-04	0	0	0	Nil	19.00	No
Wu Hong	Independent non-executive Director	Male	1956	2020-12-08	2024-03-04	0	0	0	Nil	1.58	No
Feng Xingdong	Independent non-executive Director	Male	1977	2020-12-08	2024-03-04	0	0	0	Nil	1.33	No
Zhang Qian	Shareholder representative Supervisor	Male	1974	2018-03-06	2024-03-04	0	0	0	Nil	0	Yes
	Chairman of Supervisory Committee			2018-05-23	2024-03-04						
Du Weihua	Deputy Party committee secretary	Male	1964	2020-01-10	/	0	0	0	Nil	288.56	No
	Employee Director			2018-03-06	2020-02-14						
	Vice president			2015-08-13	2020-02-14						
	Employee representative Supervisor			2020-02-19	2024-03-04						
	Vice chairman of Supervisory Committee			2020-02-14	2024-03-04						

Unit: share(s)

Name	Position (Note)	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding uring the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not
Wu Junhao	Non-executive Director	Male	1965	2011-03-29	2021-03-05	0	0	0	Nil	0	Yes
	Shareholder representative Supervisor			2021-03-05	2024-03-04						
Zhang Jian	Shareholder representative Supervisor	Male	1965	2021-03-05	2024-03-04	0	0	0	Nil	0	Yes
Shen Guangjun	Shareholder representative Supervisor	Male	1979	2021-03-05	2024-03-04	0	0	0	Nil	0	Yes
Tong Jie	Shareholder representative Supervisor	Female	1968	2018-03-06	2024-03-04	0	0	0	Nil	0	Yes
Xia Lijun	Independent supervisor	Male	1976	2021-03-05	2024-03-04	0	0	0	Nil	0	No
Ruan Fei	Employee representative Supervisor	Female	1971	2021-03-05	2024-03-04	0	0	0	Nil	0	No
Ding Yan	Employee representative Supervisor	Female	1979	2021-03-05	2024-03-04	0	0	0	Nil	0	No
Shu Hong	Vice president	Male	1967	2014-04-16	2024-03-04	0	0	0	Nil	288.56	No
	Chief information officer			2019-06-13	2024-03-04						
Zhang Jianhui	Vice president	Male	1968	2015-07-24	2024-03-04	0	0	0	Nil	288.56	No
	Financial controller			2012-01-11	2024-03-04						
Lu Weiming	Vice president	Male	1971	2020-09-11	2024-03-04	0	0	0	Nil	717.70	No
	Assistant to the president			2018-11-22	2020-09-11						
Yang Bin	Vice president	Male	1972	2021-03-05	2024-03-04	0	0	0	Nil	435.00	No
	Chief risk officer			2015-05-08	2024-03-04						
	Compliance officer			2015-05-08	2024-03-04						
Xu Haining	Vice president	Female	1970	2021-03-05	2024-03-04	0	0	0	Nil	507.00	No
	Assistant to the president			2018-11-22	2021-03-05						
Wang Rufu	Secretary to the Board	Male	1973	2016-11-28	2024-03-04	0	0	0	Nil	280.12	No
Pan Xinjun (resigned)	CPC Party committee secretary	Male	1961	2010-01-06	2020-09-09	0	0	0	Nil	295.74	No
	Executive Director			2010-01-28	2020-10-16						
	Chairman			2010-01-28	2020-10-16						
Chen Bin (resigned)	Non-executive Director	Male	1981	2014-10-29	2020-03-27	0	0	0	Nil	0	No
Chen Xiaobo (resigned)	Employee representative Director	Male	1973	2020-03-05	2020-11-18	0	0	0	Nil	260.45	No
Li Xiang (resigned)	Non-executive Director	Male	1971	2014-10-29	2021-03-05	0	0	0	Nil	0	Yes
Xia Jinghan (resigned)	Non-executive Director	Female	1969	2018-03-12	2021-03-05	0	0	0	Nil	0	Yes

Unit: share(s)

Name	Position (Note)	Gender	Year of birth	Commencement date of the term of office	Expiry date of the term of office	Shares held at the beginning of the year	Shares held at the end of the year	Changes in shareholding uring the year	Reasons for changes	Total pre-tax remuneration received from the Company during the Reporting Period (RMB'0000)	Whether received remuneration from any related party of the Company or not
Xu Jianguo (resigned)	Non-executive Director	Male	1964	2016-11-08	2021-03-05	0	0	0	Nil	0	No
Xu Guoxiang (resigned)	Independent non-executive Director	Male	1960	2014-10-29	2020-12-08	0	0	0	Nil	16.00	No
Tao Xiuming (resigned)	Independent non-executive Director	Male	1964	2014-10-29	2020-12-08	0	0	0	Nil	16.00	No
Wei Anning (resigned)	Independent non-executive Director	Male	1963	2014-10-29	2020-12-08	0	0	0	Nil	19.00	No
He Xuan (resigned)	Independent non-executive Director	Male	1982	2020-12-08	2021-03-05	0	0	0	Nil	1.33	No
Li Bin (resigned)	Deputy Party committee secretary	Male	1959	2014-03-14	2020-01-10	0	0	0	Nil	6.40	No
	Employee representative Supervisor			2014-11-21	2020-02-14						
	Vice chairman of Supervisory Committee			2014-11-21	2020-02-14						
Huang Laifang (resigned)	Shareholder representative Supervisor	Female	1969	2018-03-06	2021-03-05	0	0	0	Nil	0	Yes
Liu Wenbin (resigned)	Shareholder representative Supervisor	Male	1975	2011-03-29	2021-03-05	0	0	0	Nil	0	No
Yin Keding (resigned)	Shareholder representative Supervisor	Male	1964	2014-10-30	2021-03-05	0	0	0	Nil	0	Yes
Wu Zhengkui (resigned)	Shareholder representative Supervisor	Male	1974	2012-03-19	2021-03-05	0	0	0	Nil	0	No
Zhou Wenwu (resigned)	Employee representative Supervisor	Male	1961	2015-08-11	2021-03-05	0	0	0	Nil	266.12	No
Yao Yuan (resigned)	Employee representative Supervisor	Male	1973	2014-10-29	2021-03-05	0	0	0	Nil	356.79	No
Yang Yucheng (resigned)	Vice president	Male	1965	2009-08-18	2020-05-18	0	0	0	Nil	235.28	No
Total	/	/	/	/	/				/	4,628.26	/

Notes:

1. The Company held the 2021 first extraordinary general meeting on March 5, 2021, at which the non-employee Directors and non-employee representative Supervisors of the fifth session of the Board and the Supervisory Committee were elected, and will compose the fifth session of the Board and the Supervisory Committee together with employee representative Directors and employee representative Supervisors elected at the meeting of employee representatives held on February 9, 2021. The fifth session of the Board of the Company comprises Mr. Song Xuefeng and Mr. Jin Wenzhong as executive Directors, Mr. Yu Xuechun, Mr. Liu Wei, Mr. Zhou Donghui, Mr. Cheng Feng and Mr. Ren Zhixiang as non-executive Directors, Ms. Zhu Jing as the employee representative Director, and Mr. Xu Zhiming, Mr. Jin Qinglu, Mr. Wu Hong and Mr. Feng Xingdong as independent non-executive Directors. The fifth session of the Supervisory Committee of the Company comprises Mr. Zhang Qian, Mr. Wu Junhao, Mr. Zhang Jian, Mr. Shen Guangjun and Ms. Tong Jie as shareholder representative Supervisors, Mr. Xia Lijun as the independent Supervisor, and Mr. Du Weihua, Ms. Ruan Fei and Ms. Ding Yan as employee representative Supervisors. The Company held the first meeting of the fifth session of the Board on March 5, 2021, at which Mr. Jin Wenzhong was elected as the chairman of the fifth session of the Board of the Company, the members and chairmen of the special committees of the fifth session of the Board were elected, and a new session of senior management of the Company were appointed. The Company held the first meeting of the fifth session of the Supervisory Committee on March 5, 2021, at the meeting, Mr. Zhang Qian and Mr. Du Weihua were elected as chairman and vice chairman of the Supervisory Committee of the Company, respectively.

2. Remunerations of the Company's Directors, Supervisors and senior management received from the Company during the Reporting Period include salary in 2020, 2019 annual performance bonus and the portion required to be granted in 2020 out of incentives for the term from 2016 to 2018.

3. During the Reporting Period, the Company's Directors, Supervisors and senior management did not directly hold the Company's shares and options (for details of H Shares indirectly held through asset management schemes, please refer to "Section V, XIII, The Company's Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives and Their Impacts" in this report), and the Company did not implement any share incentive scheme.

4. Changes of Directors, Supervisors and senior management of the Company during and after the Reporting Period are set out in "Section VIII, IV, Changes of Directors, Supervisors and Senior Management" in this report.

Name	Primary working experience
	Executive Directors (2)
Song Xuefeng	Mr. Song Xuefeng, born in 1970, is a member of the Communist Party of China (the "CPC"), a doctorate in management, a senior economist and a certified public accountant. He currently serves as the secretary of the CPC party committee and an executive Director of the Company, a member of the CPC party committee and vice president of Shenergy (Group) Company Limited, the chairman of Shanghai Shenergy Nengchuang Energy Development Co., Ltd., a director of China SME Development Fund Co., Ltd. and the chairman of Shanghai Orient Securities Asset Management Co., Ltd. Mr. Song served as the manager of the financial department of Shenergy Company Limited, a deputy manager and manager of financial department of Shenergy Company Limited from March 2001 to May 2008, an assistant to the general manager and finance manager, chief accountant and finance manager, deputy general manager and chief accountant at Shenergy Company Limited from March 2005 to April 2011, the chairman of the supervisiory committee of Shenergy Company Limited from May 2011 to June 2020 (a temporary assistant mayor of Zigong, Sichuan from November 2010 to November 2011), and the assistant to general manager of Shenergy (Group) Company Limited from January 2012 to August 2014. Mr. Song has been serving as a vice president of Shenergy (Group) Company Limited since August 2014, a member of the CPC party committee of Shenergy (Group) Company Limited since December 2016, and the secretary of the CPC party committee of the Company since September 2020. Mr. Song Xuefeng has served as a shareholder representative Supervisor and the chairman of Supervisory Committee of the Company from October 2014 to March 2018, and has been serving as an executive Director of the Company since March 2021.
Jin Wenzhong	Mr. Jin Wenzhong, born in 1964, is a member of the CPC, holds a master's degree in economics and is an economist. He currently serves as the deputy secretary of the CPC party committee, chairman of the Board and president of the Company, the chairman of Shanghai Orient Securities Capital Investment Co., Ltd., the chairman of Orient Securities Investment Banking Co., Ltd., a director of Orient Futures Co., Ltd and a director of Shanghai Orient Securities Innovation Investment Co., Ltd. He served as the deputy manager of the distribution department, the deputy director of the research institute and the assistant to the president of Wanguo Securities from January 1992 to September 1995, the deputy director of the office for enterprise modernization committee of Nomura Securities from October 1995 to December 1997, a member of the CPC party committee and the deputy general manager of the Company from December 1997 to September 2010 and the general manager of the securities investment business department from March 2016 to March 2017. He has been serving as the deputy CPC party committee secretary, executive director, and president of the Company since September 2010, acting as the chairman of the Board and legal representative of the Company from October 2020 to March 2021, and serving as the chairman of the Board of the Company since March 2021.

Name	Primary working experience
	Non-executive Directors (6)
Yu Xuechun	Mr. Yu Xuechun, born in 1964, is a member of the CPC, holds a bachelor's degree in engineering, and is a senior engineer. He currently serves as a non-executive Director of the Company, the deputy chief economist, general manager of strategic development department and an employee representative supervisor of Shenergy (Group) Company Limited, the general manager of Shenergy Hongkong Holding Limited, the chairman of supervisory committee of Shenergy Company Limited and a director of Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. He served as an engineer of Shanghai Electric Automation Research Institute and Shanghai Nanyang International Industrial Co., Ltd., the deputy director of marketing department, office manager and deputy office director of Shenergy Company Limited from November 1995 to April 2005, the deputy office director, deputy manager of asset management department, manager of asset management department and office director of Shenergy (Group) Company Limited from May 2005 to March 2020, an employee representative supervisor of Shenergy (Group) Company Limited since September 2012, and the deputy chief economist and general manager of strategic development department of Shenergy (Group) Company Limited since March 2020. Mr. Yu Xuechun has been serving as a non-executive Director of the Company since March 2021.
Liu Wei	Mr. Liu Wei, born in 1973, is a member of the CPC and holds a master's degree in law. He currently serves as a non-executive Director of the Company, a member of the discipline inspection committee, the director of organization department under the CPC party committee and the general manager of human resource department of Shenergy (Group) Company Limited, a supervisor of Shenergy Group Business Services Co., Ltd. and a director of Shanghai Shenergy ICY Capital Co., Ltd. Mr. Liu served as a clerk of the Enforcement Division (section officer), a clerk of the Economic Division, an assistant judge of the Economic Division, and an assistant judge of the Office (deputy section head level) of People's Court of Huangpu District of Shanghai from July 1996 to December 2001, an assistant judge of the Office (deputy section head level), an assistant judge of the Office (section head level), the deputy section chief of the General Section of the Office, the director of the President's Office of the Office, a judge (deputy division head level), and the deputy director of the Office of Higher People's Court of Shanghai Municipality from December 2001 to May 2013, the deputy director of the Office of Organization Department, the deputy director and investigator of General Official Division of the CPC Shanghai Municipal Committee from May 2013 to September 2017. Mr. Liu has been serving as the general manager of human resource department of Shenergy (Group) Company Limited since September 2017, a member of the discipline inspection committee of Shenergy (Group) Company Limited since May 2020, and the director of organization department under the CPC party committee of Shenergy (Group) Company Limited since December 2020. Mr. Liu Wei has been serving as a non-executive Director of the Company since March 2018.

Name	Primary working experience
Zhou Donghui	Mr. Zhou Donghui, born in 1969, is a member of the CPC, holds a bachelor's degree in accounting and is a senior accountant. He currently serves as a non-executive Director of the Company, a director and general manager of Shanghai Haiyan Investment Management Company Limited, a director of Haitong Securities Co., Ltd. and a director of China Pacific Insurance (Group) Co., Ltd. He served as a clerk and deputy chief of the financial department of Shanghai Tobacco (Group) Company from July 1991 to September 2000, the deputy manager and manager of the financial department of China Tobacco Shanghai Import and Export Co., Ltd. from September 2000 to September 2008, the deputy director of the investment management department of Shanghai Tobacco (Group) Company from September 2008 to April 2011, the deputy general manager of Shanghai Haiyan Investment Management Company Limited from August 2010 to April 2011, the deputy director of financial department and deputy director of fund management center of Shanghai Tobacco Group Co., Ltd. from April 2011 to February 2015, the standing deputy director of investment department of Shanghai Tobacco Group Co., Ltd. and standing deputy general manager of Shanghai Haiyan Investment Management Company Limited from February 2015 to July 2015, the director of investment management department of Shanghai Tobacco Group Co., Ltd. and a director and general manager of Shanghai Haiyan Investment Management Company Limited from July 2015 to September 2016, and has served as a director and general manager of Shanghai Haiyan Investment Management Company Limited since September 2016. Mr. Zhou Donghui has been serving as a non-executive Director of the Company since May 2020.

Name	Primary working experience
Cheng Feng	Mr. Cheng Feng, born in 1971, is a member of the CPC and holds a master's degree in business administration. He currently serves as a non-executive Director of the Company, a member of the CPC party committee and the deputy general manager of Shanghai United Media Group, the chairman of Shanghai Shangbao Asset Management Co., Ltd., the chairman of Shanghai Oriental Press Co., Ltd., the chairman of Shanghai Real Power Capital Co., Ltd., the chairman of Shanghai Culture Assets And Equity Exchange Co., Ltd., the executive vice chairman of Shanghai XinHua Media Co., Ltd., a director of Shanghai Oriental Pearl Real Estate Co., Ltd., an executive director of Shanghai Realty Times Co., Ltd., a director of China Universal Asset Management Company Limited, an executive director of Shanghai Jiefang Media Information Development Co., Ltd., an executive director of Shanghai Wenhui Xinmin Industrial Co. Ltd., the chairman of Shanghai Shangbao Chuanyue Properties Development Co., Ltd., an executive director of Shanghai Shenwen Industry Co.,Ltd., the chairman of Shanghai Oriental Ticketing Co., Ltd., the chairman of Shanghai Shangbao Industrial Co., Ltd., the chairman of supervisory committee of Shanghai Jiemian CLS Technologies Co., Ltd., the chairman of Shanghai Ruiyi Investment Management Co., Ltd. and the chairman of Shanghai Ruili Financial Information Service Co., Ltd. He served as a clerk, executive, member and deputy secretary of the CPC youth league committee, deputy secretary of the CPC youth league committee (in charge of works) and secretary of the CPC youth league committee of the Office of Foreign Economic of Shanghai Foreign Economic and Trade Commission from March 1995 to February 2001, the vice president of Shanghai Electrical Machinery Group Import & Export Co., Ltd. from February 2001 to June 2002, the deputy director of Office of Technology Import as well as deputy director (in charge of works) and director of Office of Technological Development and Technology Trade of Shanghai Foreign Economic and Trade Commission from June 2002 to April 2005, the office director, director of information center and general manager of administration department of Shanghai International Group Co., Ltd. from April 2005 to June 2009, the deputy secretary of the CPC party committee, general manager, secretary of the CPC party committee and chairman of Shanghai International Group Financial Services Co., Ltd. from June 2009 to March 2013, the secretary of the CPC party committee and chairman of Shanghai State-owned Assets Operation Co., Ltd. from March 2013 to October 2013, and a member of the CPC party committee and deputy general manager of Shanghai United Media Group since October 2013. Mr. Cheng Feng has been serving as a non-executive Director of the Company since March 2021.

Name	Primary working experience
Ren Zhixiang	Mr. Ren Zhixiang, born in 1969, is a member of the CPC and holds a dotorate degree in economics. He currently serves as a non-executive Director of the Company, the deputy secretary of the CPC party committee and director and general manager of Zheneng Capital Holdings Co., Ltd., a director of Zhejiang Fuzhe Investment Co., Ltd., the vice chairman of Zheshang Property and Casualty Insurance Co., Ltd. and a director of China Zheshang Bank Co., Ltd. He served as an office clerk, engineer and secretary of the CPC youth league committee of Zhejiang Water Conservancy and Hydropower Engineering Bureau from August 1995 to August 2001, a senior researcher and deputy general manager of investment banking division of Zhejiang International Trust & Investment Company Ltd. from June 2004 to February 2007, a senior director of asset management department of Zhejiang Provincial Energy Group Co., Ltd. from February 2007 to October 2010, the chief economist, deputy director and director of strategy management and legal department of Zhejiang Provincial Energy Group Co., Ltd. from October 2010 to October 2019, the deputy secretary to the CPC party committee and general manager of Zheneng Capital Holdings Co., Ltd. since October 2019, and a director of Zheneng Capital Holdings Co., Ltd. since June 2020. Mr. Ren Zhixiang has been serving as a non-executive Director of the Company since March 2021.
Zhu Jing	Ms. Zhu Jing, born in 1969, is a member of the CPC and holds a master's degree in economics. She currently serves as an employee representative Director and the general manager of strategic development department of the Company, a director and general manager of Orient Finance Holdings (Hong Kong) Limited, a director of Orient Futures Co., Ltd, a director of Orient Securities International Financial Group Co., Ltd., the chairman of supervisory committee of Chengtay Financial Leasing (Shanghai) Co., Ltd., a director of Great Wall Fund Management Co., Ltd. and a supervisor of Shanghai Orient Securities Asset Management Co., Ltd. She served as a staff of Xi'an Mining Machinery Factory from July 1992 to May 1995, the manager and deputy general manager of securities management department of Shanghai Caitong International Investment Management Co., Ltd. from May 1995 to February 1999, a staff, business planning director, senior operation director and assistant to general manager of brokerage business department, assistant to general manager and deputy general manager of operational management department and deputy director of the Board office of the Company from March 1999 to January 2015, the general manager of strategic development department of the Company since February 2015, and the employee representative Director of the Company since March 2021.

Name	Primary working experience
	Independent Non-executive Directors (4)
Xu Zhiming	Mr. Xu Zhiming, born in 1961, holds a doctorate degree in economics. He currently serves as an independent non-executive Director of the Company, a founding partner of China Broadband Capital, a director of Donlink Group Co., Ltd., a director of Guangzhou Donlink Industrial Investment Group Co., Ltd., a director of Beijing Lianhang Hezhong Media Technology Co., Ltd. and a director of Beijing Baoxuan Culture Media Co., Ltd. He successively served as a research analyst of Institute for International Studies in China International Trust and Investment Corporation, and the co-director of corporate finance department and co-director of capital market department of Nomura International (Hong Kong) Limited, a director and the director of investment banking division in the Great China Region of National Westminster Bank of Britain, a director and the director of corporate financing division in the Great China Region of Bank of Boston of the United States from December 1986 to August 1999, an executive director of China Resources Enterprise, Limited, an executive director of China Resources (Beijing) Land Limited, the managing director and chief operating officer of China Resources Logic Limited from August 1999 to December 2001, as well as a senior consultant of TOM Group Limited, and an executive director and chief operating officer of TOM Online Inc from January 2002 to May 2005. Mr. Xu has been a founding partner of China Broadband Capital since March 2006. Mr. Xu Zhiming has been serving as an independent non-executive Director of the Company since July 2016.
Jin Qinglu	Mr. Jin Qinglu, born in 1972, is a member of the CPC and holds a doctorate degree in accountancy. He currently serves as an independent non-executive Director of the Company, the dean of the School of Accountancy and a doctoral supervisor of Shanghai University of Finance and Economics. He served as an assistant professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics from June 2005 to June 2011, then an associate professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics from July 2011 to June 2012, and a professor of accountancy in the School of Accountancy of Shanghai University of Finance and Economics since July 2012. He served as the associate dean of the Institute of Accounting and Finance of Shanghai University of Finance and Economics from February 2014 to November 2018, the associate dean of the School of Accountancy of Shanghai University of Finance and Economics from April 2015 to November 2018, the director of the Collaborative Innovation Center for Accounting Reform and Development of Shanghai University of Finance and Economics from January 2016 to November 2018, an independent director of Shanghai Emperor of Cleaning Hi-Tech Co., Ltd. from October 2017 to September 2020, and the dean of the School of Accountancy of Shanghai University of Finance and Economics since November 2018. Mr. Jin Qinglu has been serving as an independent non-executive Director of the Company since October 2017.

Name	Primary working experience
Wu Hong	Mr. Wu Hong, born in 1956, is a member of the CPC and holds a degree of bachelor of laws. He current serves as an independent non-executive Director of the Company, a professor and a doctoral supervisor of East China University of Political Science and Law, an independent director of Shanghai Pudong Development Bank Co., Ltd., an independent director of Zhejiang Tailong Commercial Bank Co., Ltd., an independent director of Western Leadbank Fund Management Co., Ltd. and an independent director of Shanghai Pudong Development Group Finance Co., Ltd. He has been working in East China University of Political Science and Law since July 1984, and used to serve as the dean of School of Economic Laws of East China University of Political Science and Law, the vice president of China Banking Law Society, an executive member of China Commercial Law Society, the president of Finance Law Committee under the Shanghai Law Society, the vice president of Shanghai Finance Law Society, the vice president of Shanghai International Commercial Law Society, and successively served as a member of the Proposition Committee of the Chinese National Judicial Examination, a legislative consultation expert of the Standing Committee of Shanghai Municipal People's Congress and a member of the Shanghai Consumer Council. Mr. Wu Hong has been serving as an independent non-executive Director of the Company since December 2020.
Feng Xingdong	Mr. Feng Xingdong, born in 1977, is a member of the CPC and holds a doctorate degree in statistics. He currently serves as an independent non-executive Director of the Company, the dean, a professor of statistics and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics. He served as an assistant professor of statistics and an associate professor of statistics of School of Statistics and Management of Shanghai University of Finance and Economics from June 2011 to June 2015, a professor and doctoral supervisor of School of Statistics and Management of Shanghai University of Finance and Economics since July 2015, and the dean of School of Statistics and Management of Shanghai University of Finance and Economics since November 2019. Mr. Feng Xingdong has been serving as an independent non-executive Director of the Company since December 2020.

Name	Primary working experience
	Supervisors (9)
Zhang Qian	Mr. Zhang Qian, born in 1974, a member of the CPC, holds a master's degree in business administration, and is an economist. Currently, he is a shareholder representative Supervisor and chairman of the Supervisory Committee of the Company, a member of the CPC party committee and vice president of Shenergy (Group) Company Limited, the chairman of Shanghai Shenergy Energy Service Co., Ltd. and a director of Chengdu Xinshen Venture Capital Co., Ltd. Mr. Zhang joined Shenergy (Group) Company Limited in July 1996, and served as the deputy director and the director of the comprehensive management department of Shenergy (Group) Company Limited from January 2001 to October 2004, the deputy manager and the manager of the financial asset department of Shanghai Shenergy Asset Management Co., Ltd. from October 2004 to January 2006, the deputy head of the preparatory team of Shenergy Group Finance Co., Ltd. from January 2006 to February 2007, the deputy general manager of Shenergy Group Finance Co., Ltd. from February 2007 to August 2009, as well as the secretary of the CPC party branch and the general manager of Shenergy Group Finance Co., Ltd. from August 2009 to July 2016, during which period, Mr. Zhang has been serving as the vice president of Shenergy (Group) Company Limited since September 2015 and a member of the CPC party committee of Shenergy (Group) Company Limited since May 2020. Mr. Zhang Qian has served as a non-executive Director of the Company from October 2014 to March 2018, and has been serving as a shareholder representative Supervisor and the chairman of the Supervisory Committee of the Company since March 2018.
Du Weihua	Mr. Du Weihua, born in 1964, is a member of the CPC and holds a master's degree in economics and is an associate professor. Currently, he is the deputy secretary of the CPC party committee, the secretary of the discipline inspection commission, an employee representative Supervisory, vice chairman of the Supervisory Committee and chairman of the work union of the Company, a supervisor of Shanghai Orient Securities Capital Investment Co., Ltd., a supervisor of Shanghai Orient Securities Innovation Investment Co., Ltd., a supervisor of Orient Futures Co., Ltd and the director-general in Shanghai Orient Securities Xindeyizhang Public Welfare Foundation. Mr. Du served as a teacher in the School of Finance at Shanghai University of Finance and Economics from July 1984 to June 1998, and the manager of sales department, assistant to the general manager and deputy general manager of the brokerage business department, general manager of the operation and management department, and the general manager of human resources management department of the Company from June 1998 to May 2017, an assistant to the president and employee representative Supervisor of the Company from January 2012 to August 2015. He served as vice president of the Company from August 2015 to February 2020, an employee representative Director from March 2018 to February 2020, the deputy secretary of the CPC party committee and the secretary of the discipline inspection commission of the Company since January 2020 and an employee representative Supervisor and the vice chairman of the Supervisory Committee of the Company since February 2020.

Name	Primary working experience
Wu Junhao	Mr. Wu Junhao, born in 1965, a member of the CPC, holds a master's degree in management and is an economist. Currently, he is a shareholder representative Supervisor of the Company, the general manager of the financial management department of Shenergy (Group) Company Limited, the chairman of supervisory committee of Shanghai Shenergy ICY Equity Investment Co., Ltd., a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd., a director of Chengdu Xinshen Venture Capital Co., Ltd., a supervisor of Shanghai ICY Capital Co., Ltd., a director of China Pacific Insurance (Group) Co., Ltd., a director of China Pacific Life Insurance Co., Ltd., a director of China Pacific Property Insurance Co., Ltd. and a supervisor of China Everbright Bank Company Limited. Mr. Wu served as the executive deputy general manager of Shanghai New Resource Investment Consulting Co., Ltd. and the deputy general manager of Shanghai Pericom Investment Company. He also served as the deputy director of Shanghai Shenergy Asset Management Co., Ltd. from September 2003 to January 2006, and the deputy director, director and senior manager of the asset management department, and the deputy manager (in charge of affairs) of the financial management department in Shenergy (Group) Company Limited from January 2006 to April 2011. Mr. Wu has been serving as the general manager of financial management department in Shenergy (Group) Company Limited since April 2011. Mr. Wu Junhao has served as a non-executive Director of the Company from October 2014 to March 2021, and has been serving as a shareholder representative Supervisor of the Company since March 2021.
Zhang Jian	Mr. Zhang Jian, born in 1965, a member of the CPC, holds a master's degree in business administration. Currently, he is a shareholder representative Supervisor of the Company, the deputy general manager and a member of the CPC party committee of China Post Group Corporation Limited, Shanghai Branch. He served as a clerk, deputy section chief and deputy director of Nantong Post and Telecommunication Office from July 1984 to July 2004, the deputy director and senior accountant of Taizhou Post Office from July 2004 to November 2007, the deputy director and president of the trade union of Nantong Post Office from November 2007 to March 2008, the director of Taizhou Post Office from March 2008 to December 2008, the director and secretary of the CPC party committee of Taizhou Post Office from December 2008 to June 2011, the director and secretary of the CPC party committee of Nantong Post Office from June 2011 to February 2014, the general manager and secretary of the CPC party committee of Jiangsu Post Company, Nantong Branch from February 2014 to June 2015, the general manager and secretary of the CPC party committee of China Post Group Corporation, Nantong Branch from June 2015 to February 2016, and the deputy general manager and a member of the CPC party committee of China Post Group Corporation Limited, Shanghai Branch since February 2016. Mr. Zhang Jian has been serving as a shareholder representative Supervisor of the Company since March 2021.

Name	Primary working experience
Shen Guangjun	Mr. Shen Guangjun, born in 1979, a member of the CPC, holds a master's degree in accountancy. Currently, he is a shareholder representative Supervisor of the Company, the deputy chief accountant of Shanghai Construction Group Co., Ltd. and the deputy general manager of Shanghai Construction Group Investment Co., Ltd. He served as a staff, assistant to manager, deputy manager and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from April 2004 to May 2017, the deputy chief accountant and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from May 2017 to February 2018, the assistant to president (assistant to director), deputy chief accountant (in charge of affairs) and general manager of asset and finance department of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd. from February 2018 to June 2019, the chief accountant of the overseas business department of Shanghai Construction Group Co., Ltd. from June 2019 to March 2021, and the deputy chief accountant of Shanghai Construction Group Co., Ltd. since March 2021. Mr. Shen Guangjun has been serving as a shareholder representative Supervisor of the Company since March 2021.
Tong Jie	Ms. Tong Jie, born in 1968, holds a bachelor's degree in financial accounting. Currently, she is a shareholder representative Supervisor of the Company, the chief financial officer of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. and a director of Shanghai Xinjinqiao Plaza Industrial Co., Ltd. She served as the audit supervisor of China First Tractor Engineering Machinery Group Co., Ltd. (中國第一拖拉機工程機械集團有限公司) from December 1988 to December 2001, the internal audit supervisor, deputy manager of the financial department, deputy manager of the capital operation department, and manager of the financial department of Zhongbang Group Limited from December 2001 to December 2008, the senior audit manager of Xuhui Group Co., Ltd. from December 2008 to August 2009 and the external task supervisor of the Managing Centre of Director and Supervisor under the State-owned Assets Supervision and Administration Commission of Pudong New District of Shanghai (上海市浦東新區國資委董事監事管理中心) from August 2009 to May 2016. She has been the chief financial officer of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. since May 2016. Ms. Tong Jie has been serving as a shareholder representative Supervisor of the Company since March 2018.

Name	Primary working experience
Xia Lijun	Mr. Xia Lijun, born in 1976, a member of the CPC, holds a doctorate degree in accountancy and is a certified public accountant. Currently, he is the independent Supervisor of the Company, a professor, a doctoral supervisor and the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University, a member of the Guiding Committee of Professional Education of Accountancy of the Ministry of Education of the PRC, the vice president of Higher Engineering College Committee under Accounting Society of China, an executive member of Accounting Education Committee under Accounting Society of China, a member of China Audit Society, an executive member of Accounting Society of Shanghai, the vice president of Shanghai Cost Research Society, an independent director of Orient Fortune Information Co., Ltd., an independent director of Zhejiang Shengtai Garment Group Co., Ltd., an independent director of Shanghai Sanyou Medical Co., Ltd., an independent director of Huatai Baoxing Fund Management Co., Ltd., an independent director of Shenzhen Huitai Medical Equipment Co., Ltd., an independent director of Shanghai Tongji Science & Technology Industrial Co., Ltd., an independent director of Visionox Technology Inc. and an executive director of Shanghai Bacai Information Technology Co., Ltd. She served as a lecturer, master's supervisor, professor and doctoral supervisor of School of Accountancy of Shanghai University of Finance and Economics from July 2006 to March 2011, and a professor, a doctoral supervisor and the head of Department of Accountancy of Antai College of Economics and Management of Shanghai Jiao Tong University since March 2011. Mr. Xia Lijun has been serving as the independent Supervisor of the Company since March 2021.
Ruan Fei	Ms. Ruan Fei, born in 1971, is a member of the CPC, holds a master's degree in finance, and is a senior accountant and senior economist. Currently, she is an employee representative Supervisor of the Company, the secretary to the Supervisory Committee, office director of the Supervisory Committee and director of the discipline inspection office of the Company. She served as a researcher of the development research department of China Worldbest Group Co., Ltd. from January 1997 to June 1998, a researcher of the securities research institute of the Company from June 1998 to March 2005, the assistant to office director and deputy office director of the Company from March 2005 to March 2012, the secretary to the Supervisory Committee and office director of the Supervisory Committee of the Company since March 2012, the director of the discipline inspection office of the Company since December 2012, and an employee representative Supervisor of the Company since March 2021.

Name	Primary working experience
Ding Yan	Ms. Ding Yan, born in 1979, is a member of the CPC, holds a master's degree in economic laws and a degree of master of science, and is an economist. Currently, she is an employee representative Supervisor of the Company, the deputy general manager (in charge of affairs) of the audit department of the Company and a supervisor of Orient Securities Investment Banking Co., Ltd. She served as a clerk and deputy chief clerk of the banking management department and the office of People's Bank of China, Shanghai branch from August 2001 to August 2005, the deputy chief clerk, chief clerk and section chief of the secretariat of general management department and the anti-money laundering division of financial services department II of People's Bank of China, Shanghai headquarter from August 2005 to January 2017, the assistant to general manager and deputy general manager of the audit department of the Company from January 2017 to April 2020, the deputy general manager (in charge of affairs) of the audit department of the Company since April 2020, and an employee representative Supervisor of the Company since March 2021.

Name	Primary working experience
	Other Senior Management Members (6)
Shu Hong	Mr. Shu Hong, born in 1967, a member of CPC, is a holder of a master's degree in business administration and an engineer. Currently, he is a vice president and chief information officer of the Company, and the chief information officer of Orient Securities Investment Banking Co., Ltd. Mr. Shu Hong served as the manager for the computer network center system development department of Shenyin & Wanguo Securities Co., Ltd. from January 1993 to October 1998, and the head of the Information Technology Center and general manager of the Company from October 1998 to March 2004. He also served as the assistant to president and general manager of the Information Technology Center, the assistant to president and general manager of the brokerage business department, the director of IT technology and assistant to president, operating controller and assistant to president, and operating controller of the Company from December 2001 to April 2014. Mr. Shu has been serving as vice president of the Company since April 2014 and serving as the chief information officer of the Company since June 2019.
Zhang Jianhui	Mr. Zhang Jianhui, born in 1968, a member of CPC, is a holder of a master's degree in economics and business administration, an accountant and an economist. Currently, he is a vice president of the Company, chief financial officer and general manager of fund management department of the Company, the chairman of Shanghai Orient Securities Innovation Investment Co., Ltd., chairman of Orient Finance Holdings (Hong Kong) Limited, chairman of Orient Securities International Financial Group Limited, a director of Shanghai Orient Securities Capital Investment Co., Ltd., a supervisor of China Securities Credit Investment Co., Ltd. and a supervisor of Shanghai ICY New Energy Venture Capital Investment Co., Ltd. Mr. Zhang served as a clerk of Shanghai Pudong Development Bank from March 1994 to March 1998, the assistant to the general manager of the fund and financial management department of Orient Securities Company Limited from March 1998 to July 2003, the deputy general manager and general manager for Liaoning administrative department, the deputy general manager (in charge of affairs) and general manager of the fund and financial management department of the Company from July 2003 to June 2015, the general manager of the general office of financial planning of the Company from June 2015 to August 2019. Mr. Zhang has been serving as the chief financial officer of the Company since May 2014, the vice president of the Company since July 2015, and the general manager of fund management department of the Company since August 2020.

Name	Primary working experience
Lu Weiming	Mr. Lu Weiming, born in 1971, a member of CPC, is a holder of a master's degree in economics and an economist. Currently, he is a vice president of the Company, the general manager of the fixed income business department and general manager of the financial derivatives business department of the Company and a director of Shanghai Orient Securities Capital Investment Co., Ltd. He served as the salesman and the project manager of business office of the transaction department of Guotai Securities Co., Ltd. from July 1994 to March 1998, the staff and deputy general manager of the securities investment department under the transaction business department, the director of the securities investment business department, the assistant to the general manager, deputy general manager and deputy general manager (in charge of affairs) of the fixed income business department of the Company from March 1998 to October 2014. He has been serving as the general manager of the Company's fixed income business department since October 2014, an assistant to the president of the Company from September 2017 to September 2020, a vice president of the Company since September 2020, and the general manager of the financial derivatives business department of the Company since January 2021.
Yang Bin	Mr. Yang Bin, born in 1972, a member of CPC, is a holder of a master's degree in economics. Currently, he is a vice president, the chief risk officer, chief compliance officer and general manager of the compliance and legal management department of the Company, a director of Orient Futures Co., Ltd, a director of Shanghai Orient Securities Innovation Investment Co., Ltd., a director of Orient Finance Holdings (Hong Kong) Limited, a director of Orient Securities Investment Banking Co., Ltd., a director of Shanghai Orient Securities Asset Management Co., Ltd. and a supervisor of Great Wall Fund Management Co., Ltd. Mr. Yang served as the clerk of the non-banking financial institute administrative office of the People's Bank of China Shanghai Branch from July 1997 to July 1998, a deputy senior staff and senior staff of the inspection bureau and case proceedings of inspection bureau of Shanghai Bureau of the CSRC from July 1998 to March 2004, the senior staff of the No.1 inspection office and the No.2 institute supervision office of Shanghai Bureau of the CSRC from March 2004 to February 2007, and the deputy director of the No.1 institute supervision office, futures regulatory office director, and legal affairs office director of Shanghai Bureau of the CSRC from February 2007 to May 2015. Mr. Yang has served as the chief risk officer of the Company since June 2015, the chief compliance officer of the Company since July 2015, the general manager of audit department of the Company from August 2017 to April 2020, the general manager of the compliance and legal management department of the Company since June 2020, and a vice president of the Company since March 2021.

Name	Primary working experience
Xu Haining	Ms. Xu Haining, born in 1970, holds a doctorate in business administration and is an accountant. Currently, she is a vice president and the general manager of the finance management department of the Company. She served as a member of the finance section and deputy chief of the finance department of Marine Geology Comprehensive Research Brigade of the Ministry of Geology and Mineral Resources (地質礦產部海洋地質綜合研究大隊) from July 1990 to December 1997, the manager of the finance department and deputy chief accountant of Shanghai Haiti Construction Engineering (Group) Co., Ltd. (上海海地建設工程(集團)有限公司) from December 1997 to October 2001, the vice president of China Merchants Holdings Co., Ltd. (通商控股有限公司) from March 2002 to May 2007, the general manager and chairman of Shanghai Guanghe Investment Co., Ltd. (上海廣和投資有限公司) from May 2007 to December 2008, the deputy general manager of Shanghai HNA Daxinhua Real Estate Co., Ltd. (上海海航大新華置業有限公司) from June 2010 to January 2011, the general manager of Grand China Logistics Holding (Group) Company Limited from January 2011 to August 2011, the general manager of Shanghai Daxinhua Investment Management Co., Ltd. (上海大新華投資管理有限公司) from August 2011 to December 2011, and the director and executive vice president of Shanghai Nine Dragon Co., Ltd. from December 2011 to October 2012. She served as the deputy general manager of the Company's sales and trading department (in charge of affairs) from October 2012 to October 2014, and has been serving as the general manager of the Company's wealth management business department (the former sales and trading department) since October 2014, the assistant to the president of the Company from September 2017 to March 2021, and a vice president of the Company since March 2021.
Wang Rufu	Mr. Wang Rufu, born in 1973, a member of CPC, is a holder of master's degree in engineering and a certified public accountant. Currently, he is the secretary to the Board, the joint company secretary and the director of the Board office of the Company, a supervisor of China Universal Asset Management Company Limited, and a director of Shanghai ICY New Energy Venture Capital Investment Co., Ltd. Mr. Wang served as the comprehensive planner of Planning Head Office and the strategic manager of Development and Coordination Office of Shenyin Wanguo Securities from August 2002 to April 2004, the assistant to general manager of planning and development department and the deputy chief (in charge of affairs) of secretariat of Kinghing Securities from May 2004 to October 2005, as well as the senior strategic researcher of securities market of the research institute of the Company from October 2005 to March 2008. Mr. Wang has been serving as the senior head, assistant to the chief, deputy chief, chief and the representative of securities affairs (concurrent) from March 2008 to November 2016, the director of the Board office of the Company since October 2014, the secretary to the Board of the Company since November 2016. He has been concurrently serving as the joint company secretary since November 2019.

Name	Primary working experience
	Resigned Directors (10)
Pan Xinjun (resigned)	Mr. Pan Xinjun, born in 1961, a member of CPC, holds a master's degree in business administration and is a senior economist. Mr. Pan served as the acting secretary and then the secretary of the CPC party branch of Yuyuan Road corporate sub-office of Changning district office of Industrial and Commercial Bank of China, Shanghai branch from June 1984 to January 1986, the liaison of the party rectification office, the secretary of the CPC party branch of Yuyuan Road corporate sub-office of Changning district office and a senior staff member of the organization division of the Industrial and Commercial Bank of China, Shanghai branch from March 1985 to October 1988, the chairman of the trade union, deputy director, president and the secretary of CPC party committee of the sub-branch in the Industrial and Commercial Bank of China, Shanghai branch, Changning district office from November 1988 to January 2003, the deputy secretary of CPC party committee and the general manager of the Company from January 2003 to January 2010, the secretary of CPC party committee, chairman and general manager of the Company from January 2010 to September 2010, the secretary of CPC party committee, an executive Director and the chairman of the Company from September 2010 to September 2020, and an executive Director and the chairman of the Company from September 2010 to October 2020.
Chen Bin (resigned)	Mr. Chen Bin, born in 1981, a member of CPC, holds a master's degree in economics. Currently, he is the deputy general manager of Shanghai Tobacco Group Pudong Tobacco Sugar & Wine Co., Ltd. (上海煙草集團浦東煙草糖酒有限公司). Mr. Chen served as an officer of investment management department of Shanghai Tobacco (Group) Company from July 2003 to January 2010, an assistant to section chief, section chief, and the assistant to director of investment management department of Shanghai Tobacco (Group) Company from January 2010 to October 2016, and the assistant to general manager of Shanghai Haiyan Investment Management Company Limited from April 2014 to February 2017. Mr. Chen has been the deputy general manager of Shanghai Haiyan Investment Management Company Limited from February 2017 to July 2019. He has been the deputy general manager of Shanghai Tobacco Group Pudong Tobacco Sugar & Wine Co., Ltd. since July 2019, and a non-executive Director of the Company from October 2014 to March 2020.

Name	Primary working experience
Li Xiang (resigned)	Mr. Li Xiang, born in 1971, a member of CPC, holds a degree of bachelor of arts. Currently, he is a member of CPC party committee and the deputy general manager of Shanghai United Media Group, the secretary of CPC party committee and a director of Shanghai Xinhua Publishing Group Limited, the secretary of CPC party committee and a director of Shanghai XinHua Media Co., Ltd., a director of Shanghai Call Center Co., Ltd., a director of Shanghai Oriental Pearl Real Estate Co., Ltd., a director of Shanghai Shangbao Asset Management Co., Ltd., a director of Shanghai Read Information Technology Co., Ltd., a director of Shanghai Oriental Press Co., Ltd., a director of Shanghai Post Full-time Logistics Distribution Co., Ltd. (上海郵政全日送物流配送有限公司), and a director of Shanghai Dong Jie Advertising Media Co., Ltd., the chairman of the board of directors of Shanghai Evening News Media Co., Ltd. (上海新聞晚報傳媒有限公司), the executive director of Shanghai Xinrong Asset Management Co., Ltd. (上海新融資產管理有限公司), the executive director of Shanghai Xinhua Finance Investment Co., Ltd. (上海新華金融投資管理有限公司), the executive director of Shanghai Xinhua Media Communication Center Co., Ltd. (上海新華傳媒交流中心有限公司), the executive director of Shanghai Xinrong Cultural & Industrial Service Co., Ltd. (上海新融文化產業服務有限公司), the executive director of Shanghai Yicheng Property Co., Ltd. (上海怡成房產有限公司), the chairman of the board of directors of Shanghai Jiefang Real Estate Co., Ltd. (上海解放置業有限公司), and a director of China City Internet Television Company Limited (華夏城視網絡電視股份有限公司). Mr. Li served as a journalist, a deputy director, and the director of the Column Division of the Economy Department of Shanghai Wen Hui Daily from July 1995 to January 2008, the deputy director and director of the economic management department of Wenhui-Xinmin United Press Group from January 2008 to October 2013, the director of the operation management office of Shanghai United Media Group from October 2013 to May 2017, and the secretary of CPC party committee and president of Shanghai XinHua Media Co., Ltd. from June 2017 to October 2017. He has been a member of CPC party committee and the deputy general manager of Shanghai United Media Group since November 2017, and a non-executive Director of the Company from October 2014 to March 2021.

Name	Primary working experience
Xia Jinghan (resigned)	Ms. Xia Jinghan, born in 1969, a member of CPC party, holds a master's degree in economics. Currently, she is the secretary of CPC party committee and the chairman of Zheneng Capital Holdings Limited (浙能資本控股有限公司), the general counsel of Zhejiang Energy Group Co., Ltd., the chairman of Zhejiang Zheneng Assets Operation and Management Co., Ltd. (浙江浙能資產經營管理有限公司), an executive director of Zheneng Equity Investment Fund Management Co., Ltd. (浙能股權投資基金管理有限公司) and the chairman of Zhejiang Zheneng Carbon Assets Management Co., Ltd. (浙江浙能碳資產管理有限公司). She was successively a member, a deputy section officer, a section officer, and the deputy head of the finance section of Zhejiang Provincial Development and Planning Commission from August 1990 to June 2003, a member of CPC party committee, the deputy general manager and secretary of the board of directors of Zhejiang Southeast Electric Power Company Limited (浙江東南發電股份有限公司) from June 2003 to September 2010, and the director of the strategic research and legal affairs department of Zhejiang Energy Group Co., Ltd. from February 2010 to December 2016. Ms. Xia has been serving as the general counsel of Zhejiang Energy Group Co., Ltd. since April 2014, and the secretary of CPC party committee and the chairman of Zheneng Capital Holdings Limited since November 2016. She served as a non-executive Director of the Company from March 2018 to March 2021.

Name	Primary working experience
Xu Jianguo (resigned)	Mr. Xu Jianguo, born in 1964, a member of CPC, holds a master's degree in accountancy. Currently, he is the head of financial budget department and the director of the comprehensive management department of Shanghai Electric (Group) Corporation, Ltd., a head of supervisory committee of Shanghai Highly (Group) Co., Ltd., a director of Shanghai Life Insurance Co., Ltd., a director of Shanghai Electric Group Finance LLC, a director of Haitong Securities Co., Ltd., a director of Shanghai Micro Electronics Equipment Group Co., Ltd., the chairman of Shanghai Haiya Industry Co., Ltd., the chairman of Shanghai Kaihai Industry Co., Ltd. a director of Shanghai Electric Group Hong Kong Limited, a director of Tianjin Steel Pipe Manufacturing Co., Ltd., a director of Shanghai Electric Group Henglian Corporate Development Co., Ltd. and a supervisor of Shanghai Electric Group Steel Pipe Co., Ltd. Mr. Xu served in Shanghai Cable Works (上海電纜廠) from July 1984 to December 2001, served in Shanghai Electric (Group) Corporation from January 2002 to March 2004, and served as senior supervisor of the assets and finance department of Shanghai Electric Asset Management Co., Ltd. from April 2004 to September 2005, an assistant to the financial manager of the first management department of Shanghai Electric Assets Management Company Limited from September 2005 to August 2008, the chief financial officer of Shanghai Lida Heavy Industrial Manufacturing Co., Ltd. from March 2006 to August 2008, the deputy head of the assets and finance department of Shanghai Electric Assets Management Company Limited from August 2008 to December 2009, the deputy head of the financial budget department of Shanghai Electric (Group) Corporation from December 2009 to April 2013. Mr. Xu has been serving as the head of the financial budget department of Shanghai Electric (Group) Corporation since April 2013 and has been serving as the director of the comprehensive management department of Shanghai Electric (Group) Corporation since August 2018. He served as a non-executive Director of the Company from November 2016 to March 2021.
Chen Xiaobo (resigned)	Mr. Chen Xiaobo, born in 1973, a member of CPC, holds a bachelor's degree in economics. Currently, he is the director of the Party Committee Office of the Company. He served as a clerk in the Trust and Securities Department of Shanghai Pudong Development Bank from July 1995 to March 1998, the secretary and assistant to the director in the office of the Company from March 1998 to November 2003, the deputy director of the Company's Party Committee Office (formerly the party-mass work department) from November 2003 to March 2012, the director of the Company's Party Committee Office from March 2012 and the employee representative Director of the Company from March 2020 to November 2020.

Name	Primary working experience
Xu Guoxiang (resigned)	Mr. Xu Guoxiang, born in 1960, is a member of CPC, a doctor in economics and a professor. Currently, he is a director of the Research Center for Applied Statistics of Shanghai University of Finance and Economics, a professor of the School of Statistics and Management of Shanghai University of Finance and Economics, an independent director of Luzhou Laojiao Co., Ltd., an independent director of Ziquan Energy Technology Co., Ltd., an independent director of Emergen Technology Group Co., Ltd., a supervisor of Dazhong Transportation (Group) Co., Ltd., and a supervisor of Shanghai Xintonglian Packaging Co., Ltd. Mr. Xu served as a lecturer of the Department of Management of Shanghai Maritime University, and a lecturer, associate professor, professor and the department head of the Department of Statistics of Shanghai University of Finance and Economics from January 1986 to May 2003. Mr. Xu has been the director of the Research Center for Applied Statistics of Shanghai University of Finance and Economics and a professor of the School of Statistics and Management of Shanghai University of Finance and Economics since June 2003, and served as an independent non-executive Director of the Company from August 2014 to December 2020.
Tao Xiuming (resigned)	Mr. Tao Xiuming, born in 1964, is a member of CPC, holds a master's doctorate degree in law. Currently, he is a founding partner and the management committee director of Beijing JunZeJun Law Offices, an executive director of Beijing Houjian Investment Co., Ltd., and an independent director of Taikang Asset Management Co., Ltd. Mr. Tao served in the China Law Counsel Center and Tianping Law Firm from July 1989 to April 1992, and in the Institute of International Law of Chinese Academy of Social Sciences from April 1992 to December 1994. Mr. Tao has been a partner of Beijing JunZeJun Law Offices since July 1995, and served as an independent non-executive Director of the Company from October 2014 to December 2020.

Name	Primary working experience
Wei Anning (resigned)	Mr. Wei Anning, born in 1963, holds a doctorate in economics. Currently, he is the executive director and the general manager of Shanghai Guwang Investment Management Limited, an independent director of Hwabao WP Fund Management Co., Ltd., an executive director and chairman of the board of directors of DaChan Food (Asia) Limited, an executive director of Ningbo Guwang Investment Management Limited, an independent director of Jiahe Foods Industry Co., Ltd. and an independent director of Haicheng Bangda Supply Chain Management Co., Ltd. Mr. Wei served as a lecturer of the Department of Economics and Statistics of Ningxia Broadcasting and Television University (Yinchuan) (寧夏廣播電視大學 (銀川)), a director and assistant researcher of the Economic Development Office of the Economic Research Institute of Chinese Academy of Social Science, an agricultural economist of Agriculture and Natural Resources Bureau of World Bank. Mr. Wei served as a director and a director of agriculture, food, industry and commerce of Rabo bank in Northeastern Asia from February 1998 to January 2003, the executive vice president of New Hope Group from February 2003 to June 2006, the director of Chinese Business Development, CEO in China and president of Shanghai Branch of Fortis Bank Belgium from January 2007 to July 2010, and the chairman of Shandong Pacific Zhonghui Group from August 2010 to August 2012. Mr. Wei has been the executive director and the general manager of Shanghai Guwang Investment Management Limited since September 2010. He served as an independent non-executive Director of the Company from October 2014 to December 2020.
He Xuan (resigned)	Mr. He Xuan, born in 1982, is a member of CPC, and holds a degree of executive master of business administration. He currently serves as an independent non-executive Director of the Company, the executive vice president of Securities Association of Guizhou, the chairman of U-shine Fund Management Co., Ltd., an executive director and general manager of Guizhou Rongchuang Investment Consulting Co., Ltd., and an executive director of Guizhou U-shine Property Management Co., Ltd. He served as an auditor of Shanghai Social Security Fund Management Center from July 2004 to July 2005, the senior manager and deputy general manager of Shanghai Changhai Road Branch of Hua Chuang Securities Co., Ltd. from July 2006 to December 2010, and the head of preparation team and chairman of U-shine Fund Management Co., Ltd. since November 2011.

Name	Primary working experience
	Resigned Supervisors (7)
Li Bin (resigned)	Mr. Li Bin, born in 1959, a member of CPC, is a holder of a bachelor's degree in economic management. He is an intermediate economist and an intermediate administrative engineer. Mr. Li served as a mechanic in Beijing Air Force Unit 39583 from February 1978 to January 1981, the league officer, deputy secretary, secretary, human resources manager, party branch secretary of assembly shop of Shanghai Construction Machinery Plant from July 1981 to September 1988, the director of general manager office and director of party committee office of Shanghai Petrochemical Equipment Company from September 1988 to August 1996, the senior staff of the human resources department of Shanghai Pricing Bureau from August 1996 to July 2000, the office senior staff, deputy director, deputy party committee secretary, secretary of discipline inspection commission and director of CPC Shanghai financial working committee from July 2000 to April 2011, and the director of human resources offices (human resources department, veteran services office) of CPC Shanghai financial working committee from April 2011 to March 2014. Mr. Li was serving as the deputy party committee secretary and secretary of discipline inspection committee from March 2014 to January 2020, as the vice chairman of the Supervisory Committee of the Company from November 2014 to February 2020, and as the director-general of Shanghai Orient Securities Xindeyizhang Foundation (上海東方證券心得益彰基金會) from April 2015 to April 2020.

Name	Primary working experience
Huang Laifang (resigned)	Ms. Huang Laifang, born in 1969, holds a master's degree in business administration and is a senior economist. Currently, she is a CPC Party committee member, the deputy general manager, the president of the labour union of Shanghai branch of China Post Group Corporation, and the curator of Shanghai Post Office Museum, a deputy general manager of Shanghai Post Office under China Post Group Corporation, and the chairman of Shanghai Jieshida Postal Service Co., Ltd. Ms. Huang served as the chief of the accounting section of Baoshan District Post Bureau of Shanghai Post Company from July 2006 to January 2009, deputy director of Baoshan District Post Bureau of Shanghai Post Company from January 2009 to November 2010, director of Baoshan District Post Bureau of Shanghai Post Company from November 2010 to March 2012, director and the party committee secretary of Baoshan District Post Bureau of Shanghai Post Company from March 2012 to April 2013, manager of marketing department of Shanghai Post Company, director and the party committee secretary of Baoshan District Post Bureau of Shanghai Post Company from April 2013 to September 2013, manager of marketing department of Shanghai Post Company and director of Baoshan District Post Bureau of Shanghai Post Company from September 2013 to April 2014, general manager of marketing department of Shanghai Post Company and general manager of Baoshan District Branch of Shanghai Post Company from April 2014 to July 2014, general manager of marketing department of Shanghai Post Company from July 2014 to May 2015, and general manager of marketing department of Shanghai Branch of China Post Group Corporation from May 2015 to February 2016 (participated in the autumn 2015 training course for young cadres of the CPC China Post Party School from October 2015 to January 2016). Ms. Huang is a member of the CPC party committee and has been serving as the vice general manager of the Shanghai branch of China Post Group Corporation since February 2016, the president (concurrent) of the labour union of the Shanghai branch of China Post Group Corporation since June 2016, the curator (concurrent) of the Post Office Museum of the Shanghai branch of China Post Group Corporation since September 2016, and the deputy general manager (concurrent) of Shanghai Post Office under China Post Group Corporation since September 2018 and the chairman (concurrent) of Shanghai Jieshida Postal Service Co., Ltd. since January 2019.
Liu Wenbin (resigned)	Mr. Liu Wenbin, born in 1975, a member of CPC, holds a master's degree in accounting and is a senior accountant. Currently, he is a senior vice president and chief financial officer of Pactera Technology International Ltd. Mr. Liu served as the accountant and financial manager of the subsidiaries of Great Wall Information Industry Co., Ltd. from June 2000 to September 2006, the financial department deputy director, financial department director, deputy chief accountant and the chief financial officer of the Great Wall Information Industry Co., Ltd. from October 2006 to January 2017, and the chief financial officer of China Great Wall Technology Group Co., Ltd. from February 2017 to January 2020. He has been a senior vice president and chief financial officer of Pactera Technology International Ltd. since February 2020.

Name	Primary working experience
Yin Keding (resigned)	Mr. Yin Keding, born in 1964, a member of CPC, holds a bachelor's degree in Economics and is a senior accountant. Currently, he is the chief accountant of Shanghai Construction Group Co., Ltd., a director of SCG Kunshan Zhonghuan Construction Co., Ltd., a director of Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd., a director of SCG Property Co., Ltd. and a director of Shanghai Pudong BOC Fullerton Community Bank Co., Ltd. Mr. Yin served as the financial director of the overseas business department of Shanghai Construction (Group) General Co., Ltd. from July 1987 to July 2001, the financial controller of HKC (Holdings) Limited from July 2001 to June 2004, the deputy director of the financial department of Shanghai Construction (Group) General from June 2004 to January 2005, the chief accountant of Shanghai Construction (Group) General south branch from January 2005 to January 2009, the chief accountant of Shanghai No.2 Construction Company Limited from January 2010 to October 2011, as well as the deputy chief accountant of Shanghai Construction Group Co., Ltd. from October 2011 to December 2012. Mr. Yin has been the chief accountant of Shanghai Construction Group Co., Ltd. since December 2012.

Name	Primary working experience
Wu Zhengkui (resigned)	Mr. Wu Zhengkui, born in 1974, a member of CPC, holds a master's degree in accounting and is an accountant. Currently, he is the deputy general manager of the financial department of Greenland Holding Group Company Limited, a director of Greenland Energy Group Co., Ltd., a supervisor of Greenland Financial Investment Holding Group Co., Ltd., a director of Shanghai Yunfeng (Group) Co., Ltd., a director of Jiangsu Construction Engineering Group Co., Ltd., the vice chairman of Henan Greenland Zhongyuan Real Estate Development Co., Ltd., a director of Shanghai Xinlv Fuxing City Development Co., Ltd., a supervisor of Shanghai Xinhua Financial Investment Co., Ltd., a supervisor of Shanghai Xinhua Media Exchange Center Co., Ltd., a supervisor of Shanghai Greenland Equity Investment Management Co., Ltd., a director of Nanjing Guozi Greenland Financial Center Co., Ltd., a supervisor of Shanghai Greenland Shengfan City Investment Asset Management Co., Ltd., a supervisor of Greenland Holding Group (Shanghai) International Investment Co., Ltd., a supervisor of Greenland Innovation Investment Co., Ltd., a supervisor of Shanghai Greenland Financing Guarantee Co., Ltd., a supervisor of Shanghai Greenland Group (Kunshan) Materials Co., Ltd., a director of Jiaoda Greenland Technology Innovation Co., Ltd., a director of Greenland Silk Road Transportation Investment Co., Ltd., financial director of Shanghai Xinhua Publishing (Group) Co., Ltd., a director of Tianjin Construction Group (Holding) Co., Ltd., a supervisor of Shanghai Greenland Transportation Investment Co., Ltd., a supervisor of Greenland City Investment Group Co., Ltd., an executive director of Greenland Hong Kong Holdings Limited, a director of Shanghai Urban Construction Design Co., Ltd., a director of Zhongmin Waitan Real Estate Development Co., Ltd. and a supervisor of Jinzhou Bank Co., Ltd. Mr. Wu served as a staff of Jiangsu Tianneng Group from September 1998 to December 1999, an accountant of Kunshan Southern Chemical Plant from January 2000 to February 2001, and the manager of financial department of Shanghai Greenland Construction Engineering Co., Ltd. from January 2002 to December 2003. Mr. Wu has been the manager of financial department, the assistant to general manager and the deputy general manager of the financial department of Greenland Holding Group Company Limited since January 2004.

Name	Primary working experience
Zhou Wenwu (resigned)	Mr. Zhou Wenwu, born in 1961, a member of CPC, is a holder of a bachelor's degree in Economics. Currently, he is the director of union office, the vice chairman of the trade union, the deputy director of retirement management committee of the Company, and the vice chairman of Huangpu District Federation of Trade Unions (黃浦區總工會). Mr. Zhou served as the deputy manager and manager of the financial department of Shanghai Merchants International Travel Company from June 1988 to September 1992. He served as the sub-manager of the financial department of Shanghai Jinqiao Export Processing Zone Joint Development Co., Ltd. from October 1992 to January 1997, the chief accountant of CLP Shanghai Industrial Co., Ltd. from February 1997 to October 1998, the manager of the financial department of Shanghai Pharmaceutical Biotechnology Industrial Park Medicine Sales Co., Ltd. from November 1998 to October 2000, as well as the commissioner for Liaoning administrative department, assistant to the general manager and deputy general manager for the fund management department of the Company from November 2000 to December 2014. Mr. Zhou has been serving as the vice chairman of the trade union of the Company since November 2014, as the deputy director of retirement management committee since February 2015 and as the vice chairman of Huangpu District Federation of Trade Unions (黃浦區總工會) since April 2016.
Yao Yuan (resigned)	Mr. Yao Yuan, born in 1973, a member of CPC, is a holder of a bachelor's degree in accounting and a certified public accountant. Currently, he is the general manager of securities financing business department of the Company. Mr. Yao served as an accountant of Yangpu Securities Branch of Shanghai Pudong Development Bank from September 1993 to March 1998, as well as the auditing clerk, supervisor, senior supervisor, senior executive, assistant to the general manager and deputy general manager of audit department of the Company from March 1998 to December 2014. Mr. Yao has been serving as the deputy general manager of the Compliance and Legal Management Department (in charge of affairs) of the Company from December 2014 to March 2017, the general manager of the compliance and legal management department and the risk management department of the Company from March 2017 to April 2020, the general manager of the compliance and legal management department the Company from May 2020 to June 2020, and the general manager of securities financing business department of the Company since June 2020.

Name	Primary working experience
	Resigned senior management (1)
Yang Yucheng (resigned)	Mr. Yang Yucheng, born in 1965, a member of CPC, is a holder of a master's degree in economics and a senior economist. He used to serve as a vice president of the Company, the chairman of Orient Finance Holdings (Hong Kong) Limited, the chairman of the supervisory committee of Citi Orient Securities Co., Ltd., as well as a director of Great Wall Fund Management Co., Ltd. Mr. Yang was a teacher in the Finance Department of Shanghai University of Finance and Economics from August 1987 to July 1993, an assistant to the general manager of securities investment department of Guotai Junan Securities Co., Ltd. from August 1993 to January 1999, a director, board secretary and deputy general manager of Shanghai Dazhong Enterprises of Science and Technology Ltd. from February 1999 to July 2001, a director and the deputy general manager of Shanghai Shenergy Asset Management Co., Ltd. from October 2001 to August 2004, the financial controller and deputy general manager of the Company from May 2004 to March 2007, a director and general manager of Shenergy Group Finance Co., Ltd. from February 2007 to July 2009, the secretary of the Board from January 2012 to November 2016 and the joint company secretary from April 2018 to November 2019, and the vice president of the Company from July 2009 to May 2020.

(ii) Equity incentives granted to Directors, Supervisors and senior management during the Reporting Period

During the Reporting Period, no Directors or senior management of the Company was granted with equity incentives.

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

(i) Employment at the shareholder entities

Name of employee	Name of the shareholder entities	Position at the shareholder entities	Commencement date of the term of office	Expiry date of the term of office
Song Xuefeng	Shenergy (Group) Company Limited	Vice president	August 2014	Up to now
		Member of the CPC Party committee	December 2016	Up to now
Yu Xuechun	Shenergy (Group) Company Limited	Deputy chief economist and general manager of strategic development department	March 2020	Up to now
		Employee representative supervisor	September 2012	Up to now
Liu Wei	Shenergy (Group) Company Limited	General manager of human resource department	September 2017	Up to now
		Member of the discipline inspection committee	May 2020	Up to now
		Director of the organization department under the CPC party committee	December 2020	Up to now
Zhou Donghui	Shanghai Haiyan Investment Management Company Limited	Director and general manager	July 2015	Up to now
Cheng Feng	Shanghai United Media Group	Member of the CPC Party committee and deputy general manager	October 2013	Up to now
Ren Zhixiang	Zheneng Capital Holdings Limited	Deputy secretary of the CPC party committee and general manager	October 2019	Up to now
Zhang Qian	Shenergy (Group) Company Limited	Vice president	September 2015	Up to now
		Member of the CPC party committee	May 2020	Up to now

Name of employee	Name of the shareholder entities	Position at the shareholder entities	Commencement date of the term of office	Expiry date of the term of office
Wu Junhao	Shenergy (Group) Company Limited	General manager of financial management department	April 2011	Up to now
Zhang Jian	China Post Group Corporation, Shanghai Branch	Member of the CPC Party committee and deputy general manager	February 2016	Up to now
Shen Guang Jun	Shanghai Construction Group Co., Ltd.	Chief accountant of overseas business department	June 2019	March 2021
		Deputy chief accountant	March 2021	Up to now
Tong Jie	Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)	Chief financial officer	May 2016	Up to now
Li Xiang (resigned)	Shanghai United Media Group	Member of the CPC Party committee and deputy general manager	November 2017	Up to now
Xia Jinghan (resigned)	Zheneng Capital Holdings Limited	CPC Party committee secretary and chairman	November 2016	Up to now
Xu Jianguo (resigned)	Shanghai Electric (Group) Corporation	Chief of financial budget department	April 2013	Up to now
		Chief of comprehensive management department	August 2018	Up to now
Huang Laifang (resigned)	China Post Group Corporation, Shanghai Branch	CPC Party committee member, deputy general manager and President of the work union	February 2016	Up to now
Yin Keding (resigned)	Shanghai Construction Group Co., Ltd.	Chief accountant	December 2012	Up to now
Employment at the shareholder entities			Nil	

(ii) Employment at other entities

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Song Xuefeng	Shanghai Shenergy Nengchuang Energy Development Co., Ltd.	Chairman	October 2017	Up to now
	China SME Development Fund Co., Ltd.	Director	June 2020	Up to now
	Shanghai Orient Securities Asset Management Co., Ltd.	Chairman	December 2020	Up to now
Jin Wenzhong	Shanghai Orient Securities Capital Investment Co., Ltd.	Chairman	March 2012	Up to now
	Orient Securities Investment Banking Co., Ltd.	Chairman	September 2020	Up to now
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	November 2012	Up to now
	Orient Futures Co., Ltd	Chairman	December 2014	November 2020
	Orient Futures Co., Ltd	Director	December 2014	Up to now
	Shanghai Orient Securities Asset Management Co., Ltd.	Director	July 2010	December 2020
	Orient Finance Holdings (Hong Kong) Limited	Chairman	June 2020	January 2021
Yu Xuechun	Shenergy Hongkong Holding Limited	General manager	July 2020	Up to now
	Shenergy Company Limited	Chairman of the supervisory committee	June 2020	Up to now
	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	Director	July 2010	Up to now
Liu Wei	Shenergy Group Business Services Co., Ltd.	Supervisor	June 2020	Up to now
	Shanghai Shenergy ICY Capital Co., Ltd.	Director	November 2020	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Zhou Donghui	Shanghai Tobacco Machinery Co., Ltd.	Vice chairman	August 2015	Up to now
	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd.	Vice chairman	August 2015	Up to now
	Shanghai Deqiang Industry Co., Ltd.	Vice chairman	August 2015	Up to now
	Shanghai Gaoyang International Tobacco Co., Ltd.	Director	July 2017	Up to now
	China Tobacco Shanghai Import and Export Co., Ltd.	Director	October 2016	Up to now
	Shanghai Tobacco Group Huangpu Tobacco Sugar & Wine Co., Ltd.	Director	August 2019	Up to now
	Shanghai Tobacco Group Xuhui Tobacco Sugar & Wine Co., Ltd.	Director	May 2016	Up to now
	Shanghai Tobacco Group Hongkou Tobacco Sugar & Wine Co., Ltd.	Director	May 2016	Up to now
	Shanghai Tobacco Group Yangpu Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Minhang Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Baoshan Tobacco Sugar & Wine Co., Ltd.	Director	May 2016	Up to now
	Shanghai Tobacco Group Pudong Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Songjiang Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Qingpu Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Chongming Tobacco Sugar & Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Baiyulan Tobacco Material Co., Ltd.	Director	August 2019	Up to now
	Shanghai Wangbaohe Hotel Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Real Estate Development and Operation Co., Ltd.	Director	August 2015	Up to now
	Shanghai Haiyan Tobacco, Sugar and Wine Co., Ltd.	Director	August 2015	Up to now
	Shanghai Tobacco Group Suzhou China Garden Hotel Co., Ltd.	Director	August 2015	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
	Shenzhen New Tobacco Product Co., Ltd.	Director	May 2018	Up to now
	Zhongwei Capital Holding Co., Ltd.	Supervisor	February 2016	Up to now
	AECC Commercial Aircraft Engine Co., Ltd.	Supervisor	March 2015	Up to now
	Haitong Securities Co., Ltd.	Director	June 2020	Up to now
	China Pacific Insurance (Group) Co., Ltd.	Director	January 2021	Up to now
Cheng Feng	Shanghai Shangbao Asset Management Co., Ltd.	Chairman	February 2014	Up to now
	Shanghai Oriental Press Co., Ltd.	Chairman	April 2017	Up to now
	Shanghai Real Power Capital Co., Ltd.,	Chairman	May 2015	Up to now
	Shanghai Culture Assets And Equity Exchange Co., Ltd.	Chairman	April 2016	Up to now
	Shanghai XinHua Media Co., Ltd.	Executive vice chairman	September 2017	Up to now
	Shanghai Oriental Pearl Real Estate Co., Ltd.	Director	October 2014	Up to now
	Shanghai Realty Times Co., Ltd.	Executive director	February 2016	Up to now
	China Universal Asset Management Company Limited	Director	November 2016	Up to now
	Shanghai Jiefang Media Information Development Co., Ltd.	Executive director	April 2016	Up to now
	Shanghai Wenhui Xinmin Industrial Co. Ltd.	Executive director	September 2014	Up to now
	Shanghai Shangbao Chuanyue Properties Development Co., Ltd.	Chairman	August 2014	Up to now
	Shanghai Shenwen Industry Co.,Ltd.	Executive director	April 2015	Up to now
	Shanghai Oriental Ticketing Co., Ltd.	Chairman	February 2016	Up to now
	Shanghai Shangbao Industrial Co., Ltd.	Chairman	October 2020	Up to now
	Shanghai Jiemian CLS Technologies Co., Ltd.	Chairman of the supervisory committee	November 2016	Up to now
	Shanghai Ruiyi Investment Management Co., Ltd.	Chairman	October 2016	Up to now
	Shanghai Ruili Financial Information Service Co., Ltd.	Chairman	November 2015	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Ren Zhixiang	Zhejiang Fuzhe Investment Co., Ltd.	Director	November 2019	Up to now
	Zheshang Property and Casualty Insurance Co., Ltd.	Vice chairman	January 2021	Up to now
	China Zheshang Bank Co., Ltd.	Director	December 2020	Up to now
Zhu Jing	Orient Finance Holdings (Hong Kong) Limited	Director	August 2015	Up to now
	Orient Finance Holdings (Hong Kong) Limited	General manager	April 2019	Up to now
	Orient Futures Co., Ltd	Director	February 2016	Up to now
	Orient Securities International Financial Group Co., Ltd.	Director	August 2018	Up to now
	Chengtay Financial Leasing (Shanghai) Co., Ltd.	Chairman of the supervisory committee	February 2019	Up to now
	Great Wall Fund Management Co., Ltd.	Director	June 2020	Up to now
	Shanghai Orient Securities Asset Management Co., Ltd.	Supervisor	August 2020	Up to now
Xu Zhiming	China Broadband Capital	Founding partner	March 2006	Up to now
	Donlink Group Co., Ltd.	Director	September 2015	Up to now
	Guangzhou Donlink Industrial Investment Group Co., Ltd.	Director	September 2015	Up to now
	Beijing Lianhang Hezhong Media Technology Co., Ltd.	Director	November 2007	Up to now
	Beijing Baoxuan Culture Media Co., Ltd.	Director	December 2007	Up to now
Jin Qinglu	School of Accountancy of Shanghai University of Finance and Economics	Dean	November 2018	Up to now
	Shanghai Emperor Of Cleaning Hi-tech Co., Ltd.	Independent director	October 2017	September 2020
Wu Hong	Shanghai Pudong Development Bank Co., Ltd.	Independent director	December 2020	Up to now
	Zhejiang Tailong Commercial Bank Co., Ltd.	Independent director	November 2016	Up to now
	Western Leadbank Fund Management Co., Ltd.	Independent director	December 2020	Up to now
	Shanghai Pudong Development Group Finance Co., Ltd.	Independent director	May 2010	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Feng Xingdong	School of Statistics and Management of Shanghai University of Finance and Economics	Dean	November 2019	Up to now
Zhang Qian	Shanghai Jiulian Group Co., Ltd.	Chairman	October 2015	December 2020
	Chengdu Xinshen Venture Capital Co., Ltd.	Director	April 2011	Up to now
	Shanghai Shenergy Energy Service Co., Ltd.	Chairman	November 2019	Up to now
	Shanghai Shenxin Environmental Protection Industry Co., Ltd.	Chairman	February 2019	April 2020
Du Weihua	Shanghai Orient Securities Capital Investment Co., Ltd.	Director	September 2011	June 2020
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	November 2012	June 2020
	Shanghai Orient Securities Asset Management Co., Ltd.	Director	April 2016	March 2020
	Shanghai Orient Securities Capital Investment Co., Ltd.	Supervisor	June 2020	Up to now
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Supervisor	June 2020	Up to now
	Orient Futures Co., Ltd	Supervisor	September 2020	Up to now
	Shanghai DFZQ Xindeyizhang Public Welfare Foundation	Director-general	April 2020	Up to now
Wu Junhao	China Pacific Insurance (Group) Co., Ltd.	Director	July 2012	Up to now
	China Pacific Life Insurance Co., Ltd.	Director	July 2012	Up to now
	China Pacific Property Insurance Co., Ltd.	Director	July 2012	Up to now
	Shanghai ICY New Energy Venture Capital Investment Co., Ltd.	Director	October 2010	Up to now
	Chengdu Xinshen Venture Capital Co., Ltd.	Director	April 2011	Up to now
	China Everbright Bank Company Limited	Supervisor	November 2009	Up to now
	Shanghai ICY Capital Co., Ltd.	Supervisor	October 2010	Up to now
	Shanghai Shenergy Financial Leasing Co., Ltd.	Chairman of the supervisory committee	December 2016	January 2021
	Shanghai Shenergy ICY Equity Investment Co., Ltd.	Chairman of the supervisory committee	December 2016	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Shen Guangjun	Shanghai Construction Group Investment Co., Ltd.	Deputy general manager	March 2021	Up to now
Tong Jie	Shanghai Xinjinqiao Plaza Industrial Co., Ltd.	Director	January 2017	Up to now
Xia Lijun	Antai College of Economics and Management of Shanghai Jiao Tong University	Professor, doctoral supervisor and head of Department of Accountancy	March 2011	Up to now
	Huatai Baoxing Fund Management Co., Ltd.	Independent director	July 2016	Up to now
	Zhejiang Shengtai Garment Group Co., Ltd.	Independent director	October 2018	Up to now
	Shanghai Sanyou Medical Co., Ltd.	Independent director	July 2019	Up to now
	Shenzhen Huitai Medical Equipment Co., Ltd.	Independent director	November 2019	Up to now
	Orient Fortune Information Co., Ltd.	Independent director	January 2020	Up to now
	Shanghai Tongji Science & Technology Industrial Co., Ltd.	Independent director	April 2020	Up to now
	Visionox Technology Inc.	Independent director	May 2020	Up to now
	Shanghai Bacai Information Technology Co., Ltd.	Executive director	April 2018	Up to now
Shu Hong	Shanghai Qizhong Golf Club Company Limited	Director	January 2009	Up to now
	Orient Securities Investment Banking Co., Ltd.	Chief information officer	December 2019	Up to now
Zhang Jianhui	Shanghai Orient Securities Innovation Investment Co., Ltd.	Chairman	July 2016	Up to now
	Orient Finance Holdings (Hong Kong) Limited	Chairman	January 2021	Up to now
	Orient Securities International Financial Group Limited	Chairman	August 2018	Up to now
	Shanghai Orient Securities Capital Investment Co., Ltd.	Director	August 2015	Up to now
	China Securities Credit Investment Co., Ltd.	Supervisor	May 2015	Up to now
	Shanghai ICY New Energy Venture Capital Investment Co., Ltd.	Supervisor	October 2010	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Lu Weiming	Shanghai Orient Securities Capital Investment Co., Ltd.	Director	June 2020	Up to now
Yang Bin	Orient Futures Co., Ltd	Director	August 2015	Up to now
	Shanghai Orient Securities Innovation Investment Co., Ltd.	Director	October 2020	Up to now
	Orient Finance Holdings (Hong Kong) Limited	Director	August 2018	Up to now
	Orient Securities Investment Banking Co., Ltd.	Director	October 2015	Up to now
	Shanghai Orient Securities Asset Management Co., Ltd.	Director	March 2018	Up to now
	Great Wall Fund Management Co., Ltd.	Supervisor	February 2017	Up to now
Wang Rufu	China Universal Asset Management Company Limited	Supervisor	September 2015	Up to now
	Shanghai ICY New Energy Venture Capital Investment Co., Ltd.	Director	March 2015	Up to now
Pan Xinjun (resigned)	Orient Securities Investment Banking Co., Ltd.	Chairman	June 2012	September 2020
	Shanghai Orient Securities Asset Management Co., Ltd.	Chairman	March 2018	September 2020
Chen Bin (resigned)	Shanghai Tobacco Group Pudong Tobacco Sugar & Wine Co., Ltd.	Deputy general manager	July 2019	Up to now
	Haitong Securities Co., Ltd.	Director	December 2014	March 2020

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Li Xiang (resigned)	Shanghai Xinhua Publishing Group Limited	Secretary of CPC party committee and chairman	May 2014	Up to now
	Shanghai XinHua Media Co., Ltd.	Secretary of CPC party committee and director	June 2017	Up to now
	Shanghai Call Center Co., Ltd.	Director	July 2009	Up to now
	Shanghai Oriental Pearl Real Estate Co., Ltd.	Director	July 2015	Up to now
	Shanghai Shangbao Asset Management Co., Ltd.	Director	September 2015	Up to now
	Shanghai Read Information Technology Co., Ltd.	Director	May 2016	Up to now
	Shanghai Oriental Press Co., Ltd.	Director	July 2016	Up to now
	Shanghai Post Full-time Logistics Distribution Co., Ltd.	Director	June 2016	Up to now
	Shanghai Dong Jie Advertising Media Co., Ltd.	Director	June 2016	Up to now
	Shanghai Evening News Media Co., Ltd.	Chairman	November 2017	Up to now
	Shanghai Xinrong Asset Management Co., Ltd.	Executive director	January 2018	Up to now
	Shanghai Xinhua Finance Investment Co., Ltd.	Executive director	January 2018	Up to now
	Shanghai Xinhua Media Communication Center Co., Ltd.	Executive director	January 2018	Up to now
	Shanghai Xinrong Cultural & Industrial Service Co., Ltd.	Executive director	January 2018	Up to now
	Shanghai Yicheng Property Co., Ltd.	Executive director	January 2018	Up to now
	Shanghai Jiefang Real Estate Co., Ltd.	Chairman	January 2018	Up to now
	China City Internet Television Company Limited	Director	September 2018	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Xia Jinghan (resigned)	Zhejiang Energy Group Co., Ltd.	General counsel	April 2014	Up to now
	Zhejiang Zheneng Assets Operation and Management Co., Ltd.	Chairman	June 2014	Up to now
	Zheneng Equity Investment Fund Management Co., Ltd.	Executive director	June 2017	Up to now
	Zhejiang Zheneng Carbon Assets Management Co., Ltd.	Chairman	July 2017	Up to now
Xu Jianguo (resigned)	Shanghai Highly (Group) Co., Ltd.	Chairman of the supervisory committee	December 2017	Up to now
	Shanghai Life Insurance Co., Ltd.	Director	March 2015	Up to now
	Shanghai Electric Group Finance LLC	Director	April 2013	Up to now
	Haitong Securities Co., Ltd.	Director	October 2016	Up to now
	Shanghai Micro Electronics Equipment Group Co., Ltd.	Director	June 2016	Up to now
	Shanghai Haiya Industry Co., Ltd.	Chairman	March 2019	Up to now
	Shanghai Kaihai Industry Co., Ltd.	Chairman	June 2019	Up to now
	Shanghai Electric Group Hong Kong Limited	Director	September 2019	Up to now
	Tianjin Steel Pipe Manufacturing Co., Ltd.	Director	March 2020	Up to now
	Shanghai Electric Group Henglian Corporate Development Co., Ltd.	Director	June 2020	Up to now
	Shanghai Electric Group Steel Pipe Co., Ltd.	Supervisor	October 2019	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Xu Guoxiang (resigned)	Research Center for Applied Statistics of Shanghai University of Finance and Economics	Director	June 2003	Up to now
	Dazhong Transportation (Group) Co., Ltd.	Supervisor	April 2006	Up to now
	Shanghai Xintonglian Packaging Co., Ltd.	Supervisor	November 2011	Up to now
	Luzhou Laojiao Co., Ltd.	Independent director	June 2015	Up to now
	Ziquan Energy Technology Co., Ltd.	Independent director	October 2019	Up to now
	Emergen Technology Group Co., Ltd.	Independent director	January 2021	Up to now
Tao Xiuming (resigned)	Beijing JunZeJun Law Offices	Partner	July 1995	Up to now
	Beijing Houjian Investment Co., Ltd.	Executive director	March 2014	Up to now
	Taikang Asset Management Co., Ltd.	Independent director	August 2014	Up to now
Wei Anning (resigned)	Shanghai Guwang Investment Management Limited	Executive director and general manager	September 2010	Up to now
	Hwabao WP Fund Management Co., Ltd.	Independent director	September 2015	Up to now
	DaChan Food (Asia) Limited	Independent director	October 2014	March 2020
	DaChan Food (Asia) Limited	Executive director and chairman of the board of directors	March 2020	Up to now
	Ningxia Guwang Investment Management Limited	Executive director	May 2014	June 2020
	Yantai Changyu Pioneer Wine Company Limited	Director	June 2017	May 2020
	Ningbo Guwang Investment Management Limited	Executive director	April 2015	Up to now
	Jiangsu Financial Leasing Co., Ltd.	Director	November 2017	November 2020
	Haicheng Bangda Supply Chain Management Co., Ltd.	Independent director	April 2020	Up to now
	Shaanxi Shiyang Agriculture Technology Co.,Ltd.	Director	May 2018	January 2020
	Jiahe Foods Industry Co., Ltd.	Independent director	December 2018	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
He Xuan (resigned)	U-shine Fund Management Co., Ltd.	Chairman	March 2013	Up to now
	Guizhou Rongchuang Investment Consulting Co., Ltd.	Executive director and general manager	March 2010	Up to now
	Guizhou U-shine Property Management Co., Ltd.	Executive director	January 2015	Up to now
Li Bin (resigned)	Shanghai DFZQ Xindeyizhang Public Welfare Foundation	Director-general	April 2015	April 2020
Huang Laifang (resigned)	Shanghai Post Office Museum	Curator	September 2016	Up to now
	Shanghai Post Office under China Post Group Corporation	Deputy general manager	September 2018	Up to now
	Shanghai Jieshida Postal Service Co., Ltd.	Chairman	January 2019	Up to now
Liu Wenbin (resigned)	China Great Wall Technology Group Co., Ltd.	Chief financial officer	February 2017	January 2020
	Pactera Technology International Ltd.	Senior vice president and chief financial officer	February 2020	Up to now
Yin Keding (resigned)	Shanghai Pudong BOC Fullerton Community Bank Co., Ltd.	Director	January 2014	Up to now
	SCG Property Co., Ltd.	Director	April 2014	Up to now
	Shanghai Municipal Engineering Design General Institute (Group) Co., Ltd.	Director	August 2014	Up to now
	SCG Kunshan Zhonghuan Construction Co., Ltd.	Chairman	July 2016	Up to now
Wu Zhengkui (resigned)	Greenland Holding Group Company Limited	Deputy general manager of the financial department	March 2012	Up to now
	Greenland Energy Group Co., Ltd.	Director	December 2009	Up to now
	Greenland Financial Investment Holding Group Co., Ltd.	Supervisor	April 2011	Up to now
	Shanghai Yunfeng (Group) Co., Ltd.	Director	January 2008	Up to now
	Jiangsu Construction Engineering Group Co., Ltd.	Director	March 2016	Up to now
	Henan Greenland Zhongyuan Real Estate Development Co., Ltd.	Vice chairman	August 2006	Up to now
	Shanghai Xinlv Fuxing City Development Co., Ltd.	Director	March 2013	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
	Shanghai Xinhua Financial Investment Co., Ltd.	Supervisor	February 2005	Up to now
	Shanghai Xinhua Media Exchange Center Co., Ltd.	Supervisor	February 2007	Up to now
	Shanghai Greenland Equity Investment Management Co., Ltd.	Supervisor	November 2011	Up to now
	Nanjing Guozi Greenland Financial Center Co., Ltd.	Director	September 2009	Up to now
	Shanghai Greenland Shengfan City Investment Asset Management Co., Ltd.	Supervisor	January 2016	Up to now
	Greenland Holding Group (Shanghai) International Investment Co., Ltd.	Supervisor	January 2014	Up to now
	Greenland Innovation Investment Co., Ltd.	Supervisor	March 2016	Up to now
	Shanghai Greenland Financing Guarantee Co., Ltd.	Supervisor	February 2012	Up to now
	Shanghai Greenland Group (Kunshan) Materials Co., Ltd.	Supervisor	January 2004	Up to now
	Jiaoda Greenland Technology Innovation Co., Ltd.	Director	September 2017	Up to now
	Greenland Silk Road Transportation Investment Co., Ltd.	Director	December 2017	Up to now
	Shanghai Xinhua Publishing (Group) Co., Ltd.	Chief financial officer	January 2007	Up to now
	Tianjin Construction Group (Holding) Co., Ltd.	Director	October 2018	Up to now
	Shanghai Greenland Transportation Investment Co., Ltd.	Supervisor	January 2016	Up to now
	Greenland City Investment Group Co., Ltd.	Supervisor	January 2016	Up to now
	Greenland Hong Kong Holdings Limited	Executive director	August 2013	Up to now
	Shanghai Urban Construction Design Co., Ltd.	Director	July 2019	Up to now
	Zhongmin Waitan Real Estate Development Co., Ltd.	Director	February 2019	Up to now
	Jinzhou Bank Co., Ltd.	Supervisor	October 2019	Up to now

Name of employee	Name of other entities	Position at other entities	Commencement date of the term of office	Expiry date of the term of office
Zhou Wenwu (resigned)	Huangpu District Federation of Trade Unions	Vice chairman (concurrent)	April 2016	Up to now
Yao Yuan (resigned)	Shanghai Orient Securities Capital Investment Co., Ltd.	Supervisor	August 2015	June 2020
	Orient Futures Co., Ltd	Supervisor	March 2016	June 2020
	Orient Securities International Financial Group Co., Ltd.	Director	April 2019	September 2020
Yang Yucheng (resigned)	Orient Finance Holdings (Hong Kong) Limited	Chairman	August 2018	June 2020
	Great Wall Fund Management Co., Ltd.	Director	September 2014	June 2020
Employment at other entities			Nil	

III. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for remunerations of the Directors, Supervisors and senior management

The Company's non-executive Directors (except for employee representative Directors), shareholder representative Supervisors and independent Supervisor do not receive any remunerations from the Company. The allowances of the Company's independent non-executive Directors are determined by the Board and proposed to the general meeting for consideration and approval. The remuneration of the Company's management at the legal representative (chairman), president and vice president level consists of basic salary, performance compensation and discretion incentive. The basic salary must be reported to the Remuneration and Nomination Committee to the Board for approval. Performance remunerations are linked with the results of their annual performance appraisal and will be implemented by the chairman upon approval by the Remuneration and Nomination Committee to the Board. Discretion incentive is linked with the appraisal results and will be implemented by the chairman upon approval by the Remuneration and Nomination Committee to the Board. The remuneration and performance management of other operational management team members shall be implemented in accordance with the relevant regulations of the Company.

Basis for determining the remunerations of the Directors, Supervisors and senior management	Remunerations of the Company's independent non-executive Directors are determined with reference to that of the listed peers in the same industry; remunerations of the Company's executive Directors, employee representative Directors, employee representative Supervisors and senior management who receive remuneration from the Company are based on the remuneration and assessment system of the Company. In order to accelerate the implementation of the market-oriented system, the Company introduces pilot distribution system for remuneration of professional managers. The remuneration structure and standard of the chairman, president, vice president and management members holding positions of vice president are determined in accordance with relevant regulations stipulated in the Company's Implementation Scheme for the Remuneration Distribution System Reform of Professional Managers.
Actual payments of remunerations of the Directors, Supervisors and senior management	Please refer to "Changes in shareholding and remunerations of current and resigned Directors, Supervisors and senior management during the Reporting Period" for details.
Remunerations received in aggregate by all the Directors, Supervisors and senior management at the end of the Reporting Period	RMB46.2826 million

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Particulars of changes	Reasons for change
Song Xuefeng	Executive Director	Election	In March 2021, the 2021 first extraordinary general meeting of the Company was convened, at which the non-employee representative Directors of the fifth session of the Board were elected, which formed the fifth session of the Board together with the employee representative Director elected at the general meeting of employees' representatives in February 2021. The fifth session of the Board of the Company comprises Mr. Song Xuefeng and Mr. Jin Wenzhong as executive Directors, Mr. Yu Xuechun, Mr. Liu Wei, Mr. Zhou Donghui, Mr. Cheng Feng and Mr. Ren Zhixiang as non-executive Directors, Ms. Zhu Jing as employee representative Director, and Mr. Xu Zhiming, Mr. Jin Qinglu, Mr. Wu Hong and Mr. Feng Xingdong as independent non-executive Directors. On the same day, the first meeting of the fifth session of the Board of the Company was convened, at which Mr. Jin Wenzhong was elected as the chairman of the fifth session of the Board of the Company and appointed as the president of the Company.
Jin Wenzhong	Executive Director and Chairman of the Board	Election	
	President	Appointment	
Yu Xuechun	Non-executive Director	Election	
Cheng Feng	Non-executive Director	Election	
Ren Zhixiang	Non-executive Director	Election	
Zhu Jing	Employee representative Director	Election	
Jin Wenzhong	Executive Director and Chairman of the Board	Election	In October 2020, the Directors of the Company jointly elected Mr. Jin Wenzhong, an executive Director, to act as the chairman of the Board and legal representative until a new chairman is elected and takes office.
Zhou Donghui	Non-executive Director	Election	In May 2020, the 2019 annual general meeting of the Company was convened, at which Mr. Zhou Donghui was elected as a non-executive Director of the fourth session of the Board of the Company.
Wu Hong	Independent non-executive Director	Election	In December 2020, the 2020 second extraordinary general meeting of the Company was convened, at which Mr. Wu Hong was elected as an independent non-executive Director of the fourth session of the Board.
Feng Xingdong	Independent non-executive Director	Election	In December 2020, the 2020 second extraordinary general meeting of the Company was convened, at which Mr. Feng Xingdong was elected as an independent non-executive Director of the fourth session of the Board.
Pan Xinjun (resigned)	Executive Director and Chairman of the Board	Resignation	In October 2020, due to personal development, Mr. Pan Xinjun resigned as the chairman of the fourth session of the Board, an executive Director and other relevant positions of the Company.
Chen Bin (resigned)	Non-executive Director	Resignation	In March 2020, due to work adjustment, Mr. Chen Bin resigned as a non-executive Director and a member of the Remuneration and Nomination Committee of the Company.
Li Xiang (resigned)	Non-executive Director	Resignation	In March 2021, the term of office of the fourth session of the Board of the Company expired.
Xia Jinghan (resigned)	Non-executive Director	Resignation	
Xu Jianguo (resigned)	Non-executive Director	Resignation	

Name	Position	Particulars of changes	Reasons for change
Chen Xiaobo (resigned)	Employee representative Director	Election	In February 2020, the seventh joint meeting of the third session of the general meeting of employees' representatives was convened, at which Mr. Chen Xiaobo was elected as an employee representative Director of the Company and took office from March 2020.
	Employee representative Director	Resignation	In November 2020, due to his other personal commitment, Mr. Chen Xiaobo resigned as an employee representative Director of the Company.
Xu Guoxiang (resigned)	Independent non-executive Director	Resignation	In August 2020, due to expiration of his tenure, Mr. Xu Guoxiang applied to resign as an independent non-executive Director of the fourth session of the Board, a member of the Remuneration and Nomination Committee and Audit Committee under the Board. In December 2020, the new independent non-executive Director was elected at the 2020 second extraordinary general meeting, and Mr. Xu Guoxiang resigned from his position.
Tao Xiuming (resigned)	Independent non-executive Director	Resignation	In October 2020, due to expiration of his tenure, Mr. Tao Xiuminig applied to resign as an independent non-executive Director of the fourth session of the Board and a member of the Compliance and Risk Management Committee under the Board. In December 2020, the new independent non-executive Director was elected at the 2020 second extraordinary general meeting, and Mr. Tao Xiuming resigned from his position.
Wei Anning (resigned)	Independent non-executive Director	Resignation	In October 2020, due to expiration of his tenure, Mr. Wei Anning applied to resign as an independent non-executive Director of the fourth session of the Board, the chairman of Remuneration and Nomination Committee and a member of the Audit Committee under the Board. In December 2020, the new independent non-executive Director was elected at the 2020 second extraordinary general meeting, and Mr. Wei Anning resigned from his position.
He Xuan (resigned)	Independent non-executive Director	Election	In December 2020, the 2020 second extraordinary general meeting of the Company was convened, at which Mr. He Xuan was elected as an independent non-executive Director of the fourth session of the Board.
		Resignation	In March 2021, the term of office of the fourth session of the Board of the Company expired.

Name	Position	Particulars of changes	Reasons for change
Du Weihua	Employee representative Director and vice president	Resignation	In February 2020, due to work adjustment, Mr. Du Weihua resigned as an employee representative Director and a vice president of the Company.
	Employee representative Supervisor and vice chairman of the Supervisory Committee	Election	In February 2020, at the seventh joint meeting of the third session of the employee congress held by the Company, Mr. Du Weihua was elected as an employee representative Supervisor of the Company; in the same month, at the 12th meeting of the fourth session of the Supervisory Committee, Mr. Du Weihua was elected as a vice chairman of the Supervisory Committee of the Company.
Wu Junhao	Non-executive Director	Resignation	In March 2021, the term of office of the fourth session of the Board of the Company expired.
	Shareholder representative Supervisor	Election	In March 2021, the 2021 first extraordinary general meeting of the Company was convened, at which the non-employee representative Supervisors of the fifth session of the Supervisory Committee were elected, which formed the fifth session of the Supervisory Committee together with the employee representative Supervisors elected at the general meeting of employees' representatives in February 2021. The fifth session of the Supervisory Committee of the Company comprises Mr. Zhang Qian, Mr. Wu Junhao, Mr. Zhang Jian, Mr. Shen Guangjun and Mr. Tong Jie as shareholder representative Supervisors, Mr. Xia Lijun as independent Supervisor, and Mr. Du Weihua, Ms. Ruan Fei and Ms. Ding Yan as employee representative Supervisors. On the same day, the first meeting of the fifth session of the Supervisory Committee of the Company was convened, at which Mr. Zhang Qian was elected as the chairman of the Supervisory Committee of the Company and Mr. Du Weihua was elected as the vice chairman of the Supervisory Committee of the Company.
Zhang Jian	Shareholder representative Supervisor	Election	
Shen Guangjun	Shareholder representative Supervisor	Election	
Xia Lijun	Independent Supervisor	Election	
Ruan Fei	Employee representative Supervisor	Election	
Ding Yan	Employee representative Supervisor	Election	

Name	Position	Particulars of changes	Reasons for change
Li Bin (resigned)	Employee representative Supervisor and vice chairman of the Supervisory Committee	Resignation	In February 2020, Mr. Li Bin ceased to act as an employee representative Supervisor and vice chairman of the Supervisory Committee of the Company due to age reason.
Huang Laifang (resigned)	Shareholder representative Supervisor	Resignation	In March 2021, the term of office of the fourth session of the Supervisory Committee expired.
Liu Wenbin (resigned)	Shareholder representative Supervisor	Resignation	
Yin Keding (resigned)	Shareholder representative Supervisor	Resignation	
Wu Zhengkui (resigned)	Shareholder representative Supervisor	Resignation	
Zhou Wenwu (resigned)	Employee representative Supervisor	Resignation	
Yao Yuan (resigned)	Employee representative Supervisor	Resignation	
Lu Weiming	Vice president	Appointment	In September 2020, at the 22nd meeting of the fourth session of the Board of the Company, Mr. Lu Weiming was appointed as a vice president of the Company.
Yang Bin	Vice president, chief risk officer and chief compliance officer	Appointment	At the first meeting of the fifth session of the Board of the Company held in March 2021, the fifth session of senior management members of the Company were appointed.
Xu Haining	Vice president	Appointment	
Yang Yucheng (resigned)	Vice president	Resignation	In May 2020, due to personal work adjustment, Mr. Yang Yucheng resigned as the vice president of the Company.

V. PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES DURING RECENT THREE YEARS

No existing and retiring Directors, Supervisors and senior management of the Company during the Reporting Period were subject to any penalties imposed by relevant securities regulatory authorities due to matters of the Company in the recent three years.

VI. INFORMATION ON THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

(i) Staff

Unit: person

Number of staff employed by the Parent Company	4,409
Number of staff employed by the major subsidiaries	1,930
Total number of staff employed	6,339
Number of retired workers the Parent Company and its major subsidiaries should bear costs for	0

Professional composition

Category of profession	Number of professional composition
Management staff	506
Research staff	176
Investment bank staff	494
Brokerage business staff	3,462
Asset management staff	298
Investment business staff	318
Finance staff	265
IT staff	463
Other staff	357
Total	6,339

Education

Level of education	Number
Doctor	94
Master	2,218
Bachelor	3,678
Junior college graduate	291
Vocational secondary education	27
High school and below	31
Total	6,339

(ii) Remuneration policies

The Company emphasizes the recruitment, motivation, training and use of talents, and adopts a salary system based on position salary and performance bonus. The remuneration level is linked to the value of the position, local market rates and performance evaluation results, so as to ensure "give priority to efficiency with due consideration to fairness". Pursuant to the applicable laws and regulations of the PRC, the Company entered into a labor contract with each of its employees to establish an employment relationship. The labor contract contains the provisions relating to a contract term, working hours, rest and vacation, labor remuneration and insurance benefits, labor protection and conditions, as well as modification and termination of the contract.

Under the applicable laws and regulations of the PRC, the Company purchased various social insurance policies (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing provident fund for its employees. It made contributions to the above social insurance and housing provident fund on time and in full. Meanwhile, the Company, in accordance with the applicable PRC regulations, also established a corporate annuity system and supplementary medical insurance system in 2006, which provided supplementary pension and medical protection to employees.

(iii) Training plans

During the Reporting Period, the Company's training focused on the Company's strategic objectives, with the mission of "improving staff skills, endowing potential talents, boosting business development and transmitting core values", increasing investment in all kinds of personnel training and actively implementing various training programs. In 2020, 300 face-to-face internal trainings were organized, involving approximately 13,000 people. The Company recommended employees to attend 96 training courses held by various regulatory departments and professional training institutions, with 261 participants. There were more than 137 online training sessions involving over 100,000 visits. The Company continues to pay attention to all kinds of personnel training and completes all kinds of key training programs.

In 2021, the Company will continue to improve its multi-layer and diversified training system based on the needs of talent cultivation and career development of the staff, integrate online and offline learning modes, create high-quality training projects, optimize the online learning platform, improve the coverage of training and education, and enhance the effectiveness of training and learning. First, the Company will continue to strengthen customized training products for middle and senior management personnel, branch heads, reserve personnel and other cadres and talents. Second, the Company will match the different career stages of employees, and optimize the structure and development of professional and general skills training courses. Third, the Company will combine the needs of various departments, increase its efforts in development of customized internal courses, and innovate training communication forms to help the staff of relevant departments to master professional skills.

(iv) Labor outsourcing

Total working hours involved in labor outsourcing (hours)	1,104,961
Total remuneration paid for labor outsourcing (RMB)	96,161,985.03

VII. OTHERS

Client solicitation and client services by the brokers entrusted by the Company

The Company adopts a custodian agency management mode for the management of brokers. As at the end of the Reporting Period, there were 985 brokers in service.

1. By integrating the resources, the Company has established a securities brokers' management platform and built a securities brokers team under the brokers' management system. At the same time, by cultivating the brokers' abilities of marketing services and improving the service to the investors, the Company has achieved effective risk control, which in turn will promote a health and steady development for the Company's brokerage business.

2. The brokers who engage in the activities such as customer solicitations and customer service authorized by the Company shall enter into an agency contract with the Company, for the natural person (other than a corporation), the term of the agency contract is one year.

3. Securities brokers are subject to the management of the Company. Based on compliance management, the securities brokers' management will fully respect the reasonable career development demands and legal interests of the securities brokers.

4. In the course of engaging customer solicitation and customer service, the securities brokers should not only process within the Company's authority, but also should strictly abide by the laws, administrative regulations, the regulations of regulatory agencies and administrative departments, self-discipline rules and professional ethics, and comply with the relevant rules and regulations of the Company.

5. The training for securities brokers: The securities brokers of the Company should carry out the training and study work in accordance with the requirements of the Securities Industry Association. Before carrying out business practice, the brokers should attend training for not less than 60 hours, of which compliance training not less than 20 hours. Furthermore, the brokers should complete the annual follow-up practice training and study work conscientiously, and pass the annual inspection of the association. After completing the learning and examinations of corporate compliance, anti-money laundering and employee practice and information security, the brokers should summarize and file the relevant training records and evaluation results and then report as required. Moreover, the Company should carry out related online function training courses irregularly, involving professional qualifications, marketing management knowledge, product categories and risk control, etc.

Section IX Corporate Governance

I. RELEVANT DESCRIPTION ON CORPORATE GOVERNANCE

(i) Corporate governance

As a public company listed in both Mainland China and Hong Kong, the Company has operated its business in a standard manner and in strict compliance with the requirements under the relevant laws, regulations and regulatory documents in the places where the shares of the Company are listed. The Company has made continuous efforts to maintain and improve the Company's good image in the market. In strict compliance with the requirements under the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies, the Corporate Governance Code and other relevant laws and regulations as well as the Articles of Association of the Company, and in order to establish a modern corporate system, the Company has strengthened and refined its corporate governance structure, compliance and risk control system and internal control management system, and shaped a corporate governance structure of listed company where the general meeting, the Board, the Supervisory Committee and the management perform their own functions and responsibilities corresponding to their respective positions in a collaborative manner with effective check and balance, thereby ensuring the prudent and standardized operations of the Company as well as a scientific, standardized and transparent corporate governance. The procedures for convening and holding the Company's general meeting, Board meetings, meetings of the Supervisory Committee and the voting mechanisms with respect thereto are legal and valid, with the information disclosed in a true, accurate, complete, timely and fair manner.

During the Reporting Period, according to the new Securities Law and relevant regulatory requirements, the Company further amended and optimized its Articles of Association, the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Supervisory Committee, the Independent Director System of the Company, the Measures for the Management of the Holdings and Changes in the Holdings of Shares of the Company by Directors, Supervisors and Senior Management, the Working Rules of Secretary to the Board of Directors of the Company, the Measures for Investor Relation Management of the Company and other internal rules and regulations, which had been considered and approved by the Board and at general meetings of the Company. By formulation of and continuous improvement in the above systems, the Company has witnessed a continuously standardized corporate governance structure, and an increasingly improved corporate governance level.

During the Reporting Period, the chairman of the Board of the Company resigned due to personal development, and all Directors subsequently elected Mr. Jin Wenzhong, the president of the Company, to act as the chairman of the Board, which caused the Company to comply with all provisions of the Corporate Governance Code other than code provision A.2.1. Given that the Company's major decisions are still made jointly by the five other independent non-executive Directors and six non-executive Directors under the Board, and the Board committees and independent non-executive Directors are able to play an active, professional and supervisory role to effectively address potential governance issues that may arise from the chairman also being the president, the Company has therefore met the requirements of the most recommended best practices set out in the Corporate Governance Code.

During the Reporting Period, the Company convened 31 meetings in total, including three general meetings, eight meetings of the Board, six meetings of the Supervisory Committee, five meetings of the Compliance and Risk Management Committee, four meetings of the Remuneration and Nomination Committee and five meetings of the Audit Committee.

(ii) Formulation and implementation of insider registration and management system

During the Reporting Period, the Company made more efforts to maintain the confidentiality of insider information, performed its obligation of insider registration, management and confidentiality diligently, kept records of the names of insiders who had accessed to the insider information at the stage of negotiation, planning, demonstration and consultation and contracting as well as in the processes of reporting, delivery, preparation, auditing, resolution and disclosing before its final disclosure in strict compliance with all requirements relating to the procedures and internal control measures of handling and publishing of insider information prescribed in the System regarding Insider Registration, Management and Confidentiality, and kept records of information relating to insiders and memos of progress of major events, in order to effectively prevent insider trading and properly carry out information disclosure.

(iii) Corporate governance policies and the Board's duties in respect of corporate governance

The Company is in strict compliance with the Hong Kong Listing Rules and takes all the principles set out in the Corporate Governance Code as its corporate governance policies. In respect of the corporate governance function, the terms of reference of the Board shall at least include:

(1) to formulate and review the corporate governance policies and practices of the Company;

(2) to review and monitor the training and continuous professional development of the Directors and senior management;

(3) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;

(4) to formulate, review and monitor the Company's code of conduct and compliance manual (if any) applicable to employees and Directors;

(5) to review the Company's compliance with the Corporate Governance Code and its disclosures in the Corporate Governance Report.

No significant discrepancies exist between corporate governance and the requirements of relevant regulations of the CSRC. During the Reporting Period, the Directors have performed the abovementioned corporate governance duties.

II. BRIEF INTRODUCTIONS TO GENERAL MEETINGS

Session of the meeting	Date of convening	Reference of the website specified for resolutions disclosure	Disclosure date of resolutions
2019 annual general meeting	May 15, 2020	http://www.sse.com.cn	May 16, 2020
		http://www.hkexnews.hk	May 15, 2020
2020 first extraordinary general meeting	July 13, 2020	http://www.sse.com.cn	July 14, 2020
		http://www.hkexnews.hk	July 13, 2020
2020 second extraordinary general meeting	December 8, 2020	http://www.sse.com.cn	December 9, 2020
		http://www.hkexnews.hk	December 8, 2020

Explanations on general meetings

Shareholders are investors of the Company. The Company attaches importance to shareholders' rights. The Articles of Association specifies the rights of shareholders and the way to realize rights. The Company focuses on communication with shareholders in order to enhance shareholders' understanding of the Company and protect shareholders' information right. The Company also values reasonable investment returns and dividend policies for shareholders and protects shareholders' rights to return.

In accordance with the provisions of the Articles of Association, the general meeting of shareholders shall exercise the following powers in accordance with the law: determine the Company's business policy and investment plan; elect and replace directors and supervisors not represented by employee representatives, determine the remuneration of directors and supervisors; review and approve the Company's annual financial budget and final settlement plan; review and approve the Company's profit distribution plan; make resolutions on the Company's increase or decrease of share capital and the issuance of any type of stocks, warrants and other similar securities, the issuance of corporate bonds and the hiring, and dismissal or no longer re-appointment of the accounting firm; consider and approve major related party transactions; amendments to the Articles of Association and so on.

Section IX Corporate Governance

During the Reporting Period, the Company convened the 2019 annual general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on May 15, 2020, at which 12 ordinary resolutions were considered and approved, including the "Report of the Board of Directors of the Company for the Year 2019", the "Report of the Supervisory Committee of the Company for the Year 2019", the "Final Accounts Report of the Company for the Year 2019", the "Profit Distribution Proposal of the Company for the Year 2019", the "Annual Report of the Company for the Year 2019", the "Proposal Regarding the Proprietary Business Scale of the Company in 2020", the "Proposal Regarding the Conduction of Asset-backed Securitization Business with the Company's Credit Assets from its Financing Businesses", the "Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2020", the "Proposal Regarding the Expected Provision of Guarantees by the Company in 2020", the "Proposal Regarding the Engagement of Auditing Firms for the Year 2020", the "Proposal in Relation to the Election of Non-executive Director of the Company" and the "Proposal in Relation to the Shareholders' Returns in the Next Three Years (2020-2022)"; and three special resolutions were considered and approved, being the "Proposal Regarding the General Mandate to Issue Onshore Debt Financing Instruments of The Company", the "Proposal Regarding the Amendments to Certain Articles of the Articles of Association" and the "Proposal in Relation to the Granting of General Mandate to the Board to Issue Additional A and/or H Shares", and the "Company's 2019 Annual Work Report of the Independent Directors" was presented at the meeting. The relevant poll results were published on the website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.dfzq.com.cn) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on May 16, 2020.

During the Reporting Period, the Company convened the 2020 first extraordinary general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on July 13, 2020, at which two ordinary resolutions were considered and approved, including the "Resolution in Relation to the Employee Stock Ownership Plan (Draft) of 東方證券股份有限公司 and its Abstract." and the "Resolution in Relation to the Authorization to the Board of Directors to Fully Handle Matters Related to the Employee Stock Ownership Plan of the Company". The relevant poll results were published on the website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.dfzq.com.cn) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on July 14, 2020.

During the Reporting Period, the Company convened the 2020 second extraordinary general meeting at Meeting Room, 15/F, No. 119 South Zhongshan Road, Shanghai, the PRC on December 8, 2020, at which five ordinary resolutions were considered and approved, including the "Resolution in Relation to the Appointments of Independent Non-executive Directors of the Company", the "Resolution in Relation to the Amendments to the Independent Director System of the Company", the "Resolution in Relation to the Amendments to the Rules of Procedure for the General Meetings of the Company", the "Resolution in Relation to the Amendments to the Rules of Procedure for the Board of Directors of the Company" and the "Resolution in Relation to the Amendments to the Rules of Procedure for the Supervisory Committee of the Company" and one special resolution was considered and approved, being the "Resolution in Relation to the Amendments to Certain Articles of the Articles of Association of the Company". The relevant poll results were published on the website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.dfzq.com.cn) at the date of the meeting and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on December 9, 2020.

None of the shareholders of the Company are holders of preferred shares with voting rights restored. Therefore, none of the extraordinary general meetings were convened by holders of preferred shares with voting rights restored, nor did they convene or chair any general meetings or propose any provisional proposals at a general meeting during the Reporting Period.

III. PERFORMANCE OF DUTIES BY DIRECTORS

The Board exercises its powers and duties as specified in the Articles of Association. Under the principle of acting in the best interest of the Company and its shareholders, the Board reports its works at the general meetings, implements the resolutions passed thereon and is accountable to the general meetings.

As of the end of the Reporting Period, the fourth session of the Board comprised 12 Directors; the election of the fifth session of the Board was completed on March 5, 2021, and as of the date of publication of this report, the Company had 12 existing Directors. The biographical details of the Directors as at the date of this report are set out in "Section VIII, Directors, Supervisors, Senior Management and Staff" in this report. None of the Directors or the senior management has any relations with each other (including financial, business, kinship or other material or connected relations). The Board is scientifically structured, and each Director has adequate knowledge, experience and expertise relating to the business operation and development of the Group. All Directors are fully aware of their responsibilities to the shareholders jointly and severally.

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

Section IX Corporate Governance

(i) Attendances of Directors at Board meetings and general meetings

Name of Director	Independent Director or not	Attendance at the Board meetings						Attendance at general meetings
		Number of Board meetings requiring attendance during the year	Attendance in person	Attendance via correspondence	Attendance by proxy	Absence	Absent from two consecutive meetings (in person)	Number of attendance at general meetings
Jin Wenzhong	No	8	8	5	0	0	No	3
Liu Wei	No	8	8	5	0	0	No	0
Wu Junhao	No	8	8	5	0	0	No	0
Zhou Donghui	No	5	5	3	0	0	No	0
Li Xiang	No	8	7	5	1	0	No	0
Xia Jinghan	No	8	6	5	2	0	No	0
Xu Jianguo	No	8	8	5	0	0	No	0
Xu Zhiming	Yes	8	8	5	0	0	No	0
Jin Qinglu	Yes	8	7	5	1	0	No	0
Wu Hong	Yes	1	1	1	0	0	No	0
Feng Xingdong	Yes	1	1	1	0	0	No	0
He Xuan	Yes	1	1	1	0	0	No	0
Du Weihua	No	1	1	1	0	0	No	0
Chen Bin	No	2	2	1	0	0	No	0
Pan Xinjun	No	6	6	3	0	0	No	2
Chen Xiaobo	No	6	6	3	0	0	No	1
Xu Guoxiang	Yes	7	7	4	0	0	No	2
Tao Xiuming	Yes	7	7	4	0	0	No	0
Wei Anning	Yes	7	7	4	0	0	No	1

During the Reporting Period, no Directors of the Company were absent from two consecutive Board meetings in person.

Number of Board meetings convened during the year	8
Of which: Number of meetings held on-site	3
Number of meetings via correspondence	5
Number of meetings held both on-site and via correspondence	0

All the Directors agreed on the voting results of resolutions considered by the Board, with no waiver and opposition.

During the Reporting Period, the Board convened eight meetings in total, details of which are as follows:

1. On January 14, 2020, the 17th meeting of the fourth session of the Board was convened via correspondence, at which the "Proposal on Formulating the Measures for Risk Management of Money Laundering and Terrorist Financing of Orient Securities Company Limited" was considered and approved.

2. On March 27, 2020, the 18th meeting of the fourth session of the Board was convened on-site and via correspondence, at which the "Report of the Board of Directors of the Company for the Year 2019", the "Company's 2019 Annual Operational Work Report", the "Final Accounts Report of the Company for the Year 2019", the "Profit Distribution Proposal of the Company for the Year 2019", the "Annual Report of the Company for the Year 2019", the "Report on Execution of Risk Control Indicators by the Company in 2019", the "Special Report Regarding the Company's Deposit and Actual Utilization of Proceeds Raised in 2019", the "Proposal on the Company's Allocation of Assets and Liabilities, Business Scale and Risk Control Plan in 2020", the "Proposal Regarding the Proprietary Business Scale of the Company in 2020", the "Proposal Regarding the General Mandate to Issue Offshore Debt Financing Instruments of the Company", the "Proposal Regarding the Conduction of Asset-backed Securitization Business with the Company's Credit Assets from its Financing Businesses", the "Company's 2019 Annual Compliance Report", the "Company's 2019 Annual Risk Management Work Report", the "Company's 2019 Annual Internal Control Assessment Report", the "2019 Anti-Money Laundering Report of the Company", the "Special Audit Report on the Company's Anti-Money Laundering Work in 2019", the "Company's 2019 Special Report on Information Technology Management", the "Proposal on the Company's 2019 Annual Social Responsibility Report", the "Proposal Regarding the Audit of the Related Transactions of the Company in 2019", the "Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2020", the "Proposal Regarding the Expected Provision of Guarantees by the Company in 2020", the "Proposal Regarding the Engagement of Auditing Firms for the Year 2020", the "Proposal Regarding the Amendments to Certain Articles of the Articles of Association", the "Proposal in Relation to the Election of Non-executive Director of the Company", the "Proposal in Relation to Election of Members of Special Committees under the Board of Directors of the Company", the "Proposal to the General Meeting for Granting of General Mandate to the Board to Issue Additional A Shares and H Shares", the "Proposal in Relation to the Shareholders' Returns in the Next Three Years (2020-2022)", and the "Proposal on Convening 2019 Annual General Meeting of the Company" were considered and approved. The "Company's 2019 Annual Work Report of the Independent Directors" and the "2019 Report on Performance of Duties of the Audit Committee of the Board of the Company" were presented at the meeting.

3. On April 29, 2020, the 19th meeting of the fourth session of the Board was convened via correspondence, at which the "First Quarterly Report of the Company for the Year 2020" was considered and approved.

4. On June 17, 2020, the 20th meeting of the fourth session of the Board was convened on-site, at which the "Resolution in Relation to the Employee Stock Ownership Plan (Draft) of 東方證券股份有限公司 and its Abstract", the "Proposal to the General Meeting for Authorization to the Board of Directors to Fully Handle Matters Related to the Employee Stock Ownership Plan of the Company" and the "Proposal on Convening the 2020 First Extraordinary General Meeting of the Company" were considered and approved.

5. On August 28, 2020, the 21st meeting of the fourth session of the Board was convened on-site, at which the "Interim Report of Orient Securities Company Limited for the Year 2020", the "Report on Execution of Risk Control Indicators of Net Capital by the Company for the First Half of 2020", the "Proposal on Provision for Impairment of Assets", the "Company's 2020 Interim Compliance Report", "the Company's 2020 Interim Risk Management Work Report" and the "Proposal on Amendments to the Internal Control Management Measures of Orient Securities Company Limited" were considered and approved. The "Company's 2020 Half-year Operational Work Report" was presented at the meeting.

6. On September 10, 2020, the 22nd meeting of the fourth session of the Board was convened via correspondence, at which the "Proposal on Appointment of Vice President of the Company" and the "Proposal on Provision of Liquidity Guarantee by Orient Securities Investment Banking Co., Ltd." were considered and approved.

7. On October 29, 2020, the 23rd meeting of the fourth session of the Board was convened via correspondence, at which the "Third Quarterly Report of the Company for the Year 2020", the "Proposal on Election of Independent Non-executive Director of the Company", the "Proposal on Cancellation of Beijing Office", the "Proposal Regarding the Amendments to Certain Articles of the Articles of Association", the "Resolution in Relation to the Amendments to the Rules of Procedure for the General Meetings of the Company", the "Resolution in Relation to the Amendments to the Rules of Procedure for the Board of Directors of the Company", the "Resolution in Relation to the Amendments to the Independent Director System of the Company", the "Proposal on Amendments to the Measures for the Management of the Holdings and Changes in the Holdings of Shares of the Company by Directors, Supervisors and Senior Management", the "Proposal on Amendments to the Working Rules of Secretary to the Board of Directors of the Company", the "Proposal on Amendments to the Measures for Investor Relation Management of the Company", the "Proposal on Amendments to the Basic System of Comprehensive Risk Management of the Company" and the "Proposal on Convening the 2020 Second Extraordinary General Meeting of the Company" were considered and approved.

8. On December 14, 2020, the 24th meeting of the fourth session of the Board was convened via correspondence, at which the "Proposal in Relation to Election of Members of Special Committees under the Board of Directors of the Company" was considered and approved.

(ii) Independent Directors' objections to relevant matters of the Company

During the Reporting Period, the independent Directors of the Company had no objections to proposals of the Board and other proposals. Please refer to "Attendances of Directors at Board meeting and general meetings" in this section and "Duties of various special committees and their meetings" for attendances of independent Directors at general meetings, Board meetings and meetings of special committees. The 2019 Annual Work Report of Independent Directors of Orient Securities Company Limited disclosed by the Company on the website of the SSE on March 30, 2021 sets out the details of the performance of duties by the independent Directors.

(iii) Board and management

The powers and duties of the Board and the management have been clearly specified in the Articles of Association, which aims to provide an adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business plans and investment plans and establishment of the Company's internal management structure, formulating the Company's basic administration system, resolving other material businesses and administrative matters of the Company and supervising the management.

Under the leadership of the president (also the executive Director), the management of the Company is responsible for implementing various resolutions made by the Board and administering the Company's daily operation and management.

1. Chairman and president

Positions of the chairman and president (i.e. chief executive officer under Hong Kong Listing Rules) of the Company are served by different individuals to secure independence of their duties, accountabilities and balanced distribution of rights and authorizations. As Mr. Pan Xinjun resigned as the chairman of the Company in October 2020, Mr. Jin Wenzhong, the president, was elected by all Directors to act as the chairman of the Company, and after completion of election of the Board of the Company on March 5, 2021, Mr. Jin Wenzhong has become the chairman and president of the Company. The Rules of Procedure for Board Meetings and Work Rules for the President considered and approved by the Board of the Company clearly define duties of the chairman and the president respectively, and the major decisions will be jointly made by other executive Directors, non-executive Directors, independent non-executive Directors and employee representative Director, being over ten members of the fifth session of the Board, and the Board committees and independent non-executive Directors will continue to play an active, professional and supervisory role to effectively address potential governance issues that may arise from the chairman also being the president.

Chairman is responsible for leading the Board to determine the overall development strategy of the Company and ensuring the Board operates effectively, performing its statutory duties and responsively discussing all important and appropriate issues in a timely manner; and ensuring that the Company formulates sound corporate governance practices and procedures and the Board acts in the best interest of the Company and all its shareholders. President is mainly responsible for daily operation and management of the Company, including organizing and implementing the resolutions of the Board and daily decision-making.

2. *Directors' appointment and re-election*

According to the Articles of Association, Directors shall be elected or replaced by the general meetings. A Director shall serve a term of office no longer than three years and is eligible for re-election. The Company has implemented a set of effective procedures for appointment of new Directors, for details, please refer to the "Section IX, IV, (ii) 3. Remuneration and Nomination Committee". A list of candidates for Directors may be proposed by the Board as per the number of the Directors to be elected as specified in the Articles of Association. Candidates for Directors may also be nominated by shareholders severally or jointly holding more than 3% of the Company's shares and shall be elected at the general meetings.

3. *Terms of office of non-executive Directors*

Non-executive Directors of the Company are all elected by the general meetings or employee representative meetings, with terms of office of three years, which are renewable upon re-election and reappointment.

4. *Directors' remunerations*

Please refer to "Section VIII, III. Remunerations of Directors, Supervisors and Senior Management" in this report for details.

5. *Directors' trainings*

The Company highly emphasizes on the continuous trainings for Directors to ensure that they have adequate knowledge of the Company's operations and businesses and their duties imposed by the CSRC, the SSE, the Hong Kong Stock Exchange, the Articles of Association and other relevant laws and regulations and regulatory requirements.

During the Reporting Period, Directors participated in the regular trainings organized by local regulatory authorities to complete continued trainings as required. The Board of Directors office of the Company also regularly compiles and delivers Board Brief, Comprehensive Report on Compliance and Risk Management to keep Directors timely informed of the latest policies, regulations and classic cases, builds multi-level information communication mechanisms and sets up an information exchange platform to strengthen information sharing and exchange among Directors, Supervisors and the management and improve Directors' duty performance capability. Apart from that, trainings for Directors are specified as follows:

Name of Directors	Date	Duration	Organizer	Content	Place of training
All Directors	January 7, 2020	One day	The Company	Seminar on Interpretation of the Newly Revised Securities Law	Shanghai
All Directors	March 10, 2020	/	The Company	Analysis on the Operation of Securities Companies in 2019	/
All Directors	April 14, 2020	/	The Company	Analysis of the Development Prospects of Securities Industry in the Context of Capital Market Reform and Opening Up, Macroeconomy and Capital Market Analysis Report – Chief Economist Regular Meeting in the First Quarter of 2020	/
Jin Qinglu	June 17-24, 2020	Eight days	SSE	First Follow-up Training for Independent Directors of Listed Companies in 2020	Online
Xu Guoxiang	August 18-24, 2020	Seven days	SSE	Second Follow-up Training for Independent Directors of Listed Companies in 2020	Online
All Directors	August 28, 2020	/	The Company	Quick Review on the Company's 2020 Interim Report and Ranking of Listed Securities Firms based on Financial Information	/
All Directors	November 3, 2020	/	The Company	Securities Law from the Perspective of Listed Companies	/
All Directors	November 5, 2020	One day	The Company	Seminar on New Securities Law (Special Session for Directors, Supervisors and Senior Management)	Shanghai
All Directors	November 9, 2020	/	The Company	Overview of 2020 Third Quarterly Report of Securities Industry	/
All Directors	November 20, 2020	/	The Company	Key Amendments of the New Securities Law and the Impact on Capital Market	/
Feng Xingdong, He Xuan	October 20-22, 2020	Three days	SSE	The 73rd Independent Director Qualification Training	Online
Feng Xingdong, He Xuan	December 18, 2020 – January 8, 2021	21 days	Shanghai Bureau of the CSRC, Shanghai Association of Listed Companies	2020 Second Batch of the First Session of the Online Training for Directors and Supervisors of Listed Companies in Shanghai	Online

IV. MATERIAL ADVICE AND RECOMMENDATIONS FROM THE SPECIAL COMMITTEES TO THE BOARD IN PERFORMING DUTIES DURING THE REPORTING PERIOD AND DISCLOSURE OF DISSENTING EVENTS

(i) Special committees of the Board and their members

As of the end of the Reporting Period, the fourth session of the Board of the Company sets up four special committees, with members set out as follows:

1. Strategic Development Committee: Jin Wenzhong, Wu Junhao, Xu Zhiming;

2. Compliance and Risk Management Committee: Jin Wenzhong, Li Xiang, Xia Jinghan, Wu Hong;

3. Remuneration and Nomination Committee: Wu Hong (chairman), Liu Wei, Zhou Donghui, Jin Qinglu, He Xuan;

4. Audit Committee: Jin Qinglu (chairman), Wu Junhao, Xu Jianguo, Feng Xingdong, He Xuan.

As of the date of publication of this report, as determined at the 2021 first extraordinary general meeting and the first meeting of the fifth session of the Board convened on March 5, 2021, the fifth session of the Board of the Company sets up four special committees, with members set out as follows:

1. Strategic Development Committee: Song Xuefeng (chairman), Jin Wenzhong, Cheng Feng, Xu Zhiming, Zhu Jing;

2. Compliance and Risk Management Committee: Jin Wenzhong (chairman), Yu Xuechun, Cheng Feng, Ren Zhixianig, Wu Hong;

3. Remuneration and Nomination Committee: Wu Hong (chairman), Liu Wei, Zhou Donghui, Jin Qinglu, Feng Xingdong;

4. Audit Committee: Jin Qinglu (chairman), Yu Xuechun, Zhou Donghui, Feng Xingdong.

The Company completed the election of the fifth session of the Board on March 5, 2021. In view of the background of each of the independent non-executive Directors and their respective roles in other committees under the Board, the Company is still considering an appropriate independent non-executive Director to join the Audit Committee, as a result of which, the Company temporarily fails to meet the requirement that the majority of the audit committee members must be independent non-executive directors under Rule 3.21 of the Hong Kong Listing Rules. The Company will appoint an appropriate independent non-executive Director to join the Audit Committee within prescribed period according to relevant requirements under Rule 3.23 of the Hong Kong Listing Rules. The Company will make a separate announcement in respect of such appointment in due course.

(ii) Duties of various special committees and their meetings

1. *Strategic Development Committee*

The main duties of the Strategic Development Committee include: studying and advising on long-term strategic development plans of the Company; studying and advising on material investment financing proposals that are subject to Board's approval; studying and advising on material capital operations and asset management projects that are subject to Board's approval; studying and advising on any other significant events that affect the development of the Company; monitoring the implementation of the matters above; and other duties as authorized by the Board as well as other duties as required by the listing rules or regulatory rules in the place where the shares of the Company are listed.

During the Reporting Period, no meeting of the Strategic Development Committee was held.

2. *Compliance and Risk Management Committee*

The main duties of the Compliance and Risk Management Committee include: reviewing and advising on the overall targets and basic policies of compliance management and risk management; reviewing and advising on establishment of the system and institutions for compliance management and risk management as well as its duties; overseeing and evaluating the compliance management and risk management work of the Company, and reviewing and monitoring the Company's policies and practices in compliance with laws and regulatory requirements; evaluating and advising on the risks and risk management solutions relating to the significant matters that are subject approval by the Board; reviewing risk tolerance and scale of the Company as a whole and for each business, and evaluating the assets allocation mechanism matching with risk tolerance; reviewing and evaluating the risks associated with the Company's operating activities and the effectiveness of the corresponding measures, and discussing the risk management system with the management to ensure that the management has fulfilled its responsibilities in establishing an effective risk management system; considering major investigation findings on risk management matters and management's response to the findings on its own initiative or as delegated by the Board; reviewing and advising on the compliance report and risk assessment report that are subject to consideration by the Board; formulating and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; formulating, reviewing and monitoring the Company's code of conduct and compliance manual (if any) applicable to employees and Directors; reviewing the Company's compliance with the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and its disclosures in the Corporate Governance Report; and other matters as stipulated in the Articles of Association or as authorized by the Board.

During the Reporting Period, the Compliance and Risk Management Committee convened five meetings in total, the details of which are as follows:

On January 14, 2020, the first meeting of the Compliance and Risk Management Committee of the fourth session of the Board in 2020 was convened, at which the "Proposal on Formulating the Measures for Risk Management of Money Laundering and Terrorist Financing of Orient Securities Company Limited" was considered and approved.

On March 26, 2020, the second meeting of the Compliance and Risk Management Committee of the fourth session of the Board in 2020 was convened, at which the "Report on Execution of Risk Control Indicators by the Company in 2019", the "Proposal on the Company's Allocation of Assets and Liabilities, Business Scale and Risk Control Plan in 2020", the "Proposal Regarding the Proprietary Business Scale of the Company in 2020", the "Company's 2019 Annual Compliance Report", the "Company's 2019 Annual Risk Management Work Report", the "Report on Effectiveness Assessment of Compliance Management of the Company for the Year 2019" and the "Report on Assessment of Overall Risk Management of the Company for the Year 2019" were considered and approved, and performance evaluation of the Chief Compliance Officer for the year 2019 was conducted.

On August 28, 2020, the third meeting of the Compliance and Risk Management Committee of the fourth session of the Board in 2020 was convened, at which the "Report on Execution of Risk Control Indicators of Net Capital by the Company for the First Half of 2020", the "Company's 2020 Interim Compliance Report", the "Company's 2020 Interim Risk Management Work Report" and the "Proposal on Amendments to the Internal Control Management Measures of Orient Securities Company Limited" were considered and approved.

On October 29, 2020, the fourth meeting of the Compliance and Risk Management Committee of the fourth session of the Board in 2020 was convened, at which the "Proposal on Amendments to the Basic System of Comprehensive Risk Management of the Company" was considered and approved.

On December 14, 2020, the fifth meeting of the Compliance and Risk Management Committee of the fourth session of the Board in 2020 was convened, at which the "2020 Compliance Management Effectiveness Evaluation Work Plan of Orient Securities Company Limited" and the "2020 Comprehensive Risk Management Assessment Work Plan of Orient Securities Company Limited" were considered and approved.

Attendance of the members of the Compliance and Risk Management Committee of the fourth session of the Board during the Reporting Period:

Name	Number of actual attendances/number of attendances as required
Jin Wenzhong	5/5
Li Xiang	4/5
Xia Jinghan	4/5
Wu Hong	1/1
Pan Xinjun	3/3
Tao Xiuming	4/4

3. Remuneration and Nomination Committee

The main duties of the Remuneration and Nomination Committee include: evaluating the structure, size and composition (including skills, knowledge and experience) of the Board at least once a year and making recommendations regarding any proposed changes to the Board to complement the corporate strategy.

Board Diversity Policy

The Remuneration and Nomination Committee is responsible for making and reviewing the Board diversity policy, and the expected goals will be discussed and determined annually to implement the diversity of the Board and recommend the goals to the Board for adoption. When the Remuneration and Nomination Committee is considering the composition of the Board, it shall ensure the balance between executive Directors and non-executive Directors (including independent non-executive Directors) and consider, from multiple aspects, the diversity of the members of the Board, including but not limited to their gender, age, cultural, educational background, and professional experience. During the Reporting Period, the Remuneration and Nominating Committee has considered the Board diversity policy and believes that the current composition of the Board meets the above requirements for diversity.

Nomination Policy for Directors

According to the requirements in Article 140 of the Articles of Association, the Board or shareholders individually or jointly holding more than 3% of the shares of the Company are entitled to nominate candidates for non-independent Directors to the shareholders' general meeting; the Board, the Supervisory Committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent Directors to the shareholders' general meeting. Written notice of intention to nominate a candidate for the post of Director and the candidate's agreement to be nominated must be given to the Company seven days prior to the convening of the shareholders' general meeting (such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and end no later than seven days prior to the shareholders' general meeting). The term of the nomination and the acceptance of the nomination shall be no less than seven days.

When the Remuneration and Nomination Committee considers the selection of Directors, president and other senior management, the Remuneration and Nomination Committee shall actively communicate with the relevant departments of the Company, to study the requirements of the Company and produce written reports; the Remuneration and Nomination Committee may search extensively for candidates within the Company, its holding (associate) enterprises and the human resources market; collect all information about the occupation, academic qualifications, titles, detailed working experience and all part time work experience of the shortlisted candidates, and produce written reports; obtain consent from the nominees regarding the nomination, otherwise they shall not be considered as candidates; convene a meeting to conduct a qualification review on the shortlisted candidate(s); submit to the Board its proposal(s) and relevant information on the candidates one to two months prior to the election of new Director(s) and the appointment of new president and senior management; carry out other follow-up work according to the decision and feedback of the Board.

The Remuneration and Nomination Committee reviews and advises on the selection criteria and procedures for Directors and senior management, identify qualified individuals as candidates for Directors and senior management, review their qualifications and making recommendations; make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular, the chairman and the president); assess the independence of independent Directors; study and review the performance appraisal and remuneration management system for the Directors and senior management based on the main scope, duties and importance of the senior management positions of the Company and the remuneration level of similar positions in other enterprises.

Appraisal and remuneration management system

The appraisal and remuneration management system includes but is not limited to performance appraisal criteria and procedures, the main appraisal system, and the principal plan and system regarding incentive and penalty. Making recommendations to the Board as to the overall performance appraisal and remuneration management system and structure for the directors and senior management, and the establishment of proper and transparent formulation procedures of the remuneration policy; reviewing and approving the management's proposal on remuneration based on the corporate goals and objectives set by the Board; making recommendations to the Board on the remuneration of executive directors and senior management. The above-mentioned remuneration includes non-monetary benefits, retirement allowance and compensation (including compensation for any loss or termination of office or appointment); making recommendations to the Board on the remuneration for each non-executive director; considering the remuneration package, time commitment, scope of responsibility of similar companies and other employment terms of other positions within the Group; reviewing and approving the compensation due to executive directors and senior management for any loss or termination of office or appointment, so as to ensure that such compensation is consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is fair, reasonable and not excessive; reviewing and approving compensation arrangements relating to the dismissal or removal of directors for misconduct or the like, so as to ensure that such arrangements are consistent with the contractual terms; if such compensation is not consistent with the contractual terms, ensuring that it is reasonable and appropriate; ensuring that no director or his associate (as defined in the Hong Kong Listing Rules) is involved in the determination of his remuneration; evaluating and making recommendations on the performance of duties by the directors, supervisors (non-employee supervisors), president and other senior management; reviewing the execution of the remuneration and appraisal system of the president and other member of the senior management; and other matters as authorized by the Board or as stipulated in the Articles of Association.

During the Reporting Period, the Remuneration and Nomination Committee convened four meetings in total, the details of which are as follows:

On March 27, 2020, the first meeting of the Remuneration and Nomination Committee of the fourth session of the Board in 2020 was convened, at which the "Proposal on Performance Appraisal Target of the Leaders of the Company for Three-Year Term (2019-2021)" and the assessment results of the chief risk officer and compliance officer were considered and approved.

On June 17, 2020, the second meeting of the Remuneration and Nomination Committee of the fourth session of the Board in 2020 was convened, at which the "Resolution in Relation to the Employee Stock Ownership Plan (Draft) of 東方證券股份有限公司 and its Abstract", the "Proposal to the General Meeting for Authorization to the Board of Directors to Fully Handle Matters Related to the Employee Stock Ownership Plan of the Company" and the "Proposal on Performance Appraisal Target of the Company and Its Leaders for 2020" were considered and approved.

On September 10, 2020, the third meeting of the Remuneration and Nomination Committee of the fourth session of the Board in 2020 was convened, at which the "Proposal on Appointment of Vice President of the Company" was considered and approved.

On October 29, 2020, the fourth meeting of the Remuneration and Nomination Committee of the fourth session of the Board in 2020 was convened, at which the "Proposal on Election of Independent Non-executive Director of the Company" was considered and approved.

Attendance of the members of the Remuneration and Nomination Committee of the fourth session of the Board during the Reporting Period:

Name	Number of actual attendances/number of attendances as required
Wu Hong (chairman)	0/0
Liu Wei	3/4
Zhou Donghui	3/3
Jin Qinglu	3/4
He Xuan	0/0
Wei Anning	4/4
Chen Bin	1/1
Xu Guoxiang	4/4

4. Audit Committee

The main duties of the Audit Committee include: making recommendations to the Board on the appointment, re-appointment or change of external auditor, approving the remuneration and engagement terms of the external auditor, dealing with any matters in relation to the resignation or dismissal of the external auditor and supervising its accounting activities; reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and the audit committee shall discuss with the external auditor the nature and scope of the audit and the relevant reporting obligations before the audit commences; formulating and implementing polices on engaging an external auditor to provide non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and acting as the representative body between the Company and its external auditor to oversee their relationship; supervising annual auditing work and making judgment on the authenticity, accuracy and completeness of the information set out in the audited financial report and submitting the same to the Board for consideration; supervising the completeness of the Company's financial report, annual reports and accounts, interim reports and quarterly reports and reviewing the major opinions regarding the relevant financial submission as provided in the statements and reports; reviewing and evaluating the Company's financial monitoring and internal control system; supervising and evaluating the Company's internal auditing system and accounting policies and their implementation; discussing the internal control system with the management to ensure that the management has performed its duty to have an effective internal control system in place. This discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; considering the major investigation findings on internal control matters and the management's response to these findings on its own initiative or as delegated by the Board; being responsible for the communication between the internal and external auditor, so as to ensure co-ordination between the internal and external auditor; ensuring that the internal auditor is adequately resourced and has appropriate standing within the Company; and reviewing and monitoring its effectiveness; reviewing the Group's financial and accounting policies and their implementation; reviewing the Audit Results Letter presented by external auditor to the management, as well as any material queries raised by the external auditor to the management in respect of accounting records, financial accounts or monitoring system and the management's response; ensuring that the Board shall respond to the matters raised in the Audit Results Letter presented by external audit agency to the management in a timely manner; and reviewing the following arrangements made by the Company: employees of the Company can raise concerns in confidence about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of the matters and for appropriate follow-up action; being responsible for the control and daily management of the related transactions of the Company; reporting to the Board on the above-mentioned matters; and other matters as stipulated in the Articles of Association or as delegated by the Board.

During the Reporting Period, the Audit Committee convened five meetings in total, the details of which are as follows:

On March 27, 2020, the first meeting of the Audit Committee of the fourth session of the Board in 2020 was convened, at which the "Annual Report of the Company for the Year 2019", the "Special Report Regarding the Company's Deposit and Actual Utilization of Proceeds Raised in 2019", the "Company's 2019 Annual Internal Control Assessment Report", the "Proposal Regarding the Audit of the Related Transactions of the Company in 2019", the "Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2020", the "Proposal Regarding the Engagement of Auditing Firms for the Year 2020", the "Report on the Company's 2019 Annual Audit and Audit Results" and the "Proposal on Confirmation of the Company's List of Related Parties for 2019" were considered and approved. The "2019 Report on Performance of Duties of the Audit Committee of the Board of the Company" and the "2019 Annual Audit Work Report of the Company" were presented at the meeting.

On April 29, 2020, the second meeting of the Audit Committee of the fourth session of the Board in 2020 was convened, at which the "First Quarterly Report of the Company for the Year 2020" was considered and approved.

On August 28, 2020, the third meeting of the Audit Committee of the fourth session of the Board in 2020 was convened, at which the "2020 Interim Report of the Company", the "Proposal on Provision for Impairment of Assets" and the "Proposal on Confirmation of the Company's List of Related Parties in the First Half of 2020" were considered and approved, and the "2020 IFRS Interim Review Summary Report" was presented.

On October 29, 2020, the fourth meeting of the Audit Committee of the fourth session of the Board in 2020 was convened, at which the "Third Quarterly Report of the Company for the Year 2020" was considered and approved.

On December 15, 2020, the fifth meeting of the Audit Committee of the fourth session of the Board in 2020 was convened, at which the "A + H Share Audit Plan of the Company for 2020" and the "2020 Internal Control Evaluation Work Plan of the Company" were considered and approved.

During the Reporting Period, the attendance of members under the Audit Committee of the fourth session of the Board is as follows:

Name	Number of meetings attended/Number of meetings that require attendance
Jin Qinglu (chairman)	5/5
Wu Junhao	5/5
Xu Jianguo	3/5
Feng Xingdong	1/1
He Xuan	1/1
Xu Guoxiang	4/4
Wei Anning	4/4

V. EXPLANATIONS ON DISCOVERY OF THE COMPANY'S RISKS BY THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company had no objections to the matters under supervision.

During the Reporting Period, all Supervisors of the Company lawfully, honestly and diligently fulfilled their duties in compliance with relevant requirements of laws and regulations and the Articles of Association. The Supervisors actively attended the meetings of the Supervisory Committee, conducted effective supervision over the finance, compliance and risk management and gave prompt opinions and suggestions thereon, which promoted the sustainable and healthy development of the Company.

(i) Attendances of Supervisors at the meetings of the Supervisory Committee

During the Reporting Period, the Supervisory Committee of the Company convened a total of 6 meetings with all Supervisors attended in person or by proxy, the details of attendances are set out in the table below:

		Attendance of meetings of the Supervisory Committee					
Name of Supervisors	Position	Required attendance	Attendance in person	Attendance via correspondence	Attendance by proxy	Absence	Voting result
Zhang Qian	Chairman of the Supervisory Committee and shareholder representative Supervisor	6	6	3	0	0	in favour of all proposals
Du Weihua	Vice chairman of the Supervisory Committee and employee representative Supervisor	6	6	3	0	0	in favour of all proposals
Huang Laifang	Shareholder representative Supervisor	6	5	3	1	0	in favour of all proposals
Tong Jie	Shareholder representative Supervisor	6	5	3	1	0	in favour of all proposals
Liu Wenbin	Shareholder representative Supervisor	6	4	3	2	0	in favour of all proposals
Yin Keding	Shareholder representative Supervisor	6	6	3	0	0	in favour of all proposals
Zhou Wenwu	Employee representative Supervisor	6	6	3	0	0	in favour of all proposals
Yao Yuan	Employee representative Supervisor	6	6	3	0	0	in favour of all proposals
Number of meetings of Supervisory Committee convened						6	
Including: Meetings convened on-site						3	
Meetings convened via correspondence						3	

(ii) Meetings of the Supervisory Committee

On February 19, 2020, the 12th meeting of the fourth session of the Supervisory Committee was convened via correspondence, at which the "Proposal on Election of Vice Chairman of the Supervisory Committee of the Company" was considered and approved.

On March 27, 2020, the 13th meeting of the fourth session of the Supervisory Committee was convened on-site, at which the "Work Report of Supervisory Committee of the Company for the Year 2019", the "Company's 2019 Annual Financial Report", the "Profit Distribution Proposal of the Company for the Year 2019", the "Special Report Regarding the Company's Deposit and Actual Utilization of Proceeds Raised in 2019", the "Company's 2019 Annual Compliance Report", the "Company's 2019 Annual Risk Management Work Report", the "2019 Anti-Money Laundering Report of the Company", the "Special Audit Report on the Company's Anti-Money Laundering Work in 2019", the "Company's 2019 Annual Internal Control Assessment Report", the "Report on Assessment of Compliance Management Effectiveness of the Company in 2019", the "Proposal Regarding the Audit of the Related Transactions of the Company in 2019", the "Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2020", the "Proposal Regarding the Expected Provision of Guarantees by the Company in 2020", the "Annual Report of the Company for the Year 2019", the "Evaluation Report on Performance of Duties by Directors of the Company for the Year 2019", the "Evaluation Report on Performance of Duties by Supervisors of the Company for the Year 2019" and the "Evaluation Report on Performance of Duties by Senior Management of the Company for the Year 2019" were considered and approved.

On April 29, 2020, the 14th meeting of the fourth session of the Supervisory Committee was convened via correspondence, at which the "First Quarterly Report of the Company for the Year 2020" was considered and approved.

On June 17, 2020, the 15th meeting of the fourth session of the Supervisory Committee was convened on-site, at which the "Resolution in Relation to the Employee Stock Ownership Plan (Draft) of 東方證券股份有限公司 and its Abstract" was considered and approved.

On August 28, 2020, the 16th meeting of the fourth session of the Supervisory Committee was convened on-site, at which the "2020 Interim Report of the Company", the "Company's 2020 Interim Compliance Report", "the Company's 2020 Interim Risk Management Work Report" and the "Proposal on Provision for Impairment of Assets" were considered and approved, and the "2020 Interim Work Report of the Company's Supervisory Committee" and the "Company's 2020 Interim Financial Work Report" were presented.

On October 29, 2020, the 17th meeting of the fourth session of the Supervisory Committee was convened via correspondence, at which the "Third Quarterly Report of the Company for the Year 2020" and the "Proposal on Amendments to the Rules of Procedure for the Supervisory Committee of the Company" were considered and approved.

VI. EXPLANATIONS ON THE COMPANY'S INABILITY TO ENSURE INDEPENDENCE AND OPERATING INDEPENDENTLY FROM ITS CONTROLLING SHAREHOLDER IN RESPECT OF BUSINESS, STAFF, ASSETS, INSTITUTION AND FINANCE

The Company has no controlling shareholder. As at the end of the Reporting Period, Shenergy Group, the largest shareholder of the Company, held 25.27% of its shares. The Company is completely independent from its shareholders in business, staff, assets, institutions, finance, etc. The Board, the Supervisory Committee and various functional departments all function independently with independent and complete business and self-standing operating capability.

(i) Business independence

Pursuant to the regulations under the Company Law and the Articles of Association, and under independent operations within the scope of business as approved by the CSRC, the Company has obtained relevant permits for operations of securities business, by which it shaped its independent and complete business system with the ability to conduct independent operations. Therefore, its business operation is not controlled or influenced by shareholders or related parties. Instead, the Company is able to participate in market competition independently. There is no activity of any shareholder or any related party in violation of the Company's operational procedures or in interference with the Company's internal management and operational decision-making.

(ii) Staff independence

The Company has set a special human resources management department, with independent and complete labor, personnel and salary administration system. The Company appointed Directors, Supervisors and senior management through statutory procedures. None of its senior management holds any position other than positions of Director or Supervisor at any shareholders or any of its associates or subsidiaries, nor do they hold any positions in any enterprises that have the same or similar business with that of the Company. There is no occasion where the Company's shareholders act beyond their authority as delegated by the general meeting and the Board to appoint Directors, Supervisors or senior management of the Company. Appointment of Directors, Supervisors and senior management strictly complies with the Company Law, the Securities Law and the Articles of Association, and is conducted in lawful procedures. The Company has established a complete labor employment, personnel administration, payroll management and social security system, and all employees have signed labor contracts with the Company according to the laws. The Company has the independent right to sign labor contracts without interference of any shareholders.

(iii) Assets independence

The Company operates independent and complete assets which are necessary to conduct securities business. There is no occasion where any shareholders or related parties occupy the Company's assets or infringe the lawful rights of the Company, other shareholders or clients of the Company. The Company operates and manages its assets according to the laws and has business licenses, properties, operating equipment and trademarks necessary to conduct business.

(iv) Institutional independence

The Company has established a solid corporate governance structure. It operates general meeting, the Board, the Supervisory Committee, management and relevant management departments in sound condition, with all divisions accountable for their own responsibilities. The Company has an independent and complete securities operation and management system to independently conduct business operation, and its structure and operation of organizations comply with the relevant requirements of the CSRC. The existing offices and premises are separate from its shareholders, and there is no mix of corporate structure or direct interference against operation of the Company by any shareholders.

(v) Financial independence

The Company has set up a dedicated financial department, with dedicated financial accounting system and financial management system. The Company makes financial decisions in accordance with decision-making procedures, and there is no occasion where any shareholders or related parties interfere the Company's use of funds. The chief financial officer of the Company is appointed by the Board and works with dedicated financial officers to operate separate accounts at bank. There is no occasion where any shareholders or related parties share any bank accounts with the Company. As an independent tax payer, the Company pays various taxes according to requirements under financial and taxation system.

VII. ESTABLISHMENT AND IMPLEMENTATION OF PERFORMANCE APPRAISAL AND INCENTIVE MECHANISMS FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

During the Reporting Period, adhering to the general idea of "innovation, transformation and development", the senior management of the Company responded to the new trend of development of the industry and led cadres and staff to work hard and improve hand in hand. In addition, the Company further sped up the progress of capital supplement and talents development, completed the establishment of system and mechanism, accelerated the progress of business transformation and strengthened compliance risk tasks, which contributed to the remarkable achievements in the business development and assessment indicators made by the Company. During the Reporting Period, the Company further introduced, cultivated, promoted and utilized young cadres to optimize team structure of cadres. The Company also reviewed the cadres terms of office in order to strictly supervise their duty performance. The enhancement of training and cultivation of cadres also enhanced leadership of mid-to-high level cadres.

The Company has set clear performance objectives for its senior management within their work scope. At the end of each fiscal year, the Company will conduct annual performance evaluation on its senior management.

VIII. WHETHER OR NOT TO DISCLOSE SELF-EVALUATION REPORT ON INTERNAL CONTROL

For details of the Company's assessment report on internal control, please refer to the Assessment Report on Internal Control of Orient Securities Company Limited for the Year 2020 disclosed on the website of the SSE (http://www.sse.com.cn) on March 30, 2021.

During the Reporting Period, there was no material defect in the internal control of the Company.

IX. EXPLANATIONS ON THE AUDIT REPORT ON INTERNAL CONTROL

Deloitte Touche Tohmatsu Certified Public Accountants LLP was engaged by the Company to conduct an audit on the Company's internal control and issued an unqualified audit report on its internal control.

For details of the Company's audit report on internal control, please refer to the Audit Report on Internal Control of Orient Securities Company Limited disclosed on the website of the SSE (http://www.sse.com.cn) on March 30, 2021.

Section IX Corporate Governance

X. RESPONSIBILITY STATEMENT ON INTERNAL CONTROL AND ESTABLISHMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

(i) Board's representation

The Board of the Company is responsible for establishing sound risk control and internal control systems and effectively implementing those systems, assessing their effectiveness and disclosing the assessment report on internal control in a truthful manner in accordance with the requirements under the Enterprise Internal Control Standard System. The Supervisory Committee supervises the establishment and implementation of internal control by the Board. The management is responsible for organizing and leading daily operations of corporate internal control. The Company's Board, Supervisory Committee and its Directors, Supervisors and senior management warrant that the content in this report does not contain any false representations, misleading statements or material omissions, and severally and jointly take legal responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

The objectives of the Company's internal control are to reasonably guarantee the compliance of its operations and management with the laws, assets security, and the truthfulness and completeness of financial reports and relevant information so as to enhance its operational efficiency and results as well as facilitate in realizing its development strategies. Due to the inherent limitations in internal control, only reasonable guarantees can be provided for achieving the above mentioned objectives. In addition, projections on effectiveness of internal control in the future based on internal control appraisal results are subject to the certain risk that internal control may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. The risk management and internal control systems of the Company may only prevent the material misstatement or loss on a reasonable basis instead of an absolute basis, since the target thereof is focusing on management rather than eliminating the risk arising from failure of achieving business target.

(ii) Establishment of risk management and internal control institutions

The Company has established a scientific and efficient internal control structural system. The institution consists of the Board, Supervisory Committee, management, functional management departments and business operations departments, each with its definite scope of work and duties.

The Board shall be responsible for the effectiveness of internal control of the Company. Besides, it has set up special committees, including the Compliance and Risk Management Committee and the Audit Committee, to comprehensively supervise the effective implementation and self-evaluation of internal control. The Chief Compliance Officer is responsible for enforcing the strategies and policies of the compliance management and submitting compliance reports to the Board. The Supervisory Committee of the Company supervises the establishment and implementation of internal control by the Board. The Company's management is responsible for organizing and leading the daily operations of its internal control.

The functional departments for internal control and management mainly include the legal and compliance department, risk management department, audit department, strategic development department, office of discipline inspection, system research and development department, system operation department and human resources management department, which are responsible for the specific implementation of internal control works and assessment on the soundness and effectiveness of each internal control system. Each of the Company's functional departments, branches and subsidiaries serves as the implementation unit for internal control. The Company designates a special person to oversee the improvement and evaluation on the internal control system for his own unit.

(iii) Establishment and improvement of risk management and internal control system

During the Reporting Period, the Company commenced a thorough review and improvement, formulating and revising internal regulations and systems relating to corporate governance, principal businesses and compliance risk management based on the work of last year together with the assessment on internal control of the Company with a view to further refining the internal control system, regulating the business procedures and ensuring that internal control covers the Company's various business links and the whole process of management decision-making, execution and supervision.

The Company has adopted various policies and procedures to assess and improve prudently the effect of the risk management and internal control system of the Group. During the Reporting Period, the Company updated and improved the internal control system according to the new regulations issued by regulatory authorities at different levels and based on the requirements related to culture construction of securities industry and honest practice management, issued over 110 policies or rules in total, of which over 70 are at corporate level and above, and over 40 are at department level. Such policies or rules mainly include the Articles of Association, the Measures for Risk Management of Money Laundering and Terrorist Financing of Orient Securities Company Limited, the Internal Control Management Measures of Orient Securities Company Limited (Revised in 2020), the Basic System of Comprehensive Risk Management of Orient Securities Company Limited (Revised in 2020), the Fixed Assets Management Measures of Orient Securities Company Limited, the Documentation Management Measures of Orient Securities Company Limited and Administrative Seal Management Rules of Orient Securities Company Limited.

(iv) Basis of building internal control over financial reports

The Company has established and improved a sound internal control system over financial reports based on the Basic Norms for Enterprise Internal Control and Corresponding Guidelines for Enterprise Internal Control issued jointly by the Ministry of Finance of the PRC, CSRC, National Audit Office of the PRC, China Banking Regulatory Commission and China Insurance Regulatory Commission, the Guidelines for Internal Control of Securities Companies issued by the CSRC, and Guidelines of SSE for the Internal Control of Listed Companies issued by the SSE.

During the Reporting Period, considering industrial features and actual conditions of the Company, the Company sorted out and improved its financial accounting management system in strict accordance with the Company Law, Accounting Law, Accounting Standards for Business Enterprises, Standardization of Basic Work of Accounting, Financial Rules for Financial Enterprises, Basic Norms for Enterprise Internal Control and other relevant laws and regulations in the PRC. The financial reports prepared by the Company comply with accounting standards, and give a true, accurate and complete view of its financial positions, operating results, cash flow and other relevant information. According to the Articles of Association and relevant provisions, the Company's Supervisory Committee and external auditor effectively inspected and supervised the Company's financial positions and issued professional audit opinions on its financial reports. During the Reporting Period, the sound system of internal control over financial reports of the Company ran well and could ensure the quality of financial reports and high reliability of financial information.

(v) Operations of risk management and internal control system

As of the end of 2020, the Company has established an internal control system which fully covered its departments, branches and subsidiaries. In accordance with the requirements of the Basic Norms for Enterprise Internal Control, the Guidelines for the Evaluation of Enterprise Internal Control, the Guidelines for Internal Control of Securities Companies, the Guidelines of SSE for the Internal Control of Listed Companies, Internal Control Guidelines for Bond Investment and Trading Business of Securities Fund Operating Institutions and Guidelines on Internal Control of Investment Banking Business of Securities Companies and other relevant laws and regulations, the Company comprehensively sorted out the business procedures of its departments, branches and subsidiaries, updated regularly in accordance with external laws and regulations, company systems and business updates, performed risk identification, prepared risk lists, evaluated effectiveness of internal control measures as well as prepared internal control manual. The Company also identified internal control defects, formulated a rectification proposal, pushed all units to make analysis and carry out rectification in relation to internal control defects as well as organized and implemented evaluation works on internal control operation through checking existing policies, systems and risk lists.

(vi) Conclusion of risk management and internal control evaluation

Pursuant to the requirements of the Basic Norms for Enterprise Internal Control, the Guidelines for the Evaluation of Enterprise Internal Control, the Guidelines for Internal Control of Securities Companies and the Guidelines of SSE for the Internal Control of Listed Companies and other relevant laws and regulations, the Company evaluated the effectiveness of the design and implementation of its internal control as at December 31, 2020 and issued the 2020 Evaluation Report on Internal Control. The Compliance and Risk Management Committee of the Board makes analysis and independent assessment on the adequacy and effectiveness of the Group's risk management and internal control system. During the Reporting Period, according to the identification of significant defects in internal control over its financial reports, there were no significant defects in internal control over financial reports as at the base date of internal control evaluation report. The Board considered that the Company had maintained effective internal control over financial reports in all material aspects pursuant to the enterprise internal control standard system and relevant regulations.

According to the identification of significant defects in internal control over its non-financial reports, the Company did not discover any significant defects in internal control over non-financial reports as at the base date of internal control evaluation report.

From the base date of internal control evaluation report to the date of issue of such internal control evaluation report, there were no significant changes in internal control that may have a substantive effect on the conclusion of evaluation.

(vii) Work plan on internal control for 2021 by the Board

In order to guarantee the Company's internal control being appropriate to its operational scale, business scope, competition situation and risk level, based on its own development needs and in accordance with the requirements under the Basic Norms for Enterprise Internal Control and the guidelines thereof, the Company will make continuous adjustment to and improvement in internal control management and further enhance the promotion and training of internal control standards so as to constantly improve the Company's internal control and risk management level in 2021.

XI. ESTABLISHMENT OF THE COMPLIANCE MANAGEMENT SYSTEM OF THE COMPANY

During the Reporting Period, based on the Company's general plan and under the leadership of the chief risk officer and compliance officer, the compliance and legal management department closely followed the guidance and requirements of the Supervisory Proposal issued by the Board and the Supervisory Committee, successfully carries out various compliance management works, and maintained effective operations of its compliance management system. The Company had no major violations of the laws and regulations and was not subject to any administrative or regulatory measures or more severe actions throughout the year. The Company was rated Grade A of Class A by the CSRC, and the 2019 annual anti-money laundering work of the Company was rated BBB by People's Bank of China, Shanghai branch, and ranked first among comprehensive securities firms in Shanghai.

1. Compliance management philosophy of the Company

The compliance management philosophies promoted by the Company mainly include: all employees are accountable to compliance; compliance starts from senior management; compliance creates value; compliance is the cornerstone of the Company.

2. Compliance management principle of the Company

The Company established compliance management mechanism and guaranteed the effectiveness, comprehensiveness, independence and compulsoriness of the compliance management system by virtue of the establishment and implementation of compliance management system and mechanism.

3. Organizational structure and duties of compliance management

To ensure a lawful and compliance corporate operation, and improve its self-discipline capability, as well as realize a continuous, standardized, and stable development, the Company has established a sound compliance management system pursuant to relevant laws and regulations and rules of self-regulation including the Regulations on Administration Supervision of Securities Companies, the Administrative Measures on Compliance of Securities Companies and Securities Investment Fund Management Companies, and the Guideline for the Implementation of the Compliance Management of Securities Companies based on the principle of effectiveness, independence, comprehensiveness and compulsoriness.

Section IX Corporate Governance

In the organizational structure of the Company's compliance management, the responsibilities for compliance management at various levels of the Company are as follows:

The Board shall be accountable to the decision of the objectives of the compliance management of the Company, and take ultimate responsibility for the effectiveness of corporate compliance management, details of which include: considering and approving the Company's basic system of compliance management; considering and approving annual compliance report; deciding the dismissal of the senior management member who assumes the primary or leadership responsibility for substantial compliance risks; deciding the engagement, dismissal, making an appraisal on the duty performance of chief compliance officer and determining his/her remuneration; establishing direct communication mechanism with the chief compliance officer; evaluating the effectiveness of compliance management and urging rectification in relation to compliance management defects; performing other compliance management duties stipulated in the Articles of Association.

To ensure the specialization of compliance management, the Board has established the compliance and risk management committee, whose responsibilities include: considering and advising on the general objectives of compliance management and risk management, considering and advising on basic policies; considering and advising on the establishment of compliance management and risk management institutions and determining respective duties thereof; evaluating and advising on solutions of material decision-making risks and material risks required to be considered by the Board; considering and advising on compliance reports and risk assessment reports required to be considered by the Board; performing other duties determined by the Board and stipulated in the listing rules or regulatory rules of the place where the shares of the Company are listed.

The Supervisory Committee takes the supervisory responsibilities for the effectiveness of Company's compliance management, whose duties include: supervising the duty performance of compliance management by Directors and senior management; proposing the dismissal of the Directors and senior management who assume the primary or leadership responsibility for the occurrence of major compliance risks; performing other compliance management duties as stipulated in the Articles of Association.

The senior management of the Company is responsible for fulfilling the compliance management objectives, establishing and optimizing compliance management mechanism and carrying out compliance management tasks in daily operations, whose duties include: establishing and improving the organizational structure of compliance management, observing compliance management procedures, employing adequate and appropriate compliance managers, and providing sufficient human resources, material resources, financial resources and technical support and guarantee for their performance of duties; organizing the drafting, formulating and thoroughly enforcing the internal rules and procedures and supervising the implementation thereof; proactively promoting the concept of compliance operation, actively cultivating the compliance culture of the Company, earnestly performing the compliance management duties and proactively implementing the compliance management requirements in the ordinary course of business; attaching great importance to the effectiveness of compliance management of the Company and requiring its departments, branches, subsidiaries and staff to make timely improvement in the event of problems; urging and reminding other senior management officers, the person-in-charge of each department, branch and subsidiary of the Company to earnestly perform the compliance management duties and implement the compliance management requirements; supporting the work of chief compliance officer, compliance and legal management department and compliance management personnel in each department, branch and subsidiary and urging each department, branch and subsidiary to provide effective guarantee for the performance of duties for compliance management personnel; supporting each department, branch and subsidiary and its compliance management personnel to report the compliance risk matters to the Company and the compliance and legal management department in accordance with the rules of the Company; supporting the chief compliance officer and the compliance and legal management department to report the compliance risk matters to the Board and regulators in accordance with regulatory requirements and the rules of the Company; sufficiently soliciting and paying full attention to the compliance opinion from the chief compliance officer, the compliance and legal management department and compliance management personnel in each department, branch and subsidiary in the course of decision-making within the scope of their responsibilities; urging each department, branch and subsidiary of the Company to carry out self-investigation or support the investigation conducted by the Company in relation to the compliance risk matters as well as to implement compliance accountability in strict accordance with the requirements of the Company and impose rectification measures, performing other compliance management duties as stipulated in the Articles of Association or determined by the Board.

The person-in-charge of each department, branch and subsidiary of the Company shall be responsible for carrying out the compliance management objectives and shall strengthen the supervisory management for practice conduct of its staff, and bear the leading responsibilities for compliance operation in such unit, whose duties include: organizing implementation of the internal rules and procedures, drafting up and formulating the rules in relation to the duties of the unit and supervising the implementation thereof; establishing and improving the unit's compliance management rules and mechanism, and embedding compliance requirements of all business activities in business management rules and operating procedures; actively advocating the concept of compliance operation in the unit and actively cultivating the company's compliance culture; actively assisting in the work of the chief compliance officer and the compliance and legal department, and diligently soliciting and implementing the compliance management opinions of the chief compliance officer and the compliance and legal management department; assigning qualified compliance managers to the unit, and avoiding the distribution of work in conflict with the performance of compliance functions; supporting the work of compliance managers of the unit, providing performance guarantee for compliance managers of the unit, including but not limited to participating in the unit's important meetings, consulting the unit's various types of business and management documents, and fully respecting their rights to offer professional compliance opinions in an independent manner; sufficiently demonstrating the compliance with laws and regulations of the business before conducting the business, sufficiently soliciting the compliance examination opinion of compliance managers of the unit, effectively assessing the compliance risks of the business, and actively avoiding the implementation of any business with compliance risks; reporting to the Company, proposing rectification measures and supervising the implementation thereof in accordance with the Company's rules in a timely manner when issue in relation to compliance risks relevant to the businesses of the unit are identified.

All staff of the Company shall comply with the laws, regulations and rules relating to their practice conduct, actively identify and control compliance risks in their practice conduct, as well as directly assume direct responsibilities for the compliance of all businesses and practice conduct within the scope of operational activities and shall perform the following compliance management duties: proactively acquiring knowledge, keeping abreast of and complying with relevant laws, regulations and rules; actively attending compliance training and compliance promoting activities arranged by the Company; signing the documents of compliance commitments and keeping the commitments thereof according to the Company's requirements; paying sufficient attention to compliance of practice conduct in the course of the practice; actively identifying and preventing business compliance risks during the course of business; actively reporting to the Company in a timely manner in accordance with the requirements of the Company when illegal actions or compliance risks are identified; actively cooperating with investigation commenced by the Company, accepting accountability and implementing rectification measures when compliance risks issues are identified.

To guarantee the effective implementation of compliance management, the Company has set up a position of chief compliance officer who is a member of senior management and in charge of Company's compliance issues and is directly accountable to the Board. The chief compliance officer shall examine, supervise and inspect the compliance concerning the operation, management and practice conduct of the Company and its staff.

To ensure the independence of chief compliance officer, the Company has provided that the chief compliance officer shall not concurrently take charge of the business department and branches with business functions and shall not be in charge of the business department and branches with business functions as well as shall not concurrently take charge of business operations in subsidiaries of which the duties are in conflict with that of the compliance management. The main duties of chief compliance officer include: (i) organizing the formulation of the fundamental system for compliance management and other compliance management systems, supervising the implementation of such systems by all subordinate entities; promptly making recommendations to the Board or senior management and monitoring the relevant departments to evaluate the impact on compliance management, making corresponding amendments and improvements to relevant systems and workflows where there are changes in any external laws, regulation and rules. (ii) proceeding with the compliance examination concerning the internal rules and procedures, material decision making, new products and new business schemes of the Company and presenting the opinion of the compliance examination in writing; conducting a compliance review on application documents or reports submitted by the Company at the request of the CSRC and its agencies or self-regulatory organization and signing the relevant documents of the opinion of the compliance examination; other relevant members of senior management shall be responsible for the truthfulness, accuracy and completeness of the basic facts and business data set out in application documents or reports; and in the event that the Company does not accept the compliance review opinion of the chief compliance officer, relevant matters shall be submitted to the Board for decision-making. (iii) conducting supervision concerning the compliance of operation, management and practice conduct of the Company and its personnel, proceeding with regular and irregular inspection according to the requirements of the CSRC and its agencies or self-regulatory organization. (iv) assisting the Board and the senior management members in establishing and implementing the information firewall, conflict of interest management and anti-money laundering policy. (v) providing compliance consultation for the senior management members and each subordinate entity of the Company. (vi) organizing compliance training for the senior management members, each subordinate entity and staff of the Company. (vii) guiding and supervising the Company and relevant departments to deal with the complaints and reports on the conduct of the Company and the personnel of the Company violating the laws and regulations. (viii) reporting to the Board and the chief operating officer on the compliance issue about operating management of the Company and the progress of implementation of compliance management works pursuant to the rules of the Company; reporting promptly to both the Board and chief operating officer upon discovery of the conduct of the Company violating the laws and regulations or of hidden risks of compliance pursuant to the requirement set out in the Articles of Association, proposing opinion to handle such conduct or hidden risks and supervising the rectification; supervising the Company to promptly report to relevant agencies of the CSRC; in the event that the Company fails to report in time, directly reporting to relevant agencies of the CSRC; in the case of involving violation of the normative and self-regulatory rules of the industry, reporting to the relevant self-regulatory organizations. (ix) handling matters subject to investigation as required by the CSRC, its agencies and self-regulatory organization in a timely manner, cooperating with the CSRC, its agencies and self-regulatory organization in respect of the inspection and investigation carried out on the Company, as well as supervising and evaluating the implementation of regulatory opinions and regulatory requirements. (x) maintaining record for inspection of the documents and information in relation to the duties performed, such as the issue of compliance examination opinion, provision of compliance consultancy advice, the execution of Company's documents, and the original copy of compliance examination, and to record the details of performance of duties. (xi) performing other duties which are not contrary to the compliance management duties.

The Company also established a compliance department, the compliance and legal management department, to assist chief compliance officer to perform his duties. Compliance and legal management department is a functional department to coordinate with the chief compliance officer to perform compliance management duties and is responsible for the Company's compliance management and legal management. The person in charge of the compliance and legal management department shall be nominated by the chief compliance officer. Compliance and legal management department, accountable to the chief compliance officer, shall perform duties of compliance and management in accordance with the Company's requirements and the chief compliance officer's arrangement. Compliance and legal management department shall not assume other duties relating to business, finance and information technology that conflicts with that of compliance management.

A full-time or part-time compliance and risk officer is also deployed in each of the Company's departments and branches. Such officer is responsible for formulating and refining internal control procedures of the unit, carrying out compliance review of every business activity of the department, completing compliance management tasks and providing assistance to the compliance and legal management department and incorporating compliance management to the whole process of operation, management and employees' practice conduct. The position of compliance and risk officer is held by the personnel with certain levels or above in the unit and with proven capabilities to perform his duties.

The audit department incorporates the effectiveness of compliance management into the scope of internal audit, conducts independent audit and review of compliance management of the Company and each of its departments, branches, wholly-owned and controlling subsidiaries, advising on reasonable auditing opinion to enhance compliance management levels of the Company. Relevant accountability units shall implement rectification measures in a timely manner when issues relating to internal auditing are discovered. The Company shall incorporate auditing results into the scope of assessment and accountability, implement rules of accountability regarding certain consequences as a results of material breach or ineffective rectification made by a unit or an individual.

4. The Company's compliance management system

Pursuant to the provisions under the Regulations on Administration Supervision of Securities Companies and the Administrative Measures on Compliance of Securities Companies and Securities Investment Fund Management Companies promulgated by the CSRC and the Guideline for the Implementation of the Compliance Management of Securities Companies promulgated by the Securities Association of China and other laws and regulations and rules of self-regulation, the Company sets requirements on the duties of compliance management, performance guarantees and operating mechanism at each level based on the actual situation of the Company.

In 2020, the Company made amendments to its policies and rules to align with the new Securities Law and its ancillary documents and other latest regulatory requirements. According to the new requirements and changes of the Securities Law and its ancillary documents and based on the requirements of construction of industry culture, the compliance department organized 25 departments of the Company to align their rules with the latest requirements by thoroughly reviewing their respective rules and procedures and making relevant amendments and additions to such rules in a timely manner. After review, all departments identified a total of 661 rules that require update, including 145 rules proposed to be amended, 54 rules proposed to be abolished and 24 rules proposed to be added, and specific improvement plans were made.

In addition, the Company integrated various requirements on compliance management into various business procedures in formulating a variety of systems. According to the relevant requirements, the Company's formulation of or amendment to various systems shall be subject to the approval by the compliance department, which guarantees the normalization of such systems. In 2020, the Company conducted compliance and legal review on 162 newly-established or revised systems at the level of the Company and department and completed the documentation of 109 systems, positioning such systems to advance with the times.

5. Compliance report system

The Company has established a sound and effective compliance report system and developed a smooth channel for communication of compliance information among branches, subsidiaries, business departments, compliance and legal management department, the operational management and the Board, thereby ensuring timely, accurate and complete transmission and feedback of relevant information.

All departments, branches and subsidiaries report to the compliance officer and the compliance and legal management department on the legal compliance of their respective operation and management and the implementation of compliance management works in accordance with the Company's requirements. According to the Company's requirements, the compliance officer reports to the Board and the principal person in charge of operational management on the legal compliance of the Company's operation and management and the implementation of compliance management; and reports on relevant matters in a timely manner in accordance with the requirements of the CSRC and its branches and self-regulatory organizations. The chief compliance officer shall report promptly to the Board, the Supervisory Committee, management, regulators and industrial self-regulatory organizations upon discovery of the violation of laws and regulations by the Company or potential compliance risks according to the relevant requirements.

The Company's basic compliance management system provides the compliance reporting methods for various levels of the Company. Currently, the Company has established a whole set of report systems including daily reports, monthly reports, annual reports, interim reports and special reports, which mainly include:

In respect of annual reports and interim reports, the Company shall submit its annual compliance reports of the preceding year to the regulators together with its annual report according to the relevant requirements. Annual compliance reports shall be written in forms and merits as required, and subject to the consideration and approval by the Board and signed by the Directors with their opinions. Meanwhile, compliance reports shall also be submitted to the Supervisory Committee of the Company for the purpose of enabling the Supervisors of the Company to be better informed of the implementation of compliance management of the Company. For interim reports, the Company shall prepare interim compliance reports after the end of half year and submit such reports to the Board and the Supervisory Committee of the Company for consideration and approval.

In respect of monthly reports, each business segment of the compliance department shall prepare a report on monitoring of compliance and risk management on a month basis and submit it to chief compliance officer, department under monitoring and the department head. The compliance department also reports to the key leaders of the Company the implementation of monthly risk matters and compliance and risk management by comprehensive monthly reports on compliance management. Compliance and risk officers of various departments have also established a monthly report system on compliance and risk management.

In respect of daily reports, each business segment of the compliance department has prepared daily working report, which records various thresholds and key compliance points on a daily basis. Compliance and risk officers of relevant business departments have also established a daily report system accordingly.

For some particular matters, the Company reports them in a timely manner in the form of interim reports and special reports.

XII. CHECK AND AUDIT BY THE COMPLIANCE AND AUDIT DEPARTMENT OF THE COMPANY

During the Reporting Period, the audit department of the Company closely focused on the Company's strategic planning, adhered to risk orientation, strictly ensured the audit quality, explored the depth of audit inspection, strengthened collaborative interaction, rectification and implementation, and worked hard to enhance the value of audit work.

During the Reporting Period, the Company's audit department completed 177 auditing projects in total, including 11 regular headquarter-level audit projects in aspects of business and management, six regular subsidiary-level audit projects, 73 regular operating branch-level audit projects; 32 resignation audit projects; 52 audit projects concerning the term of office and the economic liability of leaders members; and three special audit projects. Meanwhile, the audit department led in arranging and completing the Company's annual internal control appraisal, assessment on effectiveness of compliance management, assessment on comprehensive risk management and assessment on risk of money laundering.

During the Reporting Period, the Company's audit department carried out internal audits in strict accordance with the standard procedures and requirements. While realizing the full coverage of audits, it highlighted the audit focus and paid attention to the authenticity, legality and effectiveness of the Company's main departments, subsidiaries and branches' business activities and internal control, continued to follow up and supervised the implementation of the problems found in the audit work, strengthened the summary, analysis and application of the audit inspection results, so as to find, reveal and remind the risk-prone, and has played a positive role in promoting the Company's operating and management level, solidifying the compliance foundation, improving internal control, and achieving comprehensive risk management.

XIII. OTHERS

(i) Company secretaries

As of the end of the Reporting Period, Mr. Wang Rufu and Ms. Leung Wing Han Sharon are the Company's joint company secretaries. Ms. Leung Wing Han Sharon is currently the vice president of SWCS Corporate Services Group (Hong Kong) Limited. The Company's main contact person with Ms. Leung Wing Han Sharon is Mr. Wang Rufu, the joint company secretary of the Company. During the Reporting Period, Mr. Wang Rufu and Ms. Leung Wing Han Sharon both received no less than fifteen hours of relevant professional trainings as required by the Rule 3.29 of the Hong Kong Listing Rules.

(ii) Compliance with code for securities transactions

The Company has adopted the Model Code as the code for all Directors and Supervisors to conduct the Company's securities transactions. Upon specific enquiry, all Directors and Supervisor confirmed that they had strictly observed standards as specified in the Model Code during the Reporting Period. The Company has also set guidelines, at least as strict as the Model Code, on the Company's securities transactions for relevant employees (as defined under the Hong Kong Listing Rules). The Company has not found any relevant employees violating the said guidelines.

The Board will, from time to time, examine the corporate governance and operation of the Company to comply with the relevant provisions of the Hong Kong Listing Rules and protect the interests of shareholders.

(iii) Internal control

For details of the Company's audit report on internal control, please refer to the 2020 Annual Audit Report on Internal Control of Orient Securities Company Limited disclosed on the website of the SSE (http://www.sse.com.cn) by the Company on March 30, 2021.

(iv) Directors' and auditor's responsibilities for accounts

The Board has acknowledged its responsibility for preparing the annual report of the Group for the year ended December 31, 2020.

The Board is responsible for presenting a clear and definite assessment in respect of annual reports and interim reports, price-sensitive information and other disclosures as required by the Hong Kong Listing Rules and other regulatory requirements. The management provided the Board with relevant necessary explanations and information so that the Board could make an informed assessment of the financial information and positions of the Group and submitted to the Board for consideration and approval.

There are no any material uncertainties or situations that may cause material doubt as to the Company's capability of sustainable operation. In addition, the Company has arranged appropriate insurance coverage for potential legal actions and liabilities against the Directors, Supervisors and senior management.

(v) Communications with shareholders

The general meeting is the supreme authority of the Company, and all shareholders exercise their powers through such meeting. The Company convened and held the general meetings in strict compliance with relevant requirements, and ensured that all shareholders, especially minority shareholders, enjoy equal status and fully exercise of their rights. In accordance with the Articles of Association, the Company carried out the operations in an orderly manner and maintained healthy and stable development, thus effectively protecting the interests of the Company and its shareholders.

The Company attaches great importance to the opinions and suggestions from its shareholders, carries out a variety of investor relation events in a positive, active and standardized manner to maintain communications with shareholders and promptly meet their reasonable demands. Meanwhile, the Company releases its announcements, financial data and other relevant data on its website (http://www.dfzq.com.cn), which serves as a channel facilitating effective communication with the shareholders. The shareholders may make enquiries through emails, hotlines and directly sending their letters to the Company's office address. The Company will handle such enquiries in a timely and proper manner.

The Board welcomes suggestions from the shareholders and encourages them to attend the general meetings to directly express any concerns to the Board or the management. Usually, the chairman of the Board, the chairmen of respective committees and the management would attend annual general meetings and other general meetings to answer questions put forward by shareholders.

Shareholders may convene a general meeting and make proposals at the general meeting in accordance with the procedures provided in the Articles of Association, which has been published on the websites of the SSE (http://www.sse.com.cn), the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dfzq.com.cn).

The Board will be arranged to attend the Company's 2020 annual general meeting to answer shareholders' enquiries.

Detailed procedures relating to voting and the resolutions to be voted by way of poll will be published on the websites of the SSE (for A Shares) or contained in the circular to be dispatched to shareholders (for H Shares).

(vi) Investors relationship activities

A standardized and professional investors relationship management is not only a listed company's obligation, but also an effective means to build a brand image and reflect corporate values. The Company attaches great importance to investors relationship management and regards the maintenance and management of investors relationship as an important step for the Company to implement capital strategy in the years to come. The Company continuously optimized a long-term effective mechanism for our investors relationship management, established IR system, work system, workflow and built various platforms, including hotlines set up specially for investors, E-mail, Company's website, WeChat official account of "Orient Securities Investor Relation Platform", teleconferences, on-site reception, online interaction, meeting-and-greeting of investors, performance press conferences, road shows, E-interactive platform launched by the SSE, thereby strengthening communication with investors.

In 2020, the Company received 11 on-site and online researches and investigations from institutions and analysts, attended 17 investor activities including exchange sessions with the Association for Public Companies or securities firms, arranged three online performance press conferences, answered the investor hotline and addressed questions from investors, patiently answered 75 questions from various investors through "SSE E-Information" platform, hosted interactive question and answered sessions with investors, and published 46 articles related to the Company's operation on the WeChat official account of "Orient Securities Investor Relation Platform", thereby increasing recognition by investors and facilitating synergies between investors and the Company through multiple channels. During the Reporting Period, the Company won the "Best Investor Relations Company Award" in the "11th Tianma Awards for Investor Relations of Chinese Listed Companies" organized by Securities Times with China Securities Investor Services Center as the advisor.

(vii) Amendments to the Articles of Association

Details of changes to the Articles of Association of the Company during the Reporting Period are as follows:

Upon consideration and approval at the Company's 2017 and 2018 annual general meetings, the Company made certain amendments to certain articles of the Company's Articles of Association in accordance with the Regulations on Management of Alternative Investment Subsidiaries of Securities Companies, the Regulations on Management of Private Equity Fund Subsidiaries of Securities Companies, the newly amended Company Law, the Code of Corporate Governance for Listed Companies and other regulatory requirements and based on the actual needs of operation and management of the Company, in which certain major articles were approved by the Shanghai Bureau of the CSRC on May 8, 2020. For details, please refer to the announcements of the Company dated March 28, 2019, May 28, 2019 and May 8, 2020 as well as the circular dated April 30, 2019.

Upon consideration and approval at the Company's 2019 annual general meeting, the Company made certain amendments to certain articles of the Company's Articles of Association in accordance with the Regulations on Equity Management of Securities Companies newly promulgated in 2019, the newly amended Guidelines on Articles of Association of Listed Companies and the Official Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies and other regulations, and based on the actual conditions of the Company and the requirements of the regulatory authorities. For details, please refer to the announcements of the Company dated March 27, 2020 and May 15, 2020 as well as the circular dated April 24, 2020.

Upon consideration and approval at the Company's 2020 second extraordinary general meeting, the Company made certain amendments to certain articles of the Company's Articles of Association in accordance with the Securities Law of the People's Republic of China which became effective on March 1, 2020, the CSRC's Announcement on the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies and Other Matters (CSRC Announcement [2020] No. 18) and other regulations, and based on the actual conditions of operation and management of the Company. For details, please refer to the announcements of the Company dated October 29, 2020 and December 8, 2020 as well as the circular dated November 12, 2020.

Section X Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue
2017 Corporate Bonds non-publicly issued by DFZQ (first tranche) (Type 2)	17 Orient Securities 02	145577	June 9, 2017	June 9, 2022	10	5.50	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2017 Corporate Bonds publicly issued by DFZQ	17 Orient Bonds	143233	August 3, 2017	August 3, 2027	40	4.98	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2019 Corporate Bonds publicly issued by DFZQ (first tranche)	19 Orient Bonds	163024	November 25, 2019	November 25, 2022	49	3.50	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds non-publicly issued by DFZQ (first tranche) (Type 1)	20 Orient Securities 01	166372	March 24, 2020	March 24, 2021	20	2.70	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds non-publicly issued by DFZQ (first tranche) (Type 2)	20 Orient Securities 02	166373	March 24, 2020	March 24, 2022	30	2.95	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds non-publicly issued by DFZQ (second tranche)	20 Orient Securities 03	167010	June 18, 2020	June 18, 2023	40	3.45	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)	20 Orient Bonds 01	163927	August 19, 2020	August 19, 2023	40	3.50	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)	20 Orient Bonds 02	175182	September 28, 2020	September 28, 2023	35	3.75	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2020 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)	20 Orient Bonds 03	175350	November 4, 2020	November 4, 2023	35	3.65	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE

Interest payment and repayment of corporate bonds

During the Reporting Period, the Company fully paid the interest of corporate bonds on time in accordance with the covenants in the prospectus.

On June 9, 2020, the Company repaid the principal and interest of and delisted 2017 Corporate Bonds non-publicly issued by DFZQ (first tranche) Type 1.

On November 26, 2020, the Company repaid the principal and interest of and delisted 2015 Corporate Bonds publicly issued by DFZQ.

Section X Corporate Bonds

Other information on corporate bonds

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Maturity date	Bonds balance	Interest rate (%)	Repayment of principal and interest	Trading venue
2016 Subordinated Bonds issued by DFZQ (first tranche)	16 Orient Securities Subordinated Bonds	145159	November 14, 2016	November 14, 2021	40	3.45	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2017 Subordinated Bonds issued by DFZQ (first tranche) (Type 2)	17 Orient Securities Subordinated Bonds 02	145514	April 26, 2017	April 26, 2022	15	5.10	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2017 Subordinated Bonds issued by DFZQ (second tranche) (Type 2)	17 Orient Securities Subordinated Bonds 04	145554	May 15, 2017	May 15, 2022	15	5.35	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2019 Subordinated Bonds non-publicly issued by DFZQ (first tranche)	19 Orient Securities Subordinated Bonds 01	151278	March 19, 2019	March 19, 2022	60	4.20	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
2019 Subordinated Bonds non-publicly issued by DFZQ (second tranche)	19 Orient Securities Subordinated Bonds 02	151683	June 14, 2019	June 14, 2022	40	4.20	Interest payable annually and principal to be repaid upon maturity in one lump sum	SSE
Financial bonds	Orient Securities FRN B2022	5645	August 20, 2019	August 20, 2022	US$0.3 billion	6M LIBOR+1.25	Interest payable semi-annually and principal to be repaid upon maturity in one lump sum	Hong Kong Stock Exchange
Financial bonds	Orient Securities 0.625% B2022	5646	August 20, 2019	August 20, 2022	€0.2 billion	0.625	Interest payable annually and principal to be repaid upon maturity in one lump sum	Hong Kong Stock Exchange
Financial bonds	Orient Securities 2.9% N2022	PFNB	September 27, 2019	September 27, 2022	S$0.2 billion	2.90	Interest payable semi-annually and principal to be repaid upon maturity in one lump sum	Singapore Exchange, Hong Kong Stock Exchange
2020 Perpetual Subordinated Bonds publicly issued by DFZQ (first tranche)	20 Orient Securities Y1	175032	August 26, 2020	-	50	4.75	Interest accrued and payable annually	SSE

Section X Corporate Bonds

During the Reporting Period, the Company fully paid the interest of subordinated bonds and overseas bonds on time in accordance with the covenants in the prospectus.

On April 27, 2020, the Company repaid the principal and interest of and delisted 2017 Subordinated Bonds issued by DFZQ (first tranche) (Type 1).

On May 15, 2020, the Company repaid the principal and interest of and delisted 2017 Subordinated Bonds issued by DFZQ (second tranche) (Type 1).

On July 12, 2020, the Company repaid the principal and interest of and delisted 2018 Subordinated Bonds non-publicly issued by DFZQ (first tranche)

II. CONTACT PERSON AND CONTACT METHOD OF THE CORPORATE BONDS TRUSTEE MANAGER AND CONTACT METHOD OF CREDIT RATING AGENCY

Bonds trustee manager	Name	Everbright Securities Company Limited
	Office address	No. 1508 Xinzha Road, Jingan District, Shanghai, the PRC
	Contact person	Zhou Ping
	Tel	86-021-22169999
Bonds trustee manager	Name	Dongguan Securities Limited (東莞證券股份有限公司)
	Office address	25/F, Pudong Kerry City Office Building, No. 1155, Fangdian Road, Pudong New District, Shanghai, the PRC
	Contact person	Zhao Yizhi
	Tel	86-021-50155120
Credit rating agency	Name	China Chengxin International Credit Rating Co., Ltd.
	Office address	Building 6, Yinhe SOHO, No.2 Nanzhugan Hutong, Chaoyangmennei Street, Dongcheng District, Beijing, the PRC

Other explanations:

Everbright Securities Company Limited was the bonds trustee manager for the Company's 2015 corporate bonds, and Dongguan Securities Limited was the bonds trustee manager for the Company's 2017 non-publicly issued corporate bonds, 2017 publicly issued corporate bonds, 2018 non-publicly issued corporate bonds, 2019 publicly issued corporate bonds, 2020 non-publicly issued corporate bonds and 2020 publicly issued corporate bonds (for professional investors).

Section X Corporate Bonds

III. USE OF PROCEEDS FROM CORPORATE BONDS

(i) 15 Orient Securities Bonds

The Company publicly issued the 5-year corporate bonds with the issuance size of RMB12 billion on November 26, 2015. Pursuant to the relevant contents in the prospectus of such bonds, the Company fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital so as to expand its business scale and improve its market competitiveness and anti-risk capability.

The proceeds from such bonds had been transferred to the designated proceeds account specified by the Company in the prospectus, and were used for replenishing the Company's working capital, which was in line with the purposes and other covenants undertaken in the prospectus. Deloitte Touche Tohmatsu Certified Public Accountants issued a capital verification report (De Shi Bao (Yan) Zi (15) No. 1759) in respect of receipt of the proceeds.

(ii) 17 Orient Securities 01, 17 Orient Securities 02

On June 9, 2017, the Company non-publicly issued RMB5 billion corporate bonds. "17 Orient Securities 01" was with a term of three years and issue size of RMB4 billion, and "17 Orient Securities 02" was with a term of five years and issue size of RMB1 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure so as to expand its business scale and improve its market competitiveness and anti-risk capability.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(iii) 17 Orient Bonds

On August 3, 2017, the Company publicly issued corporate bonds with a term of ten years and issue size of RMB4 billion. Pursuant to the relevant contents in the prospectus of such bonds, the Company fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure so as to expand its business scale and improve its market competitiveness and anti-risk capability.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(iv) 19 Orient Bonds

On November 25, 2019, the Company publicly issued corporate bonds with a term of three years and issue size of RMB4.9 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(v) 20 Orient Securities 01, 20 Orient Securities 02

On March 24, 2020, the Company non-publicly issued RMB5 billion corporate bonds. "20 Orient Securities 01" was with a term of one year and issue size of RMB2 billion, and "20 Orient Securities 02" was with a term of two years and issue size of RMB3 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for repaying due or repurchased debt financing instruments and optimizing the debt structure of the Company.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(vi) 20 Orient Securities 03

On June 18, 2020, the Company non-publicly issued corporate bonds with a term of three years and issue size of RMB4 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for repaying due or repurchased debt financing instruments and optimizing the debt structure of the Company.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(vii) 20 Orient Bonds 01

On August 19, 2020, the Company publicly issued corporate bonds with a term of three years and issue size of RMB4 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(viii) 20 Orient Bonds 02

On September 28, 2020, the Company publicly issued corporate bonds with a term of three years and issue size of RMB3.5 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

(ix) 20 Orient Bonds 03

On November 4, 2020, the Company publicly issued corporate bonds with a term of three years and issue size of RMB3.5 billion. Pursuant to the relevant contents in the prospectus of such bonds, the issuer fully used the net proceeds (after deduction of expenses related to the issuance) for replenishing its working capital, satisfying the needs of its business operations and adjusting its debt structure.

The Company used the capital strictly according to the relevant laws and regulations and the purposes disclosed in the prospectus.

IV. RATING OF CORPORATE BONDS

During the Reporting Period, China Chengxin Securities Rating Co., Ltd. conducted follow-up ratings on the creditworthiness of the Company's issued corporate bonds "15 Orient Securities Bonds", "17 Orient Bonds" and "19 Orient Bonds" and issued the Follow-up Rating Report of Orient Securities Company Limited (2020) (Xin Ping Wei Han Zi [2020] Gen Zong No. 0337), pursuant to which the creditworthiness ratings of the corporate bonds "15 Orient Securities Bonds", "17 Orient Bonds" and "19 Orient Bonds" were rated as AAA, the creditworthiness rating of the issuer of such bonds was also rated as AAA and the rating outlook maintained stable.

During the Reporting Period, China Chengxin Securities Rating Co., Ltd. conducted ratings on the creditworthiness of the corporate bonds for professional investors (first tranche) "20 Orient Bonds 01" publicly issued by the Company in 2020 and issued the Rating Report on the 2020 Publicly Issued Corporate Bonds (for Professional Investors) (First Tranche) of Orient Securities Company Limited (2020) (Xin Ping Wei Han Zi [2020] No. 1561D), pursuant to which the "20 Orient Bonds 01" was rated as AAA, the creditworthiness rating of the issuer of such bonds was also rated as AAA and the rating outlook maintained stable.

Section X Corporate Bonds

During the Reporting Period, China Chengxin Securities Rating Co., Ltd. conducted ratings on the creditworthiness of the corporate bonds for professional investors (second tranche) "20 Orient Bonds 02" publicly issued by the Company in 2020 and issued the Rating Report on the 2020 Publicly Issued Corporate Bonds (for Professional Investors) (Second Tranche) of Orient Securities Company Limited (2020) (Xin Ping Wei Han Zi [2020] No. 3582D), pursuant to which the "20 Orient Bonds 02" was rated as AAA, the creditworthiness rating of the issuer of such bonds was also rated as AAA and the rating outlook maintained stable.

During the Reporting Period, China Chengxin Securities Rating Co., Ltd. conducted ratings on the creditworthiness of the corporate bonds for professional investors (third tranche) "20 Orient Bonds 03" publicly issued by the Company in 2020 and issued the Rating Report on the 2020 Publicly Issued Corporate Bonds (for Professional Investors) (Third Tranche) of Orient Securities Company Limited (2020) (Xin Ping Wei Han Zi [2020] No. 4117D), pursuant to which the "20 Orient Bonds 03" was rated as AAA, the creditworthiness rating of the issuer of such bonds was also rated as AAA and the rating outlook maintained stable.

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

During the Reporting Period, there was no credit enhancement mechanism.

Repayment plan and other relevant information

(i) Payment of interest

1. The interest shall be payable annually within the effective period, and the last tranche of interest shall be paid together with the repayment of the principal. The interest of "20 Orient Bonds 03" shall be paid on November 4 each year commencing from 2021 to 2023, the interest of "20 Orient Bonds 02" shall be paid on September 28 each year commencing from 2021 to 2023, the interest of "20 Orient Bonds 01" shall be paid on August 19 each year commencing from 2021 to 2023, the interest of "20 Orient Securities 03" shall be paid on June 18 each year commencing from 2021 to 2023, the interest of "20 Orient Securities 02" shall be paid on March 24 each year commencing from 2021 to 2022, the interest of "20 Orient Securities 01" shall be paid on March 24, 2021, the interest of "19 Orient Bonds" shall be paid on November 25 each year commencing from 2020 to 2022, the interest of "17 Orient Bonds" shall be paid on August 3 each year commencing from 2018 to 2027, the interest of "17 Orient Securities 02" shall be paid on June 9 each year commencing from 2018 to 2022, the interest of "17 Orient Securities 01" was paid on June 9 each year commencing from 2018 to 2020, and the interest of "15 Orient Securities Bonds" was paid on November 26 each year commencing from 2016 to 2020 (or the following working day if such date shall fall on a statutory holiday or non-working day, in which case no additional interest will be accrued).

2. The payment of the bonds interest is carried out through the registration authority and other relevant institutions. Details of interest payment will be explained by the issuer in the interest payment announcement published on the media designated by the CSRC in compliance with the relevant state regulations.

3. Pursuant to the national taxation laws and regulations, the tax payable by the investors in relation to the bonds investment shall be borne by the investors.

(ii) Repayment of principal

1. The principal of the bonds will be repaid upon maturity in one lump sum. The principal of "20 Orient Bonds 03" shall be repaid on November 4, 2023, the principal of "20 Orient Bonds 02" shall be repaid on September 28, 2023, the principal of "20 Orient Bonds 01" shall be repaid on August 19, 2023, the principal of "20 Orient Securities 03" shall be repaid on June 18, 2023, the principal of "20 Orient Securities 02" shall be repaid on March 24, 2022, the principal of "20 Orient Securities 01" shall be repaid on March 24, 2021, the principal of "19 Orient Bonds" shall be repaid on November 25, 2022, the principal of "17 Orient Bonds" shall be repaid on August 3, 2027, the principal of "17 Orient Securities 02" shall be repaid on June 9, 2022, the principal of "17 Orient Securities 01" was repaid on June 9, 2020, and the principal of "15 Orient Securities Bonds" was repaid on November 26, 2020 (or the following working day if such date shall fall on a statutory holiday or non-working day, in which case no additional interest will be accrued).

2. The repayment of the bonds principal is carried out through the bonds registration authority and other relevant institutions. Details of principal repayment will be explained by the issuer in the repayment announcement published in the media designated by the CSRC in compliance with the relevant state regulations.

VI. MEETINGS OF CORPORATE BONDHOLDERS

During the Reporting Period, the Company did not convene any meetings of corporate bondholders.

VII. DUTY PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

The issuance of "20 Orient Bonds 03" was completed on November 4, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

Section X Corporate Bonds

The issuance of "20 Orient Bonds 02" was completed on September 28, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "20 Orient Bonds 01" was completed on August 19, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "20 Orient Securities 03" was completed on June 18, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "20 Orient Securities 02" was completed on March 24, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "20 Orient Securities 01" was completed on March 24, 2020. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "19 Orient Bonds" as completed on November 25, 2019. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "17 Orient Bonds" was completed on August 3, 2017. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

Section X Corporate Bonds

The issuance of "17 Orient Securities 01" and "17 Orient Securities 02" was completed on June 9, 2017. Dongguan Securities Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

The issuance of "15 Orient Securities Bonds" was completed on November 26, 2015. Everbright Securities Company Limited, the bonds trustee manager, conducted continuous follow-up and supervision on the fulfillment of obligations under the bonds prospectus by the Company during the effective period of the bonds, and issued the bonds trustee management report for the last year before June 30 each year during the effective period of the bonds.

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

Unit: '000 Currency: RMB

Major indicators	2020	2019	Increase or decrease in the current period as compared with the corresponding period of last year (%)	Reason for change
EBITDA	8,114,161	8,530,806	-4.88	Mainly due to decrease in total profit
Current ratio	1.31	1.31	0.00	
Quick ratio	1.31	1.31	0.00	
Gearing ratio (%) *Note*	73.13	75.75	Decreased by 2.62 percentage points	Mainly due to issuance of perpetual subordinated bonds
EBITDA to total debts ratio	0.05	0.05	0.00	
Interest coverage ratio	1.60	1.56	2.56	Mainly due to decrease in interest expense from the Company's own liabilities
Cash interest coverage ratio	9.96	4.04	146.53	Mainly due to increase in net operating cash inflows
EBITDA interest coverage ratio	1.74	1.67	4.19	Mainly due to decrease in interest expense from the Company's own liabilities
Loan repayment rate (%)	100.00	100.00	0.00	
Interest repayment ratio (%)	100.00	100.00	0.00	

Note: Gearing ratio = (Total liabilities – Accounts payable to brokerage clients – Funds payable to securities issuers)/(Total assets – Accounts payable to brokerage clients – Funds payable to securities issuers)

Section X Corporate Bonds

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

During the Reporting Period, the Company's other debt financing instruments include short-term financing bills, money lent, financial assets sold under repurchase agreements and income receipts of securities company, which were repaid on time without any defaults.

X. BANK FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the Company received aggregate banking facilities of RMB443.3 billion from 111 Banks, in which aggregate facilities of RMB211.2 billion was from state-owned large-scale banks and joint stock commercial banks, and an aggregate facilities of RMB232.1 billion was from city and rural commercial banks. During the Reporting Period, the Company has maintained a good cooperative relationship with all kinds of banks which enables the Company to have a strong short-term and mid-long term financing capability.

XI. PERFORMANCE OF THE RELEVANT UNDERTAKINGS OR COMMITMENTS IN CORPORATE BONDS PROSPECTUS BY THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, The Company strictly implemented the relevant agreements or covenants of the bond prospectus, and the use of proceeds was consistent with those agreed in the prospectus. It strictly fulfilled the information disclosure responsibility and paid the bond interest on time to protect the legitimate rights and interests of investors. During the Reporting Period, there was no default in the interest payment of the Company's issued bonds. The company's operations remained stable with sound profitability, and no risk was found that could lead to failure to pay interest on time in future.

XII. IMPACT OF MATERIAL EVENTS OF THE COMPANY ON OPERATIONS AND SOLVENCY OF THE COMPANY

During the Reporting Period, there were no material events which had an impact on the operations and solvency of the Company.

Section XI Documents Available for Inspection

Documents available for inspection	The full text and summary of the annual report signed by the legal representative and sealed with the corporate seal
Documents available for inspection	The 2020 annual financial report signed and sealed by the legal representative, the accounting chief and person-in-charge of the accounting department (head of the accounting department)
Documents available for inspection	Others

Chairman of the Board: Jin Wenzhong
Date of approval by the Board: March 30, 2021

Section XII Information Disclosures of Securities Company

I. RELEVANT INFORMATION ON MATERIAL ADMINISTRATIVE LICENSES OF THE COMPANY

No.	Issued by	Title of document	Number of document	Issuing date
1	State Administration of Foreign Exchange	Approval Regarding the Operation Qualification of Settlement and Sale of Foreign Exchange Business of 東方證券股份有限公司	Hui Fu [2020] No. 10	January 16, 2020
2	SSE	Letter of No Objection to the Listing and Transfer of Non-publicly Issued Corporate Bonds of 東方證券股份有限公司	Shang Zheng Han [2020] No. 160	January 21, 2020
3	Shanghai Bureau of the CSRC	Approval Regarding the Change of Material Articles of the Articles of Association of 東方證券股份有限公司	Hu Zheng Jian Xu Ke [2020] No. 25	April 30, 2020
4	CSRC	Reply on the Opinions of Capital Increase by 東方證券股份有限公司 to Orient Finance Holdings (Hong Kong) Limited	Ji Gou Bu Han [2020] No. 1412	June 15, 2020
5	CSRC	Reply on the Opinions of Issuance of Perpetual Subordinated Bonds by 東方證券股份有限公司	Ji Gou Bu Han [2020] No. 1577	June 30, 2020
6	State Administration of Foreign Exchange	Letter of Filing for Foreign Exchange Agency Business	Hui Zong Bian Han [2020] No. 482	July 21, 2020
7	China National Development and Reform Commission	Registration Certificate for Enterprises Borrowing Foreign Debt	Fa Gai Ban Wai Zi Bei [2020] No. 502	July 23, 2020
8	Shanghai Municipal Development and Reform Commission	Notice of Filing for Foreign Investment Projects	Hu Fa Gai Kai Fang [2020] No. 194	August 12, 2020

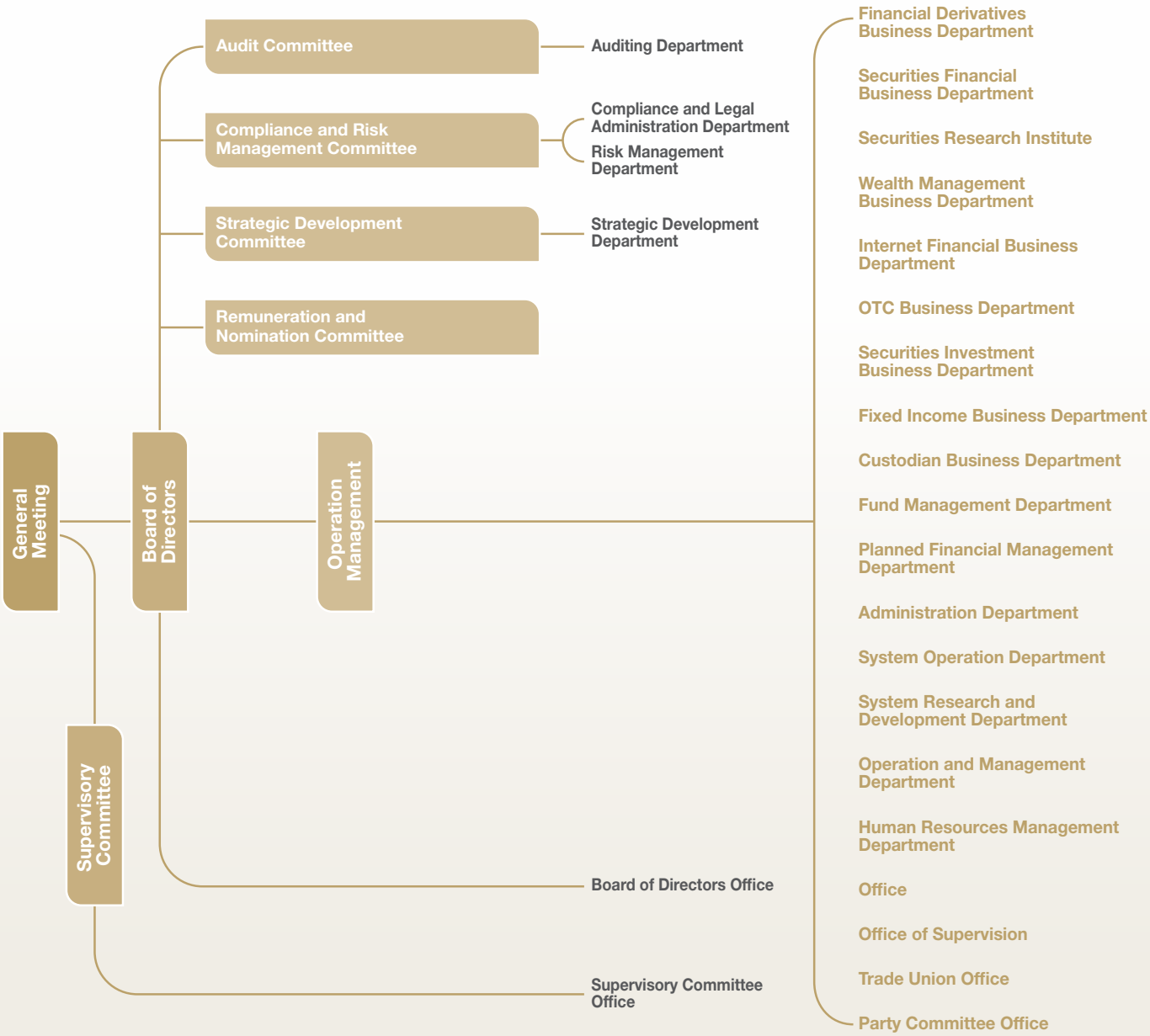
Section XII Information Disclosures of Securities Company

II. RESULT OF CLASSIFICATION OF THE COMPANY BY REGULATORY AUTHORITY

In 2020, the Company was rated as a Grade A and Class A company.

Appendix I: Organizational Structure of the Company

Organizational Structure of the Company



Appendix II: Information on Securities Branches of the Company

As at the end of the Reporting Period, the Company had 177 securities branches.

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Yangpu District Yangshupu Road Securities Branch of 東方證券股份有限公司	2/F, No. 318 Yangshupu Road, Yangpu District, Shanghai	December 9, 1993
Shanghai Jing'an District Urumqi North Road Securities Branch of 東方證券股份有限公司	2/F, No. 480 Urumqi North Road, Jing'an District, Shanghai	October 28, 1994
Shanghai Pudong New Area Nanmen Street Securities Branch of 東方證券股份有限公司	No. 128 Nanmen Street, Pudong New Area, Shanghai	February 20, 1995
Shenzhen Jintian Road Securities Branch of 東方證券股份有限公司	Units 01 and 02, 17/F, Dinghe Tower, No. 100 Fuhua 3rd Road, Futian District, Shenzhen, Guangdong Province	July 6, 1995
Shanghai Changning District Zunyi South Road Securities Branch of 東方證券股份有限公司	Room 101, No. 88 Zunyi South Road, Changning District, Shanghai	June 23, 1998
Shanghai Changning District Changning Road Securities Branch of 東方證券股份有限公司	Unit 1303, Block 1, No. 546 Changning Road, Changning District, Shanghai	June 23, 1998
Shanghai Yangpu District Anbo Road Securities Branch of 東方證券股份有限公司	Room 2, 1/F, 2/F & 3/F, No. 521 Anbo Road, Yangpu District, Shanghai	June 23, 1998
Shanghai Xuhui District Zhaojiabang Road Securities Branch of 東方證券股份有限公司	9/F, No. 333 Zhaojiabang Road, Xuhui District, Shanghai	June 23, 1998
Shanghai Xuhui District Guangyuan West Road Securities Branch of 東方證券股份有限公司	Room B & C, 6/F, Block 2, No. 315 Guangyuan West Road, Xuhui District, Shanghai	June 23, 1998
Shanghai Putuo District Yunling East Road Securities Branch of 東方證券股份有限公司	Room 202, 2/F, No. 235 & 245, Yunling East Road, Putuo District, Shanghai	June 23, 1998
Shanghai Putuo District Guangxin Road Securities Branch of 東方證券股份有限公司	Room 401-403, Room 405-406 & Room 2201-2203, No. 88 Guangxin Road, Putuo District, Shanghai	June 23, 1998
Shanghai Pudong New Area Yuanshen Road Securities Branch of 東方證券股份有限公司	3/F, Pingan Wealth Building, No. 1088 Yuanshen Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Yaohua Road Securities Branch of 東方證券股份有限公司	Room 107, 1/F and 16/F, No.488 Yaohua Road, Pudong New Area, Shanghai	June 23, 1998

Appendix II: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Pudong New Area Xinchuan Road Securities Branch of 東方證券股份有限公司	No. 611 Xinchuan Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Pingdu Road Securities Branch of 東方證券股份有限公司	Room 247, Block 3, No. 258 Pingdu Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Mudan Road Securities Branch of 東方證券股份有限公司	6/F, No. 60 Mudan Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Pudong New Area Zhoudong Road Securities Branch of 東方證券股份有限公司	No. 716 & 718 Zhuodong Road; 1/F & 2/F, No. 4128 Chuanzhou Road, Pudong New Area, Shanghai	June 23, 1998
Shanghai Minhang District Heqing Road Securities Branch of 東方證券股份有限公司	No. 338 Heqing Road, Minhang District, Shanghai	June 23, 1998
Shanghai Xuhui District Yishan Road Securities Branch of 東方證券股份有限公司	Unit 201, 2/F, Building 85, No.700 Yishan Road, Xuhui District, Shanghai	June 23, 1998
Shanghai Minhang District Dushi Road Securities Branch of 東方證券股份有限公司	Room 107, 1/F, No. 27 and Room 310, 3/F, No. 13, Lane 2635 Dushi Road, Minhang District, Shanghai	June 23, 1998
Shanghai Jing'an District Wanrong Road Securities Branch of 東方證券股份有限公司	102-1、703-2、703-3, No. 1 Building, Lane 777 Wanrong Road, Jing'an District, Shanghai	June 23, 1998
Shanghai Jiading District Cao'an Highway Securities Branch of 東方證券股份有限公司	Room 106, 107, 108, 1/F, No. 1685 Cao'an Highway, Jiading District, Shanghai	June 23, 1998
Shanghai Huangpu District Zhonghua Road Securities Branch of 東方證券股份有限公司	Room 301-304 & 803, 804, West Side, No. 1600 Zhonghua Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Huangpu District Fengyang Road Securities Branch of 東方證券股份有限公司	No. 310 Fengyang Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Huangpu District Beijing East Road Securities Branch of 東方證券股份有限公司	Main Building, 5/F, No. 270 Beijing East Road, Huangpu District, Shanghai	June 23, 1998
Shanghai Hongkou District Haining Road Securities Branch of 東方證券股份有限公司	307 Haining Road, Hongkou District, Shanghai (Room C, 1/F, 12/F)	June 23, 1998

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Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Baoshan District Changjiang West Road Securities Branch of 東方證券股份有限公司	No. 2, Lane 1952 Changjiang West Road, Baoshan District, Shanghai	June 23, 1998
Shanghai Baoshan District Yingao West Road Securities Branch of 東方證券股份有限公司	2/F, No. 638 Yingao West Road, Baoshan District, Shanghai	June 23, 1998
Fushun Yumin Road Securities Branch of 東方證券股份有限公司	No. 15, Yumin Road, Xinfu District, Fushun, Liaoning Province (4/F & 5/F, Bldg. No. 6, Zheshang International Trade Center)	August 18, 1998
Fushun Liaozhong Street Securities Branch of 東方證券股份有限公司	No.25-2 Liaozhong Street, Wanghua District, Fushun, Liaoning Province	August 18, 1998
Beijing Anli Road Securities Branch of 東方證券股份有限公司	No.202 and No.203, 2/F and No.301, 3/F, Building 27, No.8 Beichen East Road, Chaoyang District, Beijing	April 4, 2001
Chengdu Jianshe Road Securities Branch of 東方證券股份有限公司	Suite 2102 & 2103, 21/F, Block 1, No. 9 Jianshe Road, Chenghua District, Chengdu, Sichuan Province	April 11, 2001
Fushun Qingyuan Securities Branch of 東方證券股份有限公司	No. 49 Honghe Road, Qingyuan Town, Qingyuan Manchu Autonomous County, Fushun, Liaoning Province	December 18, 2001
Fushun Xinhua Street Securities Branch of 東方證券股份有限公司	No. 9, Building 20, Xinhua Street, Shuncheng District, Fushun, Liaoning Province	March 28, 2002
Guangzhou Baogang Avenue Securities Branch of 東方證券股份有限公司	5/F, No. 283 Baogang Avenue, Haizhu District, Guangzhou, Guangdong Province	April 21, 2002
Changsha Laodong West Road Securities Branch of 東方證券股份有限公司	No. 471 Laodong West Road, Changsha, Hunan Province	June 7, 2002
Hangzhou Wuxing Road Securities Branch of 東方證券股份有限公司	No. 185 Wuxing Road, Jianggan District, Hangzhou, Zhejiang Province (2/F, Minsheng Finance Center)	August 7, 2002
Suzhou Xihuan Road Securities Branch of 東方證券股份有限公司	1/F, North Podium, No. 2115 Xihuan Road, Suzhou, Jiangsu Province	August 12, 2005
Tianjin Xikang Road Securities Branch of 東方證券股份有限公司	No. 42 Xikang Road, Heping District, Tianjin	May 10, 2006
Nanjing Beijing East Road Securities Branch of 東方證券股份有限公司	Art & Crafts Building, No. 31 Beijing East Road, Xuanwu District, Nanjing, Jiangsu Province	May 10, 2006
Guilin Zhongshan Middle Road Securities Branch of 東方證券股份有限公司	4/F, Jintai Building, No. 16 Zhongshan Middle Road, Guilin, Guangxi Zhuang Autonomous Region	May 10, 2006
Wuhan Sanyang Road Securities Branch of 東方證券股份有限公司	Room 2, 1/F, 5/F, Block A, Jinyang New City, No. 118 Sanyang Road, Jiang'an District, Wuhan, Hubei Province	May 11, 2006
Beihai Beihai Avenue Securities Branch of 東方證券股份有限公司	No. 0301, 3/F, Fengsheng Building, No. 187 Beihai Avenue, Beihai, Guangxi Zhuang Autonomous Region	May 12, 2006
Shantou Changping Road Securities Branch of 東方證券股份有限公司	1/F & 9/F-11/F, Yiyuan Building, No. 161 Changping Road, Shantou, Guangdong Province	May 12, 2006

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Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Yangpu District Kongjiang Road Securities Branch of 東方證券股份有限公司	Room 101, Room 2508, No. 1555, Kongjiang Road, Yangpu District, Shanghai	May 15, 2006
Shenyang Nanba Middle Road Securities Branch of 東方證券股份有限公司	No. 25 Nanba Middle Road, Tiexi District, Shenyang, Liaoning Province	May 15, 2006
Shenyang Changjiang South Street Securities Branch of 東方證券股份有限公司	No. 169 Changjiang South Street, Huanggu District, Shenyang, Liaoning Province	May 15, 2006
Nanning Jinhu Road Securities Branch of 東方證券股份有限公司	Shop No. 10, 1/F and No. 2A4/2A5, 2/F, Oriental International Business Port, No. 26-1, Jinhu Road, Nanning, Guangxi Zhuang Autonomous Region	May 15, 2006
Shenyang Dabeiguan Street Securities Branch of 東方證券股份有限公司	3-4/F, No. 79 Dabeiguan Street, Dadong District, Shenyang, Liaoning Province	May 16, 2006
Shanghai Pudong New Area Zhangyang Road Securities Branch of 東方證券股份有限公司	No. 638 Zhangyang Road, Pudong New Area, Shanghai	May 17, 2006
Shenzhen Shennan Avenue Securities Branch of 東方證券股份有限公司	22/F, Block A, East Pacific International Center, No. 7888 Shennan Avenue, Futian District, Shenzhen, Guangdong Province	May 18, 2006
Shenyang Shifu Road Securities Branch of 東方證券股份有限公司	Gates 2 and 3, No.423 Shifu Road, Shenhe District, Shenyang, Liaoning Province	June 14, 2006
Beijing Xueyuan Road Securities Branch of 東方證券股份有限公司	12/F, Block B, Techart Plaza, No. 30 Xueyuan Road, Haidian District, Beijing	July 18, 2006
Changchun Tongzhi Street Securities Branch of 東方證券股份有限公司	Rooms 705, 707-712, 7/F, Torch Building, 2400 Tongzhi Street, Chaoyang District, Changchun, Jilin Province	July 31, 2006
Hangzhou Longjing Road Securities Branch of 東方證券股份有限公司	No. 53 Longjing Road, Hangzhou, Zhejiang Province	August 1, 2006
Guangzhou Pingyue Road Securities Branch of 東方證券股份有限公司	No. 161 Pingyue Road, Guangzhou, Guangdong Province	August 29, 2006
Jinan Huaxin Road Securities Branch of 東方證券股份有限公司	Room 108, Room 1302-1307, Licheng Finance Building, Block 7, Xinyuanxin Center, No.3 Huaxin Road, Licheng District, Jinan, Shandong Province	April 9, 2007
Qunzhong East Road Securities Branch of 東方證券股份有限公司	1/F and 5/F, Sanmu Building, No.93, Qunzhong East Road, Xingang Street, Taijiang District, Fuzhou, Fujian Province	August 24, 2007
Shanghai Songjiang District Huting North Road Securities Branch of 東方證券股份有限公司	Rooms 901-8, 901-9 and 901-10 of No. 1 and Room 127 of No. 5, Lane 199 Huting North Road, Songjiang District, Shanghai	June 29, 2010
Shanghai Songjiang District New Songjiang Road Securities Branch of 東方證券股份有限公司	No. 251 New Songjiang Road, Songjiang District, Shanghai	July 5, 2010

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Name of securities branches	Registered address (PRC)	Date of establishment
Shanghai Jinshan District Weiqing West Road Securities Branch of 東方證券股份有限公司	No. 17, Lane 128 & No. 132, 134, Weiqing West Road, Jinshan District, Shanghai	June 30, 2011
Shanghai Qingpu District East Garden Road Securities Branch of 東方證券股份有限公司	Block D, No. 1606 East Garden Road, Qingpu District, Shanghai	July 1, 2011
Hefei Wangjiang West Road Securities Branch of 東方證券股份有限公司	No. 99 Wangjiang West Road, Shushan District, Hefei, Anhui Province	January 31, 2012
Linyi Tongda Road Securities Branch of 東方證券股份有限公司	Room 402, Building 94-2 and Building 6, Xuyang City Landscape Shop, Tongda Road, Lanshan District, Linyi, Shandong Province	February 14, 2012
Shanghai Jiading District Jinsha Road Securities Branch of 東方證券股份有限公司	5/F, No. 77 Jinsha Road, Jiading District, Shanghai	February 17, 2012
Shanghai Fengxian District Nanting Highway Securities Branch of 東方證券股份有限公司	1-2/F, Block 1, No. 269 Nanting Highway, Nanqiao Town, Fengxian District, Shanghai	February 28, 2012
Shanghai Jiading District Huyi Highway Securities Branch of 東方證券股份有限公司	Room 103, 1/F, No. 1158 Huyi Highway, Jiading District, Shanghai	November 2, 2012
Shanghai Chongming Dongmen Road Securities Branch of 東方證券股份有限公司	No. 425-427 Dongmen Road, Chongming County, Shanghai	November 19, 2012
Shanghai Pudong New Area Jinke Road Securities Branch of 東方證券股份有限公司	Room 216, Block 2, No. 2966 Jinke Road, Pudong New Area, Shanghai	March 31, 2014
Taiyuan Pingyang Road Securities Branch of 東方證券股份有限公司	No. 1001, 1002 & 1003, 1-2/F, Block 171, No. 186 Pingyang Road, Xiaodian District, Taiyuan, Shanxi Province	April 17, 2014
Huzhou Zhicheng Road Securities Branch of 東方證券股份有限公司	18-1-06, 18-2-05, 18-2-06, 18-2-07, 18-2-08, Building 18 (No. 112 Zhicheng Road), Aishan Plaza, Huzhou, Zhejiang Province	April 21, 2014
Nanchang Lvyin Road Securities Branch of 東方證券股份有限公司	Room 2902, 2903, 29/F, Office Building, Lianfa Plaza, No. 129 Lvyin Road, Nanchang, Jiangxi Province	April 23, 2014
Xiangtan Huxiang North Road Securities Branch of 東方證券股份有限公司	0101002-0101003, Block D1-2, Lot D, Xiangyinxicheng, No. Huxiang North Road, Baota Subdistrict, Yuetang District, Xiangtan	April 23, 2014
Fushun Suihua Road Securities Branch of 東方證券股份有限公司	No. 45 West Section of Suihua Road, Dongzhou District, Fushun, Liaoning Province	April 25, 2014
Shaoxing Shangyu Liangzhu Avenue Securities Branch of 東方證券股份有限公司	No. 2389 North Section, Shangyu District, Shaoxing, Zhejiang Province	May 16, 2014

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Name of securities branches	Registered address (PRC)	Date of establishment
Yiwu Gongren West Road Securities Branch of 東方證券股份有限公司	No. 113 Gongren West Road, Yiwu, Zhejiang Province	May 26, 2014
Zhengzhou Huanghe Road Securities Branch of 東方證券股份有限公司	No.109 Courtyard, Huanghe road, Jinshui District, Zhengzhou, Henan Province	May 27, 2014
Hohhot Wulanchabu East Street Securities Branch of 東方證券股份有限公司	No. 102, 1/F, Tianyi Building, Wulanchabu East Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	May 28, 2014
Putian Shengli North Street Securities Branch of 東方證券股份有限公司	1-2/F, No.1102 and No.1106 Shengli North Street, Zhenhai Street, Licheng District, Putian, Fujian Province	May 29, 2014
Chongqing Times Paradise Street Securities Branch of 東方證券股份有限公司	Units 18-4 & 18-05, Building 1, No. 2 Times Paradise Street, Yuzhong District, Chongqing	June 3, 2014
Chaoyang Chaoyang Street Securities Branch of 東方證券股份有限公司	No. 60, the Third Section of Chaoyang Street, Shuangta District, Chaoyang, Liaoning Province	June 4, 2014
Kunming Bailong Road Securities Branch of 東方證券股份有限公司	No. 1001 & 1008, 10/F, Diangao Commercial Building, No. 19 Bailong Road, Panlong District, Kunming, Yunnan Province	June 5, 2014
Fuzhou Wusi Road Securities Branch of 東方證券股份有限公司	Unit 01-02, 19/F, the Rongdu International Building, No. 82 Wusi Road, Gulou District, Fuzhou, Fujian Province	June 10, 2014
Shanghai Baoshan District Songnan Road Securities Branch of 東方證券股份有限公司	No. 427-1 Songnan Road, Baoshan District, Shanghai (Temporary)	June 12, 2014
Shenzhen Haide Third Road Securities Branch of 東方證券股份有限公司	9/F, Block A, Tiley Central Plaza, No. 199, Haide Third Road, Nanshan District, Shenzhen, Guangdong Province	June 17, 2014
Chengdu Tianfu Avenue Securities Branch of 東方證券股份有限公司	No.1601, 1603, 1605, 1607 & 1609, 16/F, Block 1, No. 1399, the South Section of Tianfu Avenue, High-tech Zone, Chengdu, Sichuan Province	June 24, 2014
Shanghai Minhang District Nanjiangyan Road Securities Branch of 東方證券股份有限公司	No. 121 Nanjiangyan Road, Minhang District, Shanghai	June 26, 2014
Guilin Renmin Road Securities Branch of 東方證券股份有限公司	No. 1-2-1 & 1-2-3, Block 1, 2/F, Dashijie Main Building, Renmin Road, Lingui Town, Lingui County, Guilin, Guangxi Zhuang Autonomous Region	July 3, 2014
Lhasa Jinzhu West Road Securities Branch of 東方證券股份有限公司	No.123 Jinzhu West Road, Lhasa	July 10, 2014
Shanghai Huangpu District Zhongshan South Road First Securities Branch of 東方證券股份有限公司	Room 402, 4/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai	July 14, 2014
Xi'an Tangyan Road Securities Branch of 東方證券股份有限公司	Room 0501, Unit 2, Block 1, Tangyan International Center, No. 3 Tangyan Road, Gaoxin District, Xi'an, Shaanxi Province	July 14, 2014
Shanghai Minhang District Suhong Road Securities Branch of 東方證券股份有限公司	Rooms 109 and 206, No. 29 and 33 Suhong Road, Minhang District, Shanghai	July 15, 2014

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Name of securities branches	Registered address (PRC)	Date of establishment
Yantai Yingchun Street Securities Branch of 東方證券股份有限公司	Inner No.102, No. 171 Yingchun Street, Laishan District, Yantai, Shandong Province	July 22, 2014
Deyang Lushan South Road Securities Branch of 東方證券股份有限公司	No. 10-12, Section 1, Lushan South Road, Jingyang District, Deyang, Sichuan Province	August 15, 2014
Shanghai Pudong New Area Qifan Road Securities Branch of 東方證券股份有限公司	Room 1517, Block B, South Building, No. 515 Qifan Road, Pudong New Area, Shanghai	September 2, 2014
Nanchong Hongguang Road Securities Branch of 東方證券股份有限公司	1/F and 3/F, No.83 Hongguang Road, Shunqing District, Nanchong, Sichuan Province	September 29, 2014
Shanghai Pudong New Area Tang'an Road Securities Branch of 東方證券股份有限公司	No. 782 Tang'an Road, Pudong New Area, Shanghai	October 10, 2014
Shanghai Pudong New Area Yincheng Middle Road Securities Branch of 東方證券股份有限公司	Room 2301B, No. 488 Yincheng Middle Road, Pudong New Area, Shanghai	May 8, 2015
Zhuzhou Jianshe South Road Securities Branch of 東方證券股份有限公司	No. 320 Jianshe South Road, Lusong District, Zhuzhou, Hunan Province	June 18, 2015
Nantong Gongnong Road Securities Branch of 東方證券股份有限公司	No. 181, 183, 185 Gongnong Road, Nantong, Jiangsu Province	June 25, 2015
Jiangyin Renmin East Road Securities Branch of 東方證券股份有限公司	1/F, No. 112 & 2/F, No. 108, 110, 112, Renmin East Road, Jiangyin, Jiangsu Province	July 9, 2015
Xiamen Xianyue Road Securities Branch of 東方證券股份有限公司	Shop 105 or Shop 108, No. 555 Xianyue Road, Siming District, Xiamen, Fujian Province	July 14, 2015
Liuzhou Wenchang Road Securities Branch of 東方證券股份有限公司	No. 2-1, 2, 3, Block 21, Dongjun, No. 26 Wenchang Road, Liuzhou, Guangxi Zhuang Autonomous Region	July 16, 2015
Xi'an Taoyuan South Road Securities Branch of 東方證券股份有限公司	No. 38 Taoyuan South Road, Lianhu District, Xi'an, Shaanxi Province	July 22, 2015
Beihai Chating Road Securities Branch of 東方證券股份有限公司	No. 1205-1207, Fuyu Building, No. 31 Chating Road, Beihai, Guangxi Zhuang Autonomous Region	July 28, 2015
Taizhou Jiaojiang District Zhongshan East Road Securities Branch of 東方證券股份有限公司	No. 368 Zhongshan East Road, Jiaojiang District, Taizhou, Zhejiang Province	July 30, 2015
Ningbo Zhongxing Road Securities Branch of 東方證券股份有限公司	(1-2) (2-2), No. 601 Zhongxing Road, Jiangdong District, Ningbo, Zhejiang Province	July 30, 2015
Jiaxing Zhongshan West Road Securities Branch of 東方證券股份有限公司	No. 1776 Zhongshan West Road, Gaozhao Subdistrict, Xiuzhou District, Jiaxing, Zhejiang Province	July 30, 2015
Quanzhou Jinhuai Street Securities Branch of 東方證券股份有限公司	Room 502, Block A, Gas Building, No. 25 Jinhuai Street, Fengze District, Quanzhou, Fujian Province	July 30, 2015

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Name of securities branches	Registered address (PRC)	Date of establishment
Harbin Ganshui Road Securities Branch of 東方證券股份有限公司	Shop 14, 1-3/F, Commercial Building, Wanda Commercial Center No. 84 Ganshui Road, Nangang Jizhong District, Harbin Economic-technological Development Zone, Harbin, Heilongjiang Province	July 31, 2015
Haikou Jinlong Road Securities Branch of 東方證券股份有限公司	1/F & 2/F, East Coconut Grove International Building, No. 19 Jinlong Road, Longhua District, Haikou, Hainan Province	August 5, 2015
Lanzhou Nanchang Road Securities Branch of 東方證券股份有限公司	1/F, Shengshi Kaixuan Building, No. 1918 Nanchang Road, Chengguan District, Lanzhou, Gansu Province	August 5, 2015
Wenzhou Xinhe Street Securities Branch of 東方證券股份有限公司	Room 601, Block A, Songtai Building, Xinhe Street, Lucheng District, Wenzhou, Zhejiang Province	August 7, 2015
Urumqi Nanhu Road Securities Branch of 東方證券股份有限公司	No. 4, 5, 6, 3/F, Building Construction Mansion, No. 133 Nanhu Road, Shuimogou District, Urumqi, Xinjiang Uygur Autonomous Region	August 7, 2015
Xining Huanghe Road Securities Branch of 東方證券股份有限公司	Shop 15, Building 3, No. 21 Huanghe Road, Chengxi District, Xining, Qinghai Province	August 7, 2015
Yinchuan Minzu North Street Securities Branch of 東方證券股份有限公司	2/F, No. 12 Minzu North Street, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region	August 7, 2015
Zhenjiang Dongwu Road Securities Branch of 東方證券股份有限公司	Room 110, 1/F, Building 1, No. 38 Dongwu Road, Zhenjiang, Jiangsu Province	August 7, 2015
Wuxi Xinsheng Road Securities Branch of }東方證券股份有限公司	No. 152 Xinsheng Road, Wuxi, Jiangsu Province	August 7, 2015
Shijiazhuang Tiyu South Street Securities Branch of 東方證券股份有限公司	No. 233 Tiyu South Street, Yuhua District, Shijiazhuang, Hebei Province	August 7, 2015
Guiyang Huaguoyuan Securities Branch of 東方證券股份有限公司	Office Building No. 6, 7, 8, 9, 10, 11 & 12, 40/F, Unit 1, Building 6, Zone F, Pengjiawan Huaguoyuan Project, Huaguoyuan, Nanming District, Guiyang, Guizhou Province	August 7, 2015
Taiyuan High-tech Street Securities Branch of 東方證券股份有限公司	15/F, No. 15 High-tech Street, High-tech Zone, Taiyuan, Shanxi Province	December 6, 2016
Baotou Qingnian Road Securities Branch of 東方證券股份有限公司	1-A4, Hengyuan Ginza Commercial Building, No. 28 Qingnian Road, Qingshan District, Baotou, Inner Mongolia Autonomous Region	December 19, 2016
Yangzhou Wenhui East Road Securities Branch of 東方證券股份有限公司	No. 231 Wenhui East Road, Economic Development Zone, Yangzhou, Jiangsu Province	January 5, 2017
Changshu Lizha Road Securities Branch of 東方證券股份有限公司	21-23, No. 65 Lizha Road, Changshu, Jiangsu Province	January 5, 2017
Jinhua Bayi North Street Securities Branch of 東方證券股份有限公司	No. 190 Bayi North Street, Wucheng District, Jinhua, Zhejiang Province	January 6, 2017
Zhangjiagang Donghuan Road Securities Branch of 東方證券股份有限公司	Chengnan Building, No. 68 Donghuan Road, Yangshe Town, Zhangjiagang, Jiangsu Province	January 6, 2017
Shaoxing Shengli East Road Securities Branch of 東方證券股份有限公司	No. 402 Shengli East Road & Room 705, 706-1, No. 68 Didanghu Road, Yuecheng District, Shaoxing, Zhejiang Province	March 13, 2017

Appendix II: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Xi'an Weiyang Road Securities Branch of 東方證券股份有限公司	Shop 04, 1/F, Building 1, Datang Xinghe Garden, No. 109-1 Weiyang Road, Xi'an, Shaanxi Province	March 30, 2017
Shenzhen Shennan East Road Securities Branch of 東方證券股份有限公司	Room 02, 03 & 05, 19/F, Main Building, Shun Hing Square, No. 5002 Shennan East Road, Guiyuan Street, Luohu District, Shenzhen, Guangdong Province	April 24, 2017
Zhuhai Jida Road Securities Branch of 東方證券股份有限公司	No. 106, 1/F & No. 202, 2/F, Petroleum Building, No. 103 Jida Road, Xiangzhou District, Zhuhai, Guangdong Province	May 5, 2017
Shanghai Jing'an District Yanping Road Securities Branch of 東方證券股份有限公司	1-2/F, No. 167 Yanping Road, Jing'an District, Shanghai	May 12, 2017
Zibo Liuquan Road Securities Branch of 東方證券股份有限公司	No. 258 Liuquan Road, High-tech Zone, Zibo, Shandong Province	May 17, 2017
Hefei Meishan Road Securities Branch of 東方證券股份有限公司	1-2/F, Anhui Qinggong Building, No.19 Meishan Road, Hefei, Anhui Province	May 17, 2017
Tianjin Nanma Road Securities Branch of 東方證券股份有限公司	No. 1201 Nanma Road, Nankai District, Tianjin	July 5, 2017
Changchun Ziyou Road Securities Branch of 東方證券股份有限公司	Room 110, Block B, The First International Centre, No. 3999 Ziyou Road, Er'dao District, Changchun, Jilin Province	July 5, 2017
Xuchang Xudu Road Securities Branch of 東方證券股份有限公司	1 & 2/F, Block A, Huitong Commercial Garden, South of Xudu Road & West of Wisdom Building, Dongcheng District, Xuchang, Henan Province	July 5, 2017
Wuhu Beijing Middle Road Securities Branch of 東方證券股份有限公司	No. 104 & 501 Jinghu Star, No.1 Beijing Middle Road, Jinghu District, Wuhu, Anhui Province	July 5, 2017
Qingdao Miaoling Road Securities Branch of 東方證券股份有限公司	101-A, No. 36-1, Miaoling Road, Laoshan District, Qingdao, Shandong Province	July 6, 2017
Changzhou Longjin Road Securities Branch of 東方證券股份有限公司	Room 102, 1103 & 1104, Building 3, Modern Media Centre, No. 1590 Longjin Road, Xinbei District, Changzhou, Jiangsu Province	July 6, 2017
Tangshan Beixin West Road Securities Branch of 東方證券股份有限公司	No. 36-13 Beixin West Road, Lijingqin Garden, Zhangdali, Lubei District, Tangshan, Hebei Province	July 6, 2017
Jiangmen Yingbin Middle Avenue Securities Branch of 東方證券股份有限公司	Suite 109 & 2208-2209, Block 1, No. 118 Middle section of Yingbin Avenue, Pengjiang District, Jiangmen, Guangdong Province	July 6, 2017
Dalian Taiyuan Street Securities Branch of 東方證券股份有限公司	No. 177-13 Taiyuan Street, Shahekou District, Dalian, Liaoning Province	July 12, 2017
Dongguan Hongfu Road Securities Branch of 東方證券股份有限公司	No. 104 Huicheng Building, No. 102 Hongfu Road, Nancheng Street, Dongguan, Guangdong Province	July 12, 2017
Chongqing Honghu West Road Securities Branch of 東方證券股份有限公司	No. 41 & 43, Honghu West Road, Yubei District, Chongqing	July 13, 2017
Chengdu Yizhou Avenue Securities Branch of 東方證券股份有限公司	No. 104, 1/F, Unit 2, Block 1, No. 777 North Section of Yizhou Avenue, High-tech Zone, Chengdu, Sichuan Province	July 13, 2017

Appendix II: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Xuzhou Heping Road Securities Branch of 東方證券股份有限公司	No. 101-1, Wenyuan Building, Jiangsu Normal University Science & Technology Park, No. 59 Heping Road, Yunlong District, Xuzhou, Jiangsu Province	July 13, 2017
Beijing Dajiaoting South Street Securities Branch of 東方證券股份有限公司	No. 106, 1/F & No. 2017, 2/F, Building 1, No. 5, Dajiaoting South Street, Chaoyang District, Beijing	July 13, 2017
Foshan Nanhai North Avenue Securities Branch of 東方證券股份有限公司	17/F, Office Building E, Zone 1, Yunjin Plaza, Yuexiu Xinghui, 84 Nanhai Avenue North, Guicheng Street, Nanhai District, Foshan, Guangdong Province	July 16, 2017
Luoyang Nanchang Road Securities Branch of 東方證券股份有限公司	No. 107, Block 4, No. 14 Nanchang Road, Jianxi District, Luoyang, Henan Province	July 18, 2017
Zhongshan Zhongshan Fifth Road Securities Branch of 東方證券股份有限公司	Unit 01, 12/F, Block 3, Zima Benteng Square, No. 2 Zhongshan Fifth Road, Eastern Zhongshan District, Guangdong Province	July 18, 2017
Guangzhou Guangzhou Middle Avenue Securities Branch of 東方證券股份有限公司	301 Self-built Room 2, No. 129-133 Middle section of Guangzhou Avenue, Yuexiu District, Guangzhou, Guangdong Province	July 18, 2017
Yueyang Jin'e Middle Road Securities Branch of 東方證券股份有限公司	1/F, Shengxincheng Caizhi Mansion, No. 408 Jin'e Middle Road, Yueyanglou District, Yueyang, Hunan Province	July 19, 2017
Yichang Xiling First Road Securities Branch of 東方證券股份有限公司	No. 15 Xiling First Road, Xiling District, Yichang, Hubei Province (Shop 117 & 217, Jin'an Downtown)	July 19, 2017
Jiujiang Changjiang Avenue Securities Branch of 東方證券股份有限公司	Unit 108-109, Unit 2, Block 2, Xinhu Chaisang Spring Block 2, No. 358 Changjiang Avenue, Jiujiang, Jiangxi Province	April 8, 2019
Jinzhong Dingyang Road Securities Branch of 東方證券股份有限公司	Shops 3-2 and 3-3, No. 500 Dingyang Road, Yuci District, Jinzhong, Shanxi Province	April 9, 2019
Zhengzhou Wan'an Street Securities Branch of 東方證券股份有限公司	No.103, 104, 105 and 106, 1-2/F, Building 7, No. 6 Wan'an Street, Zhengdong New District, Zhengzhou, Henan Province	April 15, 2019
Hangzhou Jinji Road Securities Branch of 東方證券股份有限公司	No. 327 Jinji Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province	April 16, 2019
Nanjing Mochou Lake East Road Securities Branch of 東方證券股份有限公司	No. 8-3, Mochou East Road, Jianye District, Nanjing, Jiangsu Province	April 16, 2019
Ningbo Tiantong North Road Securities Branch of 東方證券股份有限公司	103, 1605 and 1607, Block C, Hebang Mansion, No. 899 Tiantong North Road, Zhonghe Subdistrict, Yinzhou District, Ningbo, Zhejiang Province	April 17, 2019
Xi'an Cuihua Road Securities Branch of 東方證券股份有限公司	Room 204 and 206, 2/F, Building A, Jiahe Commercial Building, No.500 Cuihua Road, Yanta District, Xi'an, Shaanxi Province	April 18, 2019
Yixing Jiefang East Road Securities Branch of 東方證券股份有限公司	Shops 239 and 251, Jiefang East Road, Yicheng Street, Yixing, Jiangsu Province	April 18, 2019

Appendix II: Information on Securities Branches of the Company

Name of securities branches	Registered address (PRC)	Date of establishment
Changsha Renmin East Road Securities Branch of 東方證券股份有限公司	East of No. 107, Block 0, Dongyishiqu Building, No. 38 Renmin East Road, Yuhua District, Changsha, Hunan Province	April 22, 2019
Wuhan Yunxia Road Securities Branch of 東方證券股份有限公司	Shop 5, 1/F, No. 187 Yunxia Road, Jianghan District, Wuhan, Hubei Province	April 23, 2019
Beijing Wangjing Securities Branch of 東方證券股份有限公司	Floor merchant shop, Block C, 410/F, Zone 4 Wangjingxiyuan, Chaoyang District, Beijing	April 23, 2019
Weihai Shichang Avenue Securities Branch of 東方證券股份有限公司	Room-1, No. 99A, Shichang Avenue, Weihai, Shandong Province	April 25, 2019
Weifang Shengli East Street Securities Branch of 東方證券股份有限公司	Shop 1-1-03, Mingyuan Community, No. 4889 Shengli East Street, Kuiwen District, Weifang, Shandong Province	April 29, 2019
Shenzhen Xinhu Road Securities Branch of 東方證券股份有限公司	Units 08, 09 and 10, 26/F, Block B, Yifang Center, No. 99 Xinhu Road, Xin'an Street, Bao'an District, Shenzhen, Guangdong Province	April 29, 2019
Bengbu Shengli West Road Securities Branch of 東方證券股份有限公司	101#-104#, 122#-126#, 1/F, Building 1, Yinhe Center, No. 28 Shengli West Road, Bengbu, Anhui Province	April 29, 2019
Dongying Fuqian Avenue Securities Branch of 東方證券股份有限公司	22/F, Block A, Huali International Financial Plaza, No.128 Fuqian Avenue, Dongying Development Zone, Shandong Province	May 19, 2020
Hangzhou Shixin North Road Securities Branch of 東方證券股份有限公司	Room 1001, Block 1, Dongfang Zhizun International Center, No. 2028, 2030 and 2032 Shixin North Road, Ningwei Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province	October 9, 2020
Baoding Ruixiang Avenue Securities Branch of 東方證券股份有限公司	Building No.9, Yunxi Jiucheng Commercial Center, No. 1988 Ruixiang Avenue, Lianchi District, Baoding, Hebei Province	December 7, 2020
Jincheng Hongxing East Street Securities Branch of 東方證券股份有限公司	Shop 3, 1/F and 2/F, Block C, Taifu Xinju, Hongxing East Street, Cheng District, Jincheng, Shanxi Province	December 8, 2020
Yuncheng Hedong East Street Securities Branch of 東方證券股份有限公司	1/F, Huixin Building, No. 195 Hedong East Street, Yanhu District, Yuncheng, Shanxi Province	December 9, 2020
Datong Yuhe West Road Securities Branch of 東方證券股份有限公司	Shop 2384 of the Outlying Shops, Yujinyuan Phase II, Yuhe West Road, Pingcheng District, Datong, Shanxi Province	December 11, 2020
Langfang Art Avenue Securities Branch of 東方證券股份有限公司	No. 409 Art Avenue (No. 101, 1/F, Unit 1, Block 28, Peacock Huijingxuan), Guangyang District, Langfang, Hebei Province	December 11, 2020
Qingdao Yanji Road Securities Branch of 東方證券股份有限公司	No. 76-41, Building No. 6, No. 76 Yanji Road, Shibei District, Qingdao, Shandong Province	December 16, 2020
Wenzhou Tangjiaqiao Road Securities Branch of 東方證券股份有限公司	No. 439 Tangjiaqiao Road, Nanhui Subdistrict, Lucheng District, Wenzhou, Zhejiang Province	December 18, 2020

Appendix III: Information on Futures Branches of the Company

As at the end of the Reporting Period, the Company had 32 futures branches.

Name of futures branches	Registered address (PRC)	Date of establishment
Dalian Branch of Orient Futures Co., Ltd	Room 2411, 2412, 3501-3507 and 3510-1, Dalian Futures Building, Block A, Dalian International Financial Center, No. 129 Huizhan Road, Shahekou District, Dalian, Liaoning Province	January 16, 2009
Shanghai Fushan Road Branch of Orient Futures Co., Ltd	Room 1107, No. 458 Fushan Road, China (Shanghai) Pilot Free Trade Zone	May 19, 2009
Zhengzhou Branch of Orient Futures Co., Ltd	Room 1301, Futures Building, No. 30, Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province	July 2, 2009
Changsha Branch of Orient Futures Co., Ltd	7/F, Zhongtian Power Building, No. 471, West Labor Road, Yuhua District, Changsha, Hunan	November 24, 2009
Beijing Anli Road Branch of Orient Futures Co., Ltd	302 and 303, 3/F, Building No. 27, Courtyard No. 8, Beichen East Road, Chaoyang District, Beijing	December 28, 2009
Changzhou Branch of Orient Futures Co., Ltd	Room 1618-1658, No. 23, 25, 27 & 29, Yanling West Road, Changzhou, Jiangsu Province	July 5, 2010
Taiyuan Branch of Orient Futures Co., Ltd	No. 1023、1024、1025 & 1026, 10/F, Tower 1, Hexin Commercial Plaza, No. 705, Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province	November 29, 2010
Shanghai Zhongshan South Road Branch of Orient Futures Co., Ltd	35/F and 7/F, Building 2, No. 318, Zhongshan South Road, Huangpu District, Shanghai	August 3, 2011
Guangzhou Branch of Orient Futures Co., Ltd	Room 2304, No. 365-1, Tianhe North Road, Tianhe District, Guangzhou	October 17, 2012
Qingdao Branch of Orient Futures Co., Ltd	Room 1501, Unit 1, Building 2, No. 69, Haimen Road, Shinan District, Qingdao, Shandong Province	May 16, 2013
Ningbo Branch of Orient Futures Co., Ltd	13-7, No. 288 Jiahui Street, Yinzhou District, Ningbo, Zhejiang Province	February 24, 2014
Shenzhen Branch of Orient Futures Co., Ltd	7A, Times Fortune Building, South Eastern Part, Central Area, Futian District, Shenzhen, Guangdong Province	May 16, 2014
Shanghai Pilot Free Trade Zone Branch of Orient Futures Co., Ltd	Room 1303, 13/F, No. 5 Bibo Road, China (Shanghai) Pilot Free Trade Zone, Shanghai	May 29, 2014
Hangzhou Branch of Orient Futures Co., Ltd	Room 907, Building 2, Qianjiang International Times Square, Jianggan District, Hangzhou, Zhejiang Province	June 18, 2014

Appendix III: Information on Futures Branches of the Company

Name of futures branches	Registered address (PRC)	Date of establishment
Chengdu Branch of Orient Futures Co., Ltd	No. 330, Huayang Haichang Road, Chengdu Tianfu New District, China (Sichuan) Pilot Free Trade Zone, Sichuan Province	January 7, 2015
Xi'an Branch of Orient Futures Co., Ltd	12F-6, Jierui Wisdom Building, No. 5, West Section of South 2nd Ring, Lianhu District, Xi'an, Shaanxi Province	January 15, 2015
Xiamen Branch of Orient Futures Co., Ltd	Room 908, Fortune Center, No. 100 Lujiang Road, Siming District, Xiamen, Fujian Province	January 23, 2015
Dongying Branch of Orient Futures Co., Ltd	Room 903, Block 1, Guomao Building, No. 53, Fuqian Street, Dongying District, Dongying, Shandong Province	March 17, 2015
Tianjin Branch of Orient Futures Co., Ltd	1-1-803, Rongqiao Center, Building 1, Shanglanyuan, Intersection of Changjiang Avenue and Naikai Liuma Road, Nankai District, Tianjin	March 23, 2015
Harbin Branch of Orient Futures Co., Ltd	No. 1103 & 1104, 11/F, Unit 1, Block 3, Fortune Center, Enclosure Area of Qunli Avenue, Lingjiang Road and Qunli Fourth Avenue, Qunli New District, Daoli Distrcit, Harbin, Heilongjiang Province	April 3, 2015
Beijing Chaoyangmen Branch of Orient Futures Co., Ltd	Room 401-402, 4/F, No. 22 Chaowai Street, Chaoyang District, Beijing	September 8, 2015
Chongqing Branch of Orient Futures Co., Ltd	4-3, No. 2 Qingyun Road, Jiangbei District, Chongqing	May 19, 2016
Hangzhou Jiaogong Road Branch of Orient Futures Co., Ltd	Room 1405, Block 1 (Area C), EAC World Trade Lijing Building, West Lake District, Hangzhou, Zhejiang Province	July 1, 2016
Suzhou Branch of Orient Futures Co., Ltd	Room 3602, Block 2, Oriental Gate Building, No. 199 Xinggang Street, Suzhou Industrial Park	October 11, 2018
Nantong Branch of Orient Futures Co., Ltd	Room 1401, South Building, Yuanrong Plaza, No. 57 Gongnong Road, Chongchuan District, Nantong, Jiangsu Province	December 10, 2018
Hangzhou Binjiang Branch of Orient Futures Co., Ltd	Room 3806, Yintai International Commerce Center, No. 1600 Science & Technology Museum Street, Changhe Subdistrict, Binjiang District, Hangzhou, Zhejiang Province	December 17, 2018
Shantou Branch of Orient Futures Co., Ltd	Room 1105 & 1107, Hanjiang Building, Block 17, West 3rd District, Danyangzhuang, Longhu District, Shantou, Guangdong Province	July 5, 2018
Quanzhou Branch of Orient Futures Co., Ltd	Unit 1203, Block A, Gas Building, No. 25 Jinhuai Street, Fengze District, Quanzhou, Fujian Province	July 13, 2018
Ningbo Tiantong South Road Branch of Orient Futures Co., Ltd	Room 1305, Lane 577, Tiantong South Road, Yinzhou District, Ningbo, Zhejiang Province	July 18, 2018
Shenyang Branch of Orient Futures Co., Ltd	No. 49, Xinghua North Street, Tiexi District, Shenyang, Liaoning Province	August 7, 2018
Wuxi Branch of Orient Futures Co., Ltd	Room 3007, Yunfu Building, No. 288-2801 Zhongshan Road, Liangxi District, Wuxi, Jiangsu Province	March 19, 2019
Jinan Branch of Orient Futures Co., Ltd	1-1801, Yinzuo Haowangjiao Plaza, No. 800 Minghu West Road, Tianqiao District, Jinan, Shandong Province	March 19, 2019

Appendix IV: Information Disclosure Index

1. During the Reporting Period, the information disclosed in the China Securities Journal, the Shanghai Securities News, the Securities Times, the Securities Daily, and on the website of the SSE (http://www.sse.com.cn) by the Company was as follows:

Date of disclosure	Subject
2020-01-04	H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-01-10	Financial Data Briefing for December 2019
2020-01-15	Announcement on Resolution of the 17th Meeting (Temporary Meeting) of the Fourth Session of the Board
2020-01-18	Announcement on Obtaining the Operation Qualification of Settlement and Sale of Foreign Exchange Business
2020-01-21	Announcement on the Issue Results of Short-term Financing Bonds (Tranche I) in 2020
2020-01-23	Announcement on Expected Increase in Annual Results for the Year of 2019, Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche IV) in 2019
2020-01-31	Announcement on Receiving the Letter of No Objection to the Listing and Transfer of Non-public Corporate Bonds
2020-02-04	H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-02-12	Financial Data Briefing for January 2020
2020-02-15	Announcement on Resignation of Director and Senior Management Member of the Company, Announcement on Election of Employee Representative Director, Announcement on Change of Employee Representative Supervisor, Announcement on Preliminary Financial Data for the Year of 2019
2020-02-20	Announcement on Resolution of the 12th Meeting (Temporary Meeting) of the Fourth Session of the Supervisory Committee
2020-03-03	Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche V) in 2019, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-03-06	Announcement on Appointment of Employee Representative Director, Financial Data Briefing for February 2020
2020-03-12	Announcement on Interest Payment in 2020 for 2019 Non-publicly Issued Subordinated Bonds (Tranche I)
2020-03-14	H Share Announcement – Date of Board Meeting
2020-03-20	Announcement on the Issue Results of Short-term Financing Bonds (Tranche II) in 2020
2020-03-24	Announcement in Relation to the Online Briefing on the Annual Results Of 2019
2020-03-25	Announcement on the Issue Results of Non-public Issuance of Corporate Bonds (Tranche I) in 2020

Appendix IV: Information Disclosure Index

Date of disclosure	Subject
2020-03-28	2019 Annual Report, Summary of the 2019 Annual Report, Financial Statements and Audit Report, the Internal Control Evaluation Report in 2019, the Internal Control Audit Report, 2019 Environmental, Social and Governance Report, Announcement of the Resolution of the 18th Meeting of the Fourth Session of the Board, Prior Approval Opinions of Independent Directors on Matters Related to the 18th Meeting of the Fourth Session of the Board, Independent Opinions of Independent Directors on Relevant Matters of the 18th Meeting of the Fourth Session of the Board and the Company's External Guarantee, the Report of Independent Directors in 2019, the Work Report of the Audit Committee of Board in 2019, Announcement of the Resolution of the 13th Meeting of the Fourth Session of the Supervisory Committee, Announcement on Anticipating 2020 Daily Related Party Transactions of the Company, Announcement on Anticipating the Company's External Guarantee in 2020, Announcement on Renewal of Engagement of Accounting Firm, Announcement on Profit Distribution Plan of 2019, the Special Explanations on Funds Occupation of Controlling Shareholders and Other Related Parties, the Special Report and Audit Report on the Deposit and Actual Use of Proceeds Raised, the Special Report on Deposit and Actual Use of Proceeds Raised in 2019, the Special Inspection Opinions of Guotai Junan Securities Co., Ltd. and Citi Orient Securities Co., Ltd. on the Deposit and Actual Use of Proceeds Raised by Orient Securities Company Limited in 2019, Announcement on Amendments to Certain Articles of the Articles of Association, Articles of Association (Amended in March 2020), Announcement on Resignation of Director of the Company, the Plan of Shareholders' Returns in the Next Three Years (2020-2022)
2020-03-31	Notice of 2019 Annual General Meeting
2020-04-02	H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-04-10	Financial Data Briefing for March 2020
2020-04-16	Announcement on Payment of Principal and Interest and Delisting of 2017 Subordinated Bonds (Tranche I) (Type I), H Share Announcement – Date of Board Meeting
2020-04-18	Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche I), Announcement on Interest Payment in 2020 for 2017 Subordinated Bonds (Tranche I) (Type II)
2020-04-23	Announcement of the Completion of Change of Industrial and Commercial Registration and Enterprise Name in Relation to the Acquisition of Part of Equity Interests of Citi Orient Securities Co., Ltd.
2020-04-24	Meeting Materials of the 2019 Annual General Meeting
2020-04-28	Announcement on Completion of Payment of 2017 Subordinated Bonds (Tranche I) (Type I), Indicative Announcement Regarding the Convening of the 2019 Annual General Meeting

Appendix IV: Information Disclosure Index

Date of disclosure	Subject
2020-04-30	The First Quarterly Report for the Year 2020, Full Text of the First Quarterly Report for the Year 2020
2020-05-07	H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-05-09	Announcement on Approval for Amendments to Key Articles of the Articles of Association
2020-05-12	Financial Data Briefing for April 2020
2020-05-14	Announcement on Providing Guarantee to Obtain Bank Credit by Overseas Wholly-owned Subsidiaries for Wholly-owned Subsidiaries, Announcement on Capital Increase in Shanghai Orient Securities Innovation Investment Co., Ltd.
2020-05-16	Announcement of Resolutions of the 2019 Annual General Meeting, Legal Opinion on the 2019 Annual General Meeting, Announcement on Resignation of Senior Management Member of the Company
2020-05-22	Corrigendum of Resolutions of the 2019 Annual General Meeting
2020-05-26	Indicative Announcement on Preparation for Employee Stock Ownership Plan of H Shares
2020-06-02	H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-06-04	Announcement on the Issue Results of Short-term Financing Bonds (Tranche III) in 2020
2020-06-05	Financial Data Briefing for May 2020
2020-06-11	Announcement in Relation to Completion of Change of Registered Address of the Company
2020-06-16	Announcement on the Participation in 2020 Group Reception Day for Listed Companies in Shanghai
2020-06-18	Announcement on Implementation of the 2019 Annual Distribution of Equity Interests, Announcement on Resolution of the 20th Meeting (Temporary Meeting) of the Fourth Session of the Board, Announcement on Resolution of the 15th Meeting (Temporary Meeting) of the Fourth Session of the Supervisory Committee, Employee Stock Ownership Plan (Draft), Abstract of Employee Stock Ownership Plan (Draft), Asset Management Contract of China Universal – DFZQ ESOP Single Asset Management Scheme No. 1, Asset Management Contract of China Universal – DFZQ ESOP Single Asset Management Scheme No. 2, Independent Opinions of Independent Directors on Matters related to the Employee Stock Ownership Plan of the Company, Audit Opinions of the Supervisory Committee on Matters related to the Employee Stock Ownership Plan of the Company, Notice of 2020 First Extraordinary General Meeting, Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche II)
2020-06-20	Announcement on Receipt of Reply from the CSRC on Capital Increase in Orient Finance Holdings (Hong Kong) Limited
2020-06-24	Meeting Materials of the 2020 First Extraordinary General Meeting
2020-07-03	Announcement on Receipt of Reply from the CSRC on Public Issuance of Perpetual Subordinated Bonds, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities

Appendix IV: Information Disclosure Index

Date of disclosure	Subject
2020-07-08	Announcement on Resolutions of the Fourth Joint Meeting of the Third Session of General Meeting of Employee Representatives, Announcement on the Issue Results of Short-term Financing Bonds (Tranche IV) in 2020
2020-07-09	Financial Data Briefing for June 2020
2020-07-11	Legal Opinion of Grandall Law Firm (Shanghai) on the DFZQ Employee Stock Ownership Plan
2020-07-14	Announcement on Resolutions of the 2020 First Extraordinary General Meeting, Employee Stock Ownership Plan, Announcement on Approval from the CSRC for Registration of Public Issuance of Corporate Bonds to Professional Investors
2020-07-21	Announcement on Progress of H Share Employee Stock Ownership Plan
2020-07-24	Announcement on Resolution of the First Meeting of Holders under the Employee Stock Ownership Plan
2020-07-29	Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries, Announcement on the Issue Results of Short-term Financing Bonds (Tranche V) in 2020
2020-08-01	Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries to Obtain Bank Credit
2020-08-04	Announcement on Progress of H Share Employee Stock Ownership Plan, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-08-07	Financial Data Briefing for July 2020
2020-08-14	H Share Announcement – Date of Board Meeting
2020-08-15	Announcement on Resignation of Independent Director
2020-08-27	Announcement on Capital Increase in Orient Finance Holdings (Hong Kong) Limited, Announcement on Receiving the Letter of No Objection to the Listing and Transfer of Non-public Issued Subordinated Corporate Bonds
2020-08-29	2020 Interim Report, Summary of the 2020 Interim Report, Announcement on Resolution of the 21st Meeting of the Fourth Session of the Board, Announcement on Resolution of the 16th Meeting of the Fourth Session of the Supervisory Committee, Announcement on Provision For Asset Impairment, Independent Opinions of Independent Directors on Provision For Asset Impairment
2020-09-01	Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche III)
2020-09-02	Announcement on Progress of H Share Employee Stock Ownership Plan, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-09-11	Announcement on Resolution of the 22nd Meeting (Temporary Meeting) of the Fourth Session of the Board, Independent Opinions of Independent Directors on Relevant Matters of the 22nd Meeting of the Fourth Session of the Board, Announcement on Appointment of Vice President of the Company
2020-10-01	Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche IV)
2020-10-10	Announcement on Progress of H Share Employee Stock Ownership Plan, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-10-14	Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited for Non-public Issuance of USD Bonds by its Wholly-owned Subsidiary

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Date of disclosure	Subject
2020-10-16	H Share Announcement – Date of Board Meeting
2020-10-17	Announcement on Resignation of the Chairman of the Board of Directors
2020-10-21	Announcement on Election of A Director to Act as Chairman of the Board of Directors, Announcement on the Issue Results of Short-term Financing Bonds (Tranche VI) in 2020
2020-10-24	Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche V)
2020-10-27	Announcement on Preliminary Financial Data for the First Three Quarters of 2020
2020-10-30	The Third Quarterly Report for the Year 2020, Full Text of the Third Quarterly Report for the Year 2020, Announcement on Resignations of Independent Directors, Announcement on Resolution of the 23rd Meeting of the Fourth Session of the Board, Statement of Nominees of Independent Directors, Statement of Candidates of Independent Directors, Independent Opinions of Independent Directors on Election of Independent Non-executive Directors, Announcement on Resolution of the 17th Meeting of the Fourth Session of the Supervisory Committee, Announcement on Amendments to the Articles of Association and Relevant Rules of Procedures, Articles of Association (Amended in October 2020)
2020-11-03	Announcement on Progress of H Share Employee Stock Ownership Plan, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-11-06	Announcement on Approval from the CSRC for Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors
2020-11-12	Notice of 2020 Second Extraordinary General Meeting, Meeting Materials of the 2020 Second Extraordinary General Meeting
2020-11-19	Announcement on Resignation of Director
2020-12-01	H Share Announcement – Change of Authorized Representative for Service of Process and Notices in Hong Kong
2020-12-02	Announcement on Progress of H Share Employee Stock Ownership Plan, H Shares Announcement – Monthly Return of Equity Issuer on Movements in Securities
2020-12-09	Announcement on Resolutions of the 2020 Second Extraordinary General Meeting, Legal Opinions on the 2020 Second Extraordinary General Meeting
2020-12-15	Announcement on Resolution of the 24th Meeting (Temporary Meeting) of the Fourth Session of the Board
2020-12-22	Announcement on Listing and Circulation of Non-publicly Issued Restricted Shares, the Special Inspection Opinions of Guotai Junan Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd. on Listing and Circulation of Non-publicly Issued Restricted Shares of DFZQ
2020-12-25	Announcement on Completion of Purchase under the H Share Employee Stock Ownership Plan

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2. During the Reporting Period, the information disclosed by the Company on the website of Hong Kong Stock Exchange (http://www.hkexnews.hk) was as follows:

Date of disclosure	Disclosure
2020-01-03	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2019
2020-01-09	Announcement on the Financial Data for December 2019
2020-01-14	Overseas Regulatory Announcement: Announcement on Resolution of the 17th Meeting (Temporary Meeting) of the Fourth Session of the Board
2020-01-17	Announcement on Obtaining the Operation Qualification of Settlement and Sale of Foreign Exchange Business
2020-01-20	Overseas Regulatory Announcement: Announcement on the Issue Results of Short-term Financing Bonds (Tranche I) in 2020
2020-01-22	Announcement on Expected Increase in Annual Results for the Year of 2019, Overseas Regulatory Announcement: Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche IV) in 2019
2020-01-23	Overseas Regulatory Announcement: Announcement on Receiving the Letter of No Objection to the Listing and Transfer of Non-public Corporate Bonds
2020-02-03	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2020
2020-02-11	Announcement on the Financial Data for January 2020
2020-02-14	Resignation of Non-executive Director (Employee Representative Director) and Senior Management Member, Announcement on Election of Non-executive Director (Employee Representative Director), Announcement on Change of Employee Representative Supervisor, List of Directors and Their Roles and Functions, Announcement on Preliminary Financial Data for the Year of 2019
2020-02-19	Overseas Regulatory Announcement: Announcement on Resolution of the 12th Meeting (Temporary Meeting) of the Fourth Session of the Supervisory Committee
2020-03-02	Overseas Regulatory Announcement: Announcement on Completion of Payment of the Short-term Financing Bonds (Tranche V) in 2019, Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 29 February 2020
2020-03-05	Announcement on Appointment of Non-executive Director (Employee Representative Director), List of Directors and Their Roles and Functions, Announcement on the Financial Data for February 2020
2020-03-11	Overseas Regulatory Announcement: Announcement on Interest Payment in 2020 for 2019 Non-publicly Issued Subordinated Bonds (Tranche I)
2020-03-13	Date of Board Meeting
2020-03-19	Overseas Regulatory Announcement: Announcement on the Issue Results of Short-term Financing Bonds (Tranche II) in 2020
2020-03-23	Announcement in Relation to the Online Briefing on the Annual Results Of 2019
2020-03-24	Overseas Regulatory Announcement: Announcement on the Issue Results of Non-public Issuance of Corporate Bonds (Tranche I) in 2020

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Date of disclosure	Disclosure
2020-03-27	Results Announcement for the Year Ended December 31, 2019; DFZQ 2019 Environmental, Social and Governance Report; Announcement (1) General Mandate on Proposed Issuance of Domestic Debt Financing Instruments (2) Projected Intragroup Guarantees for the Year 2020 (3) Proposed Amendments to Certain Articles of the Articles of Association (4) Proposed Grant of General Mandate to Issue Additional A and/or H Shares (5) Resignation of Non-executive Director (6) Proposed Appointment of Non-executive Director and (7) Appointment of Members of the Special Committees under the Board; List of Directors and Their Roles and Functions; Overseas Regulatory Announcements: the Internal Control Audit Report, the Internal Control Evaluation Report in 2019, Announcement of the Resolution of the 18th Meeting of the Fourth Session of the Board, Prior Approval Opinions of Independent Directors on Matters Related to the 18th Meeting of the Fourth Session of the Board, Independent Opinions of Independent Directors on Relevant Matters of the 18th Meeting of the Fourth Session of the Board and the Company's External Guarantee, the Report of Independent Directors in 2019, the Work Report of the Audit Committee of Board in 2019, Announcement of the Resolution of the 13th Meeting of the Fourth Session of the Supervisory Committee, Announcement on Anticipating 2020 Daily Related Party Transactions of the Company, Announcement on Renewal of Engagement of Accounting Firm, Announcement on Profit Distribution Plan of 2019, the Special Explanations on Funds Occupation of Controlling Shareholders and Other Related Parties, the Special Report and Audit Report on the Deposit and Actual Use of Proceeds Raised of Orient Securities Co., Ltd., the Special Report on Deposit and Actual Use of Proceeds Raised in 2019, the Special Inspection Opinions of Guotai Junan Securities Co., Ltd. and Citi Orient Securities Co., Ltd. on the Deposit and Actual Use of Proceeds Raised by Orient Securities Company Limited in 2019, the Plan of Shareholders' Returns in the Next Three Years (2020-2022)
2020-03-30	Notice of Annual General Meeting, Reply Slip for Holders of H Shares for Attending the Annual General Meeting to be Held on May 15, 2020, Form of Proxy of Holders of H Shares for Use at the Annual General Meeting Held on May 15, 2020
2020-04-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2020
2020-04-09	Announcement on the Financial Data for March 2020

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Date of disclosure	Disclosure
2020-04-15	Overseas Regulatory Announcement: Announcement on Payment of Principal and Interest and Delisting of 2017 Subordinated Bonds (Tranche I) (Type I), Date of Board Meeting
2020-04-17	Overseas Regulatory Announcement: Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche I), Announcement on Interest Payment in 2020 for 2017 Subordinated Bonds (Tranche I) (Type II)
2020-04-22	Connected Transaction: Announcement of the Completion of Change of Industrial and Commercial Registration and Enterprise Name in Relation to the Acquisition of Part of Equity Interests of Citi Orient
2020-04-23	2019 Annual Report, Circular of 2019 Annual General Meeting
2020-04-27	Indicative Announcement Regarding the Convening of the Annual General Meeting, Overseas Regulatory Announcement: Announcement on Completion of Payment of 2017 Subordinated Bonds (Tranche I) (Type I)
2020-04-29	The First Quarterly Report for the Year 2020
2020-05-06	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2020
2020-05-08	Overseas Regulatory Announcement: Announcement on Approval for Amendments to Key Articles of the Articles of Association, Articles of Association
2020-05-11	Announcement on the Financial Data for April 2020
2020-05-13	Overseas Regulatory Announcement: Announcement on Providing Guarantee to Obtain Bank Credit by Overseas Wholly-owned Subsidiaries for Wholly-owned Subsidiaries, Announcement on Capital Increase in Shanghai Orient Securities Innovation Investment Co., Ltd.
2020-05-15	Poll Results of Annual General Meeting Held on May 15, 2020, Articles of Association, List of Directors and Their Roles and Functions, Overseas Regulatory Announcement: Legal Opinion of Grandall Law Firm (Shanghai) on the 2019 Annual General Meeting, Announcement on Resignation of Senior Management Member of the Company
2020-05-21	Corrigendum of Poll Results of Annual General Meeting Held on May 15, 2020
2020-05-25	Voluntary Announcement-Indicative Announcement on Preparation for Employee Stock Ownership Plan of H Shares
2020-06-01	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2020
2020-06-03	Overseas Regulatory Announcement: Announcement on the Issue Results of Short-term Financing Bonds (Tranche III) in 2020

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Date of disclosure	Disclosure
2020-06-04	Announcement on the Financial Data for May 2020
2020-06-10	Announcement in Relation to Completion of Change of Registered Address of the Company
2020-06-15	Announcement on the Participation in 2020 Group Reception Day for Listed Companies in Shanghai
2020-06-17	Proposed Adoption of the Employee Stock Ownership Plan, Notice of 2020 First Extraordinary General Meeting, Form of Proxy of Holders of H Shares for Use at 2020 First Extraordinary General Meeting to be Held on July 13, 2020, Overseas Regulatory Announcement: Announcement on Implementation of the 2019 Annual Distribution of Equity Interests, Announcement on Resolution of the 20th Meeting (Temporary Meeting) of the Fourth Session of the Board, Announcement on Resolution of the 15th Meeting (Temporary Meeting) of the Fourth Session of the Supervisory Committee, Independent Opinions of Independent Directors on Matters related to the Employee Stock Ownership Plan of the Company, Audit Opinions of the Supervisory Committee on Matters related to the Employee Stock Ownership Plan of the Company, DFZQ Employee Stock Ownership Plan (Draft), Abstract of DFZQ Employee Stock Ownership Plan (Draft), Asset Management Contract of China Universal – DFZQ ESOP Single Asset Management Scheme No. 1, Asset Management Contract of China Universal – DFZQ ESOP Single Asset Management Scheme No. 2, Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche II)
2020-06-19	Overseas Regulatory Announcement: Announcement on Receipt of Reply from the CSRC on Capital Increase in Orient Finance Holdings (Hong Kong) Limited
2020-06-23	Proposed Adoption of the Employee Stock Ownership Plan, Proposed Authorization to the Board to Fully Handle Matters Related to the Employee Stock Ownership Plan and Notice of the 2020 First Extraordinary General Meeting
2020-07-02	Overseas Regulatory Announcement: Announcement on Receipt of Reply from the CSRC on Public Issuance of Perpetual Subordinated Bonds, Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2020
2020-07-07	Overseas Regulatory Announcement: Announcement on Resolutions of the Fourth Joint Meeting of the Third Session of General Meeting of Employee Representatives, Announcement on the Issue Results of Short-term Financing Bonds (Tranche IV) in 2020
2020-07-08	Announcement on the Financial Data for June 2020
2020-07-10	Overseas Regulatory Announcement: Legal Opinion of Grandall Law Firm (Shanghai) on the DFZQ Employee Stock Ownership Plan

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Date of disclosure	Disclosure
2020-07-13	Poll Results of Extraordinary General Meeting Held on July 13, 2020, Overseas Regulatory Announcement: Legal Opinion of Grandall Law Firm (Shanghai) on the 2020 First Extraordinary General Meeting, DFZQ Employee Stock Ownership Plan, Announcement on Approval from the CSRC for Registration of Public Issuance of Corporate Bonds to Professional Investors
2020-07-20	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan
2020-07-23	Overseas Regulatory Announcement: Announcement on Resolution of the First Meeting of Holders under the DFZQ Employee Stock Ownership Plan
2020-07-28	Overseas Regulatory Announcement: Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries, Announcement on the Issue Results of Short-term Financing Bonds (Tranche V) in 2020
2020-07-31	Overseas Regulatory Announcement: Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited to its Wholly-owned Subsidiaries to Obtain Bank Credit
2020-08-03	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2020
2020-08-06	Announcement on the Financial Data for July 2020
2020-08-13	Date of Board Meeting
2020-08-14	Resignation of Independent Non-executive Director
2020-08-26	Overseas Regulatory Announcement: Announcement on Capital Increase in Orient Finance Holdings (Hong Kong) Limited, Announcement on Receiving the Letter of No Objection to the Listing and Transfer of Non-public Issued Subordinated Corporate Bonds
2020-08-28	Interim Results Announcement for the Six Months Ended June 30, 2020, Announcement in Relation to the Provision For Asset Impairment, Overseas Regulatory Announcement: Announcement on Resolution of the 21st Meeting of the Fourth Session of the Board, Announcement on Resolution of the 16th Meeting of the Fourth Session of the Supervisory Committee, Independent Opinions of Independent Directors on Provision For Asset Impairment
2020-08-31	Overseas Regulatory Announcement: Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche III)
2020-09-01	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2020
2020-09-10	Overseas Regulatory Announcement: Announcement on Resolution of the 22nd Meeting (Temporary Meeting) of the Fourth Session of the Board, Independent Opinions of Independent Directors on Relevant Matters of the 22nd Meeting of the Fourth Session of the Board, Announcement on Appointment of Vice President of the Company

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Date of disclosure	Disclosure
2020-09-21	2020 Interim Report
2020-09-30	Overseas Regulatory Announcement: Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche IV)
2020-10-09	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan, Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2020
2020-10-13	Overseas Regulatory Announcement: Announcement on Provision of Guarantee by Orient Finance Holdings (Hong Kong) Limited for Non-public Issuance of USD Bonds by its Wholly-owned Subsidiary
2020-10-15	Date of Board Meeting
2020-10-16	Resignation of the Chairman of the Board of Directors, List of Directors and Their Roles and Functions
2020-10-20	Election of A Director to Act as Chairman of the Board of Directors, List of Directors and Their Roles and Functions, Overseas Regulatory Announcement: Announcement on the Issue Results of Short-term Financing Bonds (Tranche VI) in 2020
2020-10-23	Overseas Regulatory Announcement: Announcement on Completion of Payment of 2020 Short-term Financing Bonds (Tranche V)
2020-10-26	Announcement on Preliminary Financial Data for the First Three Quarters of 2020
2020-10-29	The Third Quarterly Report for the Year 2020, Resignations of Independent Non-executive Directors, (1) Proposed Amendments to the Articles of Association, the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee and (2) Proposed Appointment of Independent Non-executive Directors, Overseas Regulatory Announcement: Announcement on Resolution of the 23rd Meeting of the Fourth Session of the Board, Statement of Nominees of Independent Directors, Statement of Candidates of Independent Directors, Independent Opinions of Independent Directors on Election of Independent Non-executive Directors, Announcement on Resolution of the 17th Meeting of the Fourth Session of the Supervisory Committee
2020-11-02	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2020
2020-11-05	Overseas Regulatory Announcement: Announcement on Approval from the CSRC for Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors
2020-11-11	Circular of the 2020 Second Extraordinary General Meeting, Notice of 2020 Second Extraordinary General Meeting, Form of Proxy of Holders of H Shares for Use at 2020 Second Extraordinary General Meeting Held on December 8, 2020

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Date of disclosure	Disclosure
2020-11-18	Resignation of Non-executive Director (Employee Representative Director), List of Directors and Their Roles and Functions
2020-11-30	Change of Authorized Representative for Service of Process and Notices in Hong Kong
2020-12-01	Overseas Regulatory Announcement: Announcement on Progress of H Share Employee Stock Ownership Plan, Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2020
2020-12-08	Poll Results of Extraordinary General Meeting Held on December 8, 2020, Articles of Association, List of Directors and Their Roles and Functions, Overseas Regulatory Announcement: Legal Opinion of Grandall Law Firm (Shanghai) on the 2020 Second Extraordinary General Meeting,
2020-12-14	Appointment of Members of Board Committees, List of Directors and Their Roles and Functions, Overseas Regulatory Announcement: Announcement on Resolution of the 24th Meeting (Temporary Meeting) of the Fourth Session of the Board
2020-12-21	Overseas Regulatory Announcement: Announcement on Listing and Circulation of Non-publicly Issued Restricted Shares, the Special Inspection Opinions of Guotai Junan Securities Co., Ltd. and Orient Securities Investment Banking Co., Ltd. on Listing and Circulation of Non-publicly Issued Restricted Shares of Orient Securities Company Limited
2020-12-24	Overseas Regulatory Announcement: Announcement on Completion of Purchase under the H Share Employee Stock Ownership Plan

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF 東方證券股份有限公司
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of 東方證券股份有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 317 to 520, which comprise the consolidated statements of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of expected credit loss ("ECL") of advances to customers and financial assets held under resale agreements	
We identified the measurement of ECL for the Group's advances to customers and financial assets held under resale agreements as a key audit matter due to the significance of these assets to the Group's consolidated financial statements and the significant management judgement and estimation required in the measurement. As disclosed in Note 4 to the consolidated financial statements, significant management judgement and estimation required in the measurement of ECL includes assessing whether the credit risk of an asset has significantly increased and whether an asset is credit impaired, using appropriate models and assumptions, determining the key inputs including probability of default ("PD"), loss given default ("LGD") and forward-looking information. As at 31 December 2020, the Group held advances to customers of RMB21,219 million, less impairment allowance of RMB47 million as disclosed in Note 23 to the consolidated financial statements and financial assets held under resale agreements of RMB19,494 million, less impairment allowance of RMB5,034 million as disclosed in Note 25 to the consolidated financial statements.	Our procedures in relation to management's measurement of ECL for advances to customers and financial assets held under resale agreements included: • Testing and evaluating key controls of the management over the measurement of ECL; • Evaluating the appropriateness of the ECL model, and the critical assumptions and parameters used in the model, in particular PD, LGD and forward-looking information; • Evaluating the determination of the criteria for significant increase in credit risk ("SICR") and credit-impaired financial assets by management and, on a sample basis, testing its application; • On a sample basis, examining the major data input into the ECL model, including PD and LGD; • For credit impaired assets, on a sample basis, assessing the impairment allowances made by management based on the expected future cash flow with reference to financial information of borrowers and guarantors, and the latest collateral valuations, as appropriate; • Checking the calculation process of the ECL.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Determination of consolidation scope of structured entities	
We identified the determination of consolidation scope of structured entities as a key audit matter due to significant judgement applied by management in determining whether a structured entity is required to be consolidated by the Group and the significance of these balances to the Group's consolidated financial statements as a whole. The Group held interests as investor or acted as investment manager in various structured entities including collective asset management schemes and funds. As disclosed in Note 4 to the consolidated financial statements, to determine whether a structured entity should be consolidated, the management applied significant judgement in determining whether the Group has power over the structured entities, and assess whether the combination of investments it held together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes and funds that is of such significance that it indicates the Group controlled the structured entities. As disclosed in Notes 37 and 32 to the consolidated financial statements, as at 31 December 2020, the total net assets of the consolidated structured entities amounted to RMB7,368 million and the total net assets of the unconsolidated structured entities managed by the Group amounted to RMB328,845 million, respectively.	Our procedures in relation to management's determination of consolidation scope of structured entities included: • Testing and evaluating key controls of the management in determining the consolidation scope of structured entities; • Examining, on a sample basis, the documents and information used by the management in assessing the consolidation criteria of structured entities against the related agreements and other related service agreements of structured entities newly established, invested or with changes in proportion of ownership interests or contractual terms during the year; • Assessing management judgement in determining the scope for consolidation and, on a sample basis, assessing the conclusion about whether a structured entity should be consolidated or not.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ma Hing Fai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	NOTES	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue			
Commission and fee income	6	**7,953,858**	5,050,674
Interest income	7	**5,538,183**	6,086,095
		13,492,041	11,136,769
Net investment gains	8	**5,175,065**	3,760,362
Other income, gains and losses	9	**8,979,880**	9,453,390
Total revenue, gains/(losses) and other income		**27,646,986**	24,350,521
Depreciation and amortisation	10	**(662,189)**	(554,535)
Staff costs	11	**(5,062,944)**	(3,654,584)
Commission and fee expenses	12	**(832,327)**	(535,011)
Interest expenses	13	**(4,759,411)**	(5,195,473)
Other operating expenses	14	**(10,871,077)**	(11,102,999)
Impairment losses under expected credit loss model, net of reversal	15	**(3,885,132)**	(1,044,458)
Total expenses		**(26,073,080)**	(22,087,060)
Share of results of associates		**1,212,458**	591,070
Profit before income tax		**2,786,364**	2,854,531
Income tax expense	16	**(64,600)**	(375,792)
Profit for the year		**2,721,764**	2,478,739
Attributable to:			
Equity holders of the Company		**2,722,989**	2,435,080
Non-controlling interests		**(1,225)**	43,659
		2,721,764	2,478,739
Earnings per share attributable to shareholders of the Company (Expressed in RMB Yuan per share)			
– Basic	17	**0.38**	0.35

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	Year ended 31 December 2020 RMB'000	2019 RMB'000
Profit for the year		**2,721,764**	2,478,739
Other comprehensive (expense)/income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on investment in equity instruments at fair value through other comprehensive income	*53(4)*	**(64,468)**	72,020
Income tax relating to items that will not be reclassified to profit or loss	*53(4)*	**16,117**	(18,005)
Subtotal		**(48,351)**	54,015
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain on:			
debt instruments measured at fair value through other comprehensive income	*53(4)*	**(581,415)**	561,410
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss	*53(4)*	**147,842**	21,695
Income tax impact relating to items that may be reclassified subsequently	*53(4)*	**108,393**	(145,776)
Share of other comprehensive expense of associates, net of related income tax	*53(4)*	**(9,682)**	(8,524)
Exchange differences arising on translation		**(109,867)**	7,504
Subtotal		**(444,729)**	436,309
Other comprehensive (expense)/income for the year, net of income tax		**(493,080)**	490,324
Total comprehensive income for the year		**2,228,684**	2,969,063
Attributable to:			
Equity holders of the Company		**2,229,909**	2,925,404
Non-controlling interests		**(1,225)**	43,659
		2,228,684	2,969,063

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	As at 31 December 2020 RMB'000	2019 RMB'000
Cash and bank balances	*18*	**65,640,360**	48,940,834
Clearing settlement funds	*20*	**21,516,357**	13,243,654
Deposits with exchanges and financial institutions	*21*	**2,183,090**	1,642,894
Derivative financial assets	*22*	**155,876**	609,102
Advances to customers	*23*	**21,171,919**	13,214,262
Account receivables	*24*	**874,406**	1,019,920
Contract assets		**1,742**	–
Financial assets held under resale agreements	*25*	**14,460,425**	24,206,542
Financial assets at fair value through profit or loss	*26*	**72,701,117**	66,901,093
Debt instruments at fair value through other comprehensive income	*27*	**62,645,975**	64,895,563
Equity instruments at fair value through other comprehensive income	*28*	**10,936,458**	10,832,873
Debt instruments measured at amortised cost	*29*	**6,243,897**	7,193,554
Deferred tax assets	*30*	**1,455,922**	760,995
Investments in associates	*31*	**5,771,194**	4,453,754
Right-of-use assets	*33*	**847,355**	1,002,749
Investment properties	*34*	**40,461**	30,071
Property and equipment	*35*	**2,225,662**	2,189,204
Other intangible assets	*36*	**215,313**	168,519
Goodwill	*38*	**32,135**	32,135
Other loans, receivables and prepayments	*39*	**1,997,778**	1,633,724
Total assets		**291,117,442**	262,971,442

Consolidated Statement of Financial Position
As at 31 December 2020

	NOTES	As at 31 December 2020 RMB'000	2019 RMB'000
Due to banks and other financial institutions	*40*	**9,670,114**	6,384,659
Short-term financing bill payables	*41*	**16,255,486**	16,113,200
Account payables to brokerage clients	*42*	**66,642,671**	40,179,178
Financial assets sold under repurchase agreements	*43*	**52,860,883**	57,478,063
Financial liabilities at fair value through profit or loss	*44*	**14,576,073**	12,630,961
Derivative financial liabilities	*22*	**504,957**	2,643,375
Contract liabilities	*45*	**404,124**	208,114
Current tax liabilities		**570,867**	161,569
Accrued staff costs	*46*	**2,608,009**	1,601,086
Borrowings	*47*	**579,732**	640,154
Lease liabilities	*48*	**856,910**	995,005
Bond payables	*49*	**62,265,473**	67,309,199
Deferred tax liabilities	*30*	**20,179**	19,031
Other account payables, other payables and accruals	*50*	**3,070,820**	2,596,211
Total liabilities		**230,886,298**	208,959,805
Share capital	*51*	**6,993,656**	6,993,656
Other equity instrument	*52*	**5,000,000**	–
Reserves	*53*	**40,714,243**	40,198,256
Retained profits	*54*	**7,494,952**	6,773,604
Equity attributable to equity holders of the Company		**60,202,851**	53,965,516
Non-controlling interests		**28,293**	46,121
Total equity		**60,231,144**	54,011,637
Total equity and liabilities		**291,117,442**	262,971,442

The consolidated financial statements pages 317 to 520 were approved and authorised for issue by the Board of Directors on 30 March 2021 and signed on behalf by:

Jin Wenzhong
Chairman of Board

Zhang Jianhui
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	NOTES	Equity attributable to equity holders of the Company										
				Reserves								
		Share capital RMB'000 (Note 51)	Other equity instrument RMB'000 (Note 52)	Capital reserve RMB'000 (Note 53)	Surplus reserve RMB'000 (Note 53)	General reserve RMB'000 (Note 53)	Investment revaluation reserve RMB'000 (Note 53)	Translation reserve RMB'000 (Note 53)	Retained profits RMB'000 (Note 54)	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2020		6,993,656	-	28,254,930	3,445,689	7,997,676	498,898	1,063	6,773,604	53,965,516	46,121	54,011,637
Profit for the year		-	-	-	-	-	-	-	2,722,989	2,722,989	(1,225)	2,721,764
Other comprehensive expense for the year		-	-	-	-	-	(383,213)	(109,867)	-	(493,080)	-	(493,080)
Total comprehensive (expense)/income for the year		-	-	-	-	-	(383,213)	(109,867)	2,722,989	2,229,909	(1,225)	2,228,684
Issuance of perpetual subordinated bond	*52*	-	5,000,000	-	-	-	-	-	-	5,000,000	-	5,000,000
Appropriation to surplus reserve		-	-	-	230,459	-	-	-	(230,459)	-	-	-
Appropriation to general reserve		-	-	-	-	693,421	-	-	(693,421)	-	-	-
Dividends recognised as distribution	*55*	-	-	-	-	-	-	-	(1,049,048)	(1,049,048)	(4,675)	(1,053,723)
Transfer to retained profits for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal		-	-	-	-	-	28,713	-	(28,713)	-	-	-
Additional interests acquired in a subsidiary	*50*	-	-	11,928	-	-	-	-	-	11,928	(11,928)	-
Changes in net assets of associates other than profit or loss and other comprehensive income	*31*	-	-	44,546	-	-	-	-	-	44,546	-	44,546
At 31 December 2020		6,993,656	5,000,000	28,311,404	3,676,148	8,691,097	144,398	(108,804)	7,494,952	60,202,851	28,293	60,231,144

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	NOTES	Equity attributable to equity holders of the Company									
			Reserves								
		Share capital RMB'000 (Note 51)	Capital reserve RMB'000 (Note 53)	Surplus reserve RMB'000 (Note 53)	General reserve RMB'000 (Note 53)	Investment revaluation reserve RMB'000 (Note 53)	Translation reserve RMB'000 (Note 53)	Retained profits RMB'000 (Note 54)	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2019		6,993,656	28,254,930	3,085,378	7,061,605	(192,374)	(6,441)	6,542,724	51,739,478	532,974	52,272,452
Profit for the year		–	–	–	–	–	–	2,435,080	2,435,080	43,659	2,478,739
Other comprehensive income for the year		–	–	–	–	482,820	7,504	–	490,324	–	490,324
Total comprehensive income for the year		–	–	–	–	482,820	7,504	2,435,080	2,925,404	43,659	2,969,063
Capital injection by non-controlling shareholders		–	–	–	–	–	–	–	–	1,530	1,530
Capital returned to non-controlling shareholders upon liquidation of the subsidiaries		–	–	–	–	–	–	–	–	(30,943)	(30,943)
Disposal of subsidiaries		–	–	–	–	–	–	–	–	(2,429)	(2,429)
Appropriation to surplus reserve		–	–	360,311	–	–	–	(360,311)	–	–	–
Appropriation to general reserve		–	–	–	936,071	–	–	(936,071)	–	–	–
Dividends recognised as distribution	*55*	–	–	–	–	–	–	(699,366)	(699,366)	(23,086)	(722,452)
Transfer to retained profits for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal		–	–	–	–	208,452	–	(208,452)	–	–	–
Forward arrangement for acquiring additional interests in a subsidiary	*50*	–	–	–	–	–	–	–	–	(475,584)	(475,584)
At 31 December 2019		6,993,656	28,254,930	3,445,689	7,997,676	498,898	1,063	6,773,604	53,965,516	46,121	54,011,637

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before income tax	**2,786,364**	2,854,531
Adjustments for:		
Interest expenses	**4,759,411**	5,195,473
Share of results of associates	**(1,212,458)**	(591,070)
Depreciation and amortisation	**662,189**	554,535
Impairment losses under expected credit loss model, net of reversal	**3,885,132**	1,044,458
Losses on disposal of property and equipment and right-of-use assets	**228**	1,641
Foreign exchange gains, net	**(208,303)**	(12,163)
Net realised gains and income arising from financial assets at fair value through profit or loss	**(469,563)**	(253,165)
Net realised gains arising from disposal of an associate	**(2,938)**	–
Net realised gains and income arising from debt instruments at fair value through other comprehensive income	**(2,899,183)**	(2,739,315)
Dividend income arising from equity instruments at fair value through other comprehensive income	**(284,615)**	(541,865)
Net realised losses arising from derivative financial instruments	**81,204**	83,795
Net realised gains and income arising from debt instruments measured at amortised cost	**(248,345)**	(297,409)
Unrealised fair value change of financial assets at fair value through profit or loss	**(1,363,920)**	(1,387,529)
Unrealised fair value change of financial liabilities at fair value through profit or loss	**(327,009)**	423,838
Unrealised fair value change of derivative financial instruments	**315,036**	26,980

(continued)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Operating cash flows before movements in working capital	**5,473,230**	4,362,735
Increase in advances to customers	**(7,961,536)**	(2,947,892)
Decrease in financial assets held under resale agreements	**5,926,587**	2,988,689
Increase in financial assets at fair value through profit or loss and derivative financial assets	**(1,858,298)**	(8,245,928)
Increase in deposits and reserve funds and deposits with exchanges	**(686,921)**	(627,947)
Increase in bank balances and clearing settlement funds restricted or held on behalf of customers	**(26,393,444)**	(8,232,410)
Increase in account receivables, other receivables, prepayments and contract assets	**(171,666)**	(549,030)
Increase in other account payables, other payables and accruals, contract liabilities	**2,153,126**	1,059,881
Increase in account payables to brokerage clients	**26,463,493**	8,120,113
Increase in financial liabilities at fair value through profit or loss and derivative financial liabilities	**1,843,153**	5,457,878
(Decrease)/increase in financial assets sold under repurchase agreements	**(4,610,149)**	8,075,627
Increase/(decrease) in deposits due to banks and other financial institutions	**3,294,490**	(4,630,000)
Cash generated from operations	**3,472,065**	4,831,716
Income taxes paid	**(224,571)**	(595,502)
Interest paid	**(1,533,039)**	(1,888,935)
NET CASH FROM OPERATING ACTIVITIES	**1,714,455**	2,347,279

(continued)

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES		
Dividends and interest received from investments	**3,853,316**	3,945,878
Proceeds on disposal of property and equipment and other intangible assets	**13,114**	2,952
Proceeds from disposal or redemption of:		
financial assets at fair value through profit or loss	**12,151,369**	21,940,572
debt instruments at fair value through other comprehensive income	**101,208,205**	60,726,248
equity instruments at fair value through other comprehensive income	**1,288,389**	583,379
debt instrument measured at amortised cost	**892,303**	896,748
Capital injection in associates	**(672,813)**	(449,465)
Purchases of:		
financial assets at fair value through profit or loss	**(14,370,375)**	(27,679,480)
debt instruments at fair value through other comprehensive income	**(99,271,479)**	(62,689,779)
equity instruments at fair value through other comprehensive income	**(1,456,442)**	(2,029,099)
debt instrument measured at amortised cost	**–**	(210,000)
Purchases of property and equipment and other intangible assets	**(449,311)**	(298,153)
Payments for right-of-use assets	**(3,347)**	(5,906)
Proceeds from disposal of subsidiaries	**–**	1,418
Proceeds from disposal of or capital reduction from associates	**279,505**	539,586
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**3,462,434**	(4,725,101)

(continued)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	Year ended 31 December 2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES			
Capital injection from non-controlling shareholders		**–**	1,530
Proceeds from bonds and short-term financing bill payables issued		**77,801,516**	66,746,196
Repayments on bonds and short-term financing bill payables issued		**(81,718,646)**	(52,681,299)
Proceeds from issuance of perpetual subordinated bond		**5,000,000**	–
Proceeds from borrowings		**1,927,800**	3,375,435
Repayments of borrowings		**(4,180,627)**	(2,781,205)
Repayments of lease liabilities		**(300,192)**	(262,056)
Dividends paid to shareholders		**(1,053,723)**	(722,452)
Interest of bonds and short-term financing bill payables paid		**(3,207,246)**	(3,404,443)
Interest of borrowings paid		**(123,572)**	(142,733)
Interest paid on lease liabilities		**(35,670)**	(28,921)
Payments on acquisition of additional interests in a subsidiary		**(475,584)**	–
Payments on capital returned to non-controlling shareholders		**–**	(30,943)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(6,365,944)**	10,069,109
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,189,055)**	7,691,287
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**21,552,456**	13,729,707
Effect of foreign exchange rate changes		**(378,885)**	131,462
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	*19*	**19,984,516**	21,552,456

1. GENERAL INFORMATION

東方證券股份有限公司 (the ''Company"), formerly known as the Orient Securities Limited Liability Company (東方證券有限責任公司), a limited liability company was established on 10 December 1997. On 8 October 2003, upon approval from the China Securities Regulatory Commission ("CSRC") and the Shanghai Municipal Government, Orient Securities Limited Liability Company was converted into a joint stock limited liability company, and was renamed as 東方證券股份有限公司. On 23 March 2015, the Company became listed on the Shanghai Stock Exchange with the stock code of 600958. On 8 July 2016, the Company became listed on The Hong Kong Exchanges and Clearing Limited (the "Stock Exchange") with the stock code of 03958.

The registered office of the Company is located at Orient Edifice, No. 119, South Zhongshan Road, Shanghai, the People's Republic of China ("PRC").

The Company and its subsidiaries (the ''Group") are principally engaged in securities and futures brokerage, margin financing and securities lending, securities investment advisory, securities proprietary trading, asset management, agency sale of financial products, security underwriting and sponsorship, and other business activities approved by CSRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and Amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new amendments and interpretation of IFRSs that have been issued but are not yet effective.

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after June 1, 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement data. Fair value for measurement and/or disclosure purpose in these consolidated financial statements are determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of preparation of consolidated financial statements *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting policies

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Basis of consolidation** (Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or losses and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Basis of consolidation** (Continued)*

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to shareholders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9"), when applicable, the cost on initial recognition of an investment in an associate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former shareholders of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income taxes* and IAS 19 *Employee benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based* payment at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Business combinations** (Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Goodwill** (Continued)*

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of associates is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Investments in associates** (Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and equipment/ buildings 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Leases** (Continued)*

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Leases** (Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Leases** (Continued)*

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment, other than construction in progress, less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated residual value rates and useful lives of each class of property and equipment, other than construction in progress, are as follows:

Classes	Estimated residual value rates	Useful lives
Leasehold land and buildings	3%	Over the shorter of the lease term and estimated useful life of buildings of 30 years
Electronic and communication equipment	3%	3-10 years
Motor vehicles	3%	6 years
Office equipment	3%	5 years
Leasehold improvements	nil	Over the lease term

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives (i.e. trading rights) that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Intangible assets** (Continued)*

Internally-generated intangible assets – research and development expenditure (Continued)

Subsequent to initial recognition, internally-generated intangible asset are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as an intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets, investment properties and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Impairment on property and equipment, right-of-use assets, investment properties and intangible assets other than goodwill** (Continued)*

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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 (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income, gains and losses”.

Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Employee benefits *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of short-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the relevant period.

Annuity scheme

The Group also sets up annuity scheme for qualified employees. Annuity contributions are accrued based on a certain percentage of the participants' total salary when employees have rendered service entitling them to the contributions. The contribution is recognised in profit or loss when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Taxation** (Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations applies*.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "net investment gains" line item in profit or loss.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets which are subject to impairment assessment under IFRS 9, including advances to customers, debt instruments at FVTOCI, financial assets held under resale agreements, debt instruments measured at amortised cost, account receivables, deposits with exchanges and financial institutions, clearing settlement funds, cash and bank balances, loan commitments, contract assets and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applied the IFRS 9 simplified approach to measure ECL and recognises lifetime ECL for account receivables and contract assets. To measure the ECL, account receivables and contract assets have been grouped based on shared credit risk characteristics.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI and loan commitments, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of account receivables, other receivables, advances to customers, financial assets held under resale agreements and debt instruments measured at amortised cost where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the equity investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including borrowings, short-term financing bill payables, due to banks and other financial institutions, account payable to brokerage clients, other payables and accruals, bond payables and financial assets sold under repurchase agreements are subsequently measured at amortised cost, using the effective interest method.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Financial instruments** (Continued)*

Financial liabilities and equity (Continued)

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets sold subject to repurchase agreements, which do not result in derecognition of the financial assets, are continued to be recorded as financial assets at FVTPL, debt instruments at FVTOCI, equity instruments at FVTOCI, or debt instruments measured at amortised cost as appropriate. The corresponding liability is included in “financial assets sold under repurchase agreements”. Consideration paid for financial assets held under agreements to resell are recorded as “financial assets held under resale agreements”. Financial assets sold under repurchase agreements and financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Securities lending

The Group lends securities to clients and the cash collateral balances required under the securities lending agreements and the interest arisen from the cash collateral are included in “account payables to brokerage clients”. For those securities held by the Group that are lent to clients, they are not derecognised and are continued to be recorded as financial assets at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Revenue from contracts with customers** (Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

***Revenue from contracts with customers** (Continued)*

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group's revenue mainly comes from the following types of business:

Commission and fee income

(a) Commission and fee income arising from securities brokerage services is recognised on the date of the securities transaction;

(b) Commission and fee income arising from investment banking services is recognised when the contractual obligations are fulfilled;

(c) Commission and fee income arising from asset management services is recognised in accordance with the conditions and proportions agreed in the contract when management services meets the relevant revenue recognition conditions.

Interest income

Interest income from a financial asset is accrued on a timely basis using the effective interest method.

Other income

Other income is recognised when the contractual obligations are fulfilled.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Significant accounting policies *(Continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and the amount of the obligation can be reliably estimated.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT *(Continued)*

4.1 Critical judgement in applying accounting policies

Consolidation of structured entities

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. 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 listed above.

For collective asset management schemes and funds where the Group involves as manager, the Group considers whether it has the power over the structured entities and assesses whether the combination of investments it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes and funds that is of such significance that it indicates the Group controlled the structured entities. The collective asset management schemes and funds are consolidated if the Group acts in the role of principal.

Classification of financial assets

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT *(Continued)*

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial assets

The Group uses valuation techniques to estimate the fair value of financial assets which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis, etc. To the extent practical market observable inputs and data are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial assets.

Impairment of advances to customers and financial assets held under resale agreements

The Group estimates the amount of loss allowance for ECL on its advances to customers and financial assets held under resale agreements. The assessment of the ECL of advances to customers and financial assets held under resale agreements involves high degree of estimation and uncertainty.

Significant increase of credit risk and credit-impaired financial asset

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition, and it comes to stage 3 when it is credit impaired. In assessing whether the credit risk of an asset has significantly increased and whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative forward looking information on a reasonable and supportable basis, which is detailed in Note 63.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENT *(Continued)*

4.2 Key sources of estimation uncertainty *(Continued)*

Impairment of advances to customers and financial assets held under resale agreements *(Continued)*

Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of assets, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk, which are detailed in Note 63.

Forward-looking information

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Further information is detailed in Note 63.

Probability of default ("PD")

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Further information is detailed in Note 63.

Loss given default ("LGD")

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Further information is detailed in Note 63.

Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realisation of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in Notes 16 and 30.

5. SEGMENT REPORTING

Information reported to the Board of Directors, being the chief operating decision maker (hereinafter refer to as the "CODM") of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organisation, whereby the businesses are organised and managed separately as individual strategic business units that offers different products and serves different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to CODM, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group's reportable and operating segments are as follows:

(a) Securities sales and trading, which primarily included investment gains, commission and fee income earned from trading of stocks, bonds, funds, derivatives, alternative investments and other financial products and fees earned from providing related investment research activities;

(b) Investment management, which primarily included management and advisory fees earned from providing asset management, fund management and private equity investment management services to clients, as well as investment gains from private equity investments;

(c) Brokerage and securities financing, which primarily included fees and commissions earned from providing brokerage and investment advisory services for the trading of stocks, bonds, funds, and warrants, as well as futures on behalf of the customers, bulk commodity trading, and also interest earned from providing margin financing and securities lending services;

(d) Investment banking, which primarily included commissions and fees earned from equity underwriting and sponsorship, debt underwriting and financial advisory services;

(e) Headquarters and others, which included head office operations and the overseas business in Hong Kong, including interest income earned and expense incurred for general working capital purpose.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the year of 2020 and 2019.

Segment profit/loss represents the profit earned by/loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets/liabilities are allocated to each segment. Inter-segment balances eliminations mainly include amount due from/to another segment arising from activities' carried out by a segment for another segment.

5. SEGMENT REPORTING *(Continued)*

The segment information provided to the CODM for the operating segments for the years ended 31 December 2020 and 2019 are as follows:

Operating segment

For the year ended 31 December 2020

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Segment revenue and results								
Segment revenue and net investment gains	5,984,600	3,301,493	5,858,985	1,684,634	2,633,623	19,463,335	(796,229)	18,667,106
Segment other income, gains and losses	580	73,639	8,628,894	10,722	266,419	8,980,254	(374)	8,979,880
Segment revenue, gains/(losses) and other income	5,985,180	3,375,132	14,487,879	1,695,356	2,900,042	28,443,589	(796,603)	27,646,986
Segment expenses	(1,992,327)	(2,059,813)	(15,531,941)	(998,340)	(5,600,958)	(26,183,379)	110,299	(26,073,080)
Segment result	3,992,853	1,315,319	(1,044,062)	697,016	(2,700,916)	2,260,210	(686,304)	1,573,906
Share of results of associates	173	1,106,346	52	–	(1,392)	1,105,179	107,279	1,212,458
Profit/ (loss) before income tax	3,993,026	2,421,665	(1,044,010)	697,016	(2,702,308)	3,365,389	(579,025)	2,786,364
Segment assets and liabilities								
Segment assets	108,038,850	12,257,302	114,848,731	2,599,191	70,597,344	308,341,418	(17,223,976)	291,117,442
Segment liabilities	57,293,144	2,411,486	75,823,776	1,048,108	95,826,185	232,402,699	(1,516,401)	230,886,298
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	21,988	73,335	258,134	40,463	269,077	662,997	(808)	662,189
Provision for impairment losses	151,867	326	3,727,585	13	5,341	3,885,132	–	3,885,132
Capital expenditure	2,368	49,925	216,245	49,883	343,585	662,006	–	662,006

5. SEGMENT REPORTING *(Continued)*

Operating segment *(Continued)*

For the year ended 31 December 2019

	Securities sales and trading RMB'000	Investment management RMB'000	Brokerage and securities financing RMB'000	Investment banking RMB'000	Headquarters and others RMB'000	Segment total RMB'000	Eliminations RMB'000	Consolidated total RMB'000
Segment revenue and results								
Segment revenue and net investment gains	4,696,194	2,390,826	4,659,013	1,043,615	3,202,117	15,991,765	(1,094,634)	14,897,131
Segment other income, gains and losses	5,426	63,386	9,285,235	19,214	84,293	9,457,554	(4,164)	9,453,390
Segment revenue, gains/(losses) and other income	4,701,620	2,454,212	13,944,248	1,062,829	3,286,410	25,449,319	(1,098,798)	24,350,521
Segment expenses	(1,939,141)	(1,348,064)	(12,550,982)	(671,332)	(5,658,891)	(22,168,410)	81,350	(22,087,060)
Segment result	2,762,479	1,106,148	1,393,266	391,497	(2,372,481)	3,280,909	(1,017,448)	2,263,461
Share of results of associates	(24,590)	567,633	(1,377)	–	–	541,666	49,404	591,070
Profit/ (loss) before income tax	2,737,889	1,673,781	1,391,889	391,497	(2,372,481)	3,822,575	(968,044)	2,854,531
Segment assets and liabilities								
Segment assets	110,485,910	10,121,840	86,070,721	1,998,944	70,608,819	279,286,234	(16,314,792)	262,971,442
Segment liabilities	62,661,276	1,272,779	44,881,156	527,264	101,456,200	210,798,675	(1,838,870)	208,959,805
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	17,287	40,085	220,964	31,065	246,251	555,652	(1,117)	554,535
Provision for/ (reversal of) impairment losses	57,932	(6,263)	983,793	1	8,995	1,044,458	–	1,044,458
Capital expenditure	1,466	227,700	209,564	87,684	229,916	756,330	(11,642)	744,688

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue are substantially derived from its operations in the PRC.

The Group has no single customer which contributes to 10 percent or more of the Group's revenue for the years ended 31 December 2020 and 2019.

6. COMMISSION AND FEE INCOME

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Commission on securities dealing, broking and handling fee income	**2,704,131**	1,641,045
Underwriting, sponsors and financial advisory fee income	**1,638,704**	1,088,168
Commission on futures and options contracts dealing, broking and handling fee income	**492,707**	267,239
Asset and fund management fee income	**2,792,442**	1,939,156
Consultancy fee income	**173,358**	84,276
Others	**152,516**	30,790
	7,953,858	5,050,674

The major business types of commission and fee income from customers are as follows:

(1) Brokerage

The Group provides broking, dealing and handling services for securities, futures and options contracts. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

(2) Investment Banking

The Group provides placing, underwriting or sub-underwriting services to customers for their fund raising activities in equity and debt capital markets, and structured products arrangement services. Revenue is recognised at a point in time when the relevant placing, underwriting, sub-underwriting or structured products arrangement activities are completed. The Group also provides sponsoring services to clients for their fund raising activities and corporate advisory services to corporate clients for their corporate actions.

6. COMMISSION AND FEE INCOME *(Continued)*

(3) Asset management

The Group provides asset management on diversified and comprehensive investment products to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. For some products, the Group may be also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and when the uncertainty associated with the variable consideration is subsequently resolved.

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

7. INTEREST INCOME

	Year ended 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Advances to customers	**1,099,363**	799,806
Financial assets held under resale agreements	**660,906**	1,331,674
Deposits with exchanges and financial institutions and bank balances	**984,975**	956,943
Interest income from debt instrument measured at amortised cost	**247,486**	297,409
Interest income from debt instruments at FVTOCI	**2,535,829**	2,673,743
Others	**9,624**	26,520
	5,538,183	6,086,095

8. NET INVESTMENT GAINS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Net realised gains from disposal of an associate	**2,938**	–
Net realised gains from disposal of debt instruments at FVTOCI	**363,354**	65,572
Dividend income from equity instruments at FVTOCI		
– relating to investments derecognised during the year	**13,640**	15,932
– relating to investments held at the end of the reporting period	**270,975**	525,933
Net realised gains from disposal of financial assets at FVTPL	**2,209,195**	1,020,978
Dividend income and interest income from financial assets at FVTPL	**1,853,322**	1,541,556
Net realised gains from derecognition of debt instruments measured at amortised cost	**859**	–
Net realised losses arising from financial liabilities at FVTPL	**(101,495)**	(27,355)
Net realised losses arising from derivative financial instruments	**(813,616)**	(318,965)
Unrealised fair value change of financial assets at FVTPL	**1,363,920**	1,387,529
Unrealised fair value change of financial liabilities at FVTPL	**327,009**	(423,838)
Unrealised fair value change of derivative financial instruments	**(315,036)**	(26,980)
	5,175,065	3,760,362

9. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Foreign exchange gains, net	**208,303**	12,163
Rental income	**5,853**	9,247
Government grants *(Note)*	**129,627**	154,727
Bulk commodity trading income and others	**8,636,097**	9,277,253
	8,979,880	9,453,390

Note: The government grants were received unconditionally from the local governments to support operations on certain purposes.

10. DEPRECIATION AND AMORTISATION

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Depreciation of property and equipment	**240,096**	204,525
Depreciation of right-of-use assets	**322,093**	273,556
Depreciation of investment properties	**2,664**	5,590
Amortisation of other intangible assets	**97,336**	70,864
	662,189	554,535

11. STAFF COSTS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Salaries, bonus and allowances	**4,437,618**	3,079,297
Social welfare	**414,814**	474,382
Contributions to annuity schemes	**210,512**	100,905
	5,062,944	3,654,584

Note: The domestic employees of the Group in the PRC participate in state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. Apart from participating in various defined contribution retirement benefit plans organised by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity schemes at fixed rates of the employees' salary and bonus for the period. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

12. COMMISSION AND FEE EXPENSES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Securities and futures dealing and broking expenses	**576,236**	362,694
Underwriting, sponsors and financial advisory fee expenses	**56,908**	38,156
Other service expenses	**199,183**	134,161
	832,327	535,011

13. INTEREST EXPENSES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Account payables to brokerage clients	**93,802**	73,732
Financial assets sold under repurchase agreements	**1,295,452**	1,655,921
Borrowings	**42,176**	57,111
Due to banks and other financial institutions	**117,244**	180,651
Short-term financing bill payables	**507,052**	456,392
Bond payables	**2,668,709**	2,736,924
Lease liabilities	**34,976**	34,742
	4,759,411	5,195,473

14. OTHER OPERATING EXPENSES

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Advisory expenses	**107,621**	112,144
Auditor's remuneration	**8,121**	7,307
Business travel expenses	**79,276**	109,007
Communication expenses	**190,649**	129,462
Electronic equipment operating expenses	**308,506**	199,995
Entertainment expenses	**102,882**	92,980
Administrative expenses	**346,203**	294,234
Operating lease rentals in respect of short-term leases/low value assets	**39,621**	44,388
Products distribution expenses	**660,121**	549,816
Securities and futures investor protection funds	**65,061**	46,739
Stock exchange management fees	**76,492**	54,685
Sundry expenses	**98,260**	97,140
Tax and surcharges	**96,943**	71,339
Donation	**35,117**	35,449
Bulk commodity trading and others	**8,656,204**	9,258,314
	10,871,077	11,102,999

15. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Expected credit losses in respect of account receivables, other loans and receivables	**35,358**	43,750
Expected credit losses in respect of debt instruments at FVTOCI	**147,842**	21,695
Expected credit losses in respect of debt instruments measured at amortised cost	**(788)**	(489)
Expected credit losses in respect of advances to customers	**6,446**	6,149
Expected credit losses in respect of financial assets held under resale agreements	**3,696,274**	973,353
	3,885,132	1,044,458

16. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Current tax:		
PRC Enterprise Income Tax	**634,104**	305,850
Hong Kong Profits Tax	**18,357**	18,885
	652,461	324,735
Adjustments in respect of current income tax in relation to prior years:		
PRC Enterprise Income Tax	**(8,729)**	97,158
Deferred tax	**(579,132)**	(46,101)
	64,600	375,792

Under the Enterprise Income Tax of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%.

16. INCOME TAX EXPENSE *(Continued)*

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The income tax expense for the year can be reconciled to the profit before income tax as follows:

	Year ended 31 December	
	2020 RMB'000	**2019 RMB'000**
Profit before income tax	**2,786,364**	2,854,531
Tax at the statutory tax rate of 25%	**696,591**	713,633
Effect of share of results of associates	**(232,178)**	(111,921)
Adjustments for prior years	**(8,729)**	97,158
Tax effect of expenses not deductible for tax purpose	**74,824**	68,565
Tax effect of income not taxable for tax purpose	**(513,627)**	(434,076)
Tax effect of tax losses not recognised	**74,334**	62,253
Utilisation of tax losses previously not recognised	**(984)**	(401)
Income tax at concessionary rate	**105**	(4,602)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(4,914)**	(14,817)
Others	**(20,822)**	–
Income tax expense for the year	**64,600**	375,792

Note: Income not taxable for tax purpose mainly includes dividends from equity investments, interest income from treasure bonds etc.

The Group has estimated unutilised tax losses of approximately RMB765 million as at 31 December 2020 (31 December 2019: RMB692 million), available for offset against future profits. No deferred tax assets has been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward for five years or indefinitely.

17. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to shareholders of the Company is as follows:

	Year ended 31 December	
	2020 RMB'000	**2019 RMB'000**
Earnings for the purpose of basic/diluted earnings per share:		
Profit for the year attributable to equity holders of the Company	**2,722,989**	2,435,080
Less: profit attributable to holders of perpetual subordinated bond	**(83,288)**	–
Subtotal:	**2,639,701**	2,435,080
Number of shares:		
Weighted average number of ordinary shares in issue (in thousand)	**6,993,656**	6,993,656
Basic earnings per share (RMB Yuan)	**0.38**	0.35

There were no potential dilutive ordinary shares in issue during the year ended 31 December 2020 and 2019, thus no diluted earnings per share is presented.

18. CASH AND BANK BALANCES

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
House accounts	**17,123,229**	19,169,645
Restricted bank deposits *(Note b)*	**132,708**	21,304
	17,255,937	19,190,949
Cash held on behalf of clients *(Note a)*	**48,384,423**	29,749,885
	65,640,360	48,940,834

Cash and bank balances comprise of cash on hand and demand deposits which bear interest at the prevailing market rates.

Note a: The Group maintains bank accounts with banks to hold customers' deposits arising from normal business transactions. The Group has recognised the corresponding amount in account payables to brokerage clients *(Note 42)*.

Note b: The restricted bank deposits as of 31 December 2020 include pledged bank deposits due within one year and litigation frozen fund.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Cash and bank balances	**17,250,262**	19,170,595
Clearing settlement funds	**2,924,962**	2,411,165
Less: clearing settlement funds of Shanghai Orient Securities Futures Co., Ltd.	**(8,000)**	(8,000)
bank deposits with original maturity of more than three months	**(50,000)**	–
restricted bank deposits *(Note 18)*	**(132,708)**	(21,304)
	19,984,516	21,552,456

20. CLEARING SETTLEMENT FUNDS

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Clearing settlement funds held with clearing houses for:		
House accounts	**2,924,962**	2,411,165
Clients	**18,591,395**	10,832,489
	21,516,357	13,243,654

21. DEPOSITS WITH EXCHANGES AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deposits with stock exchanges:		
– Shanghai Stock Exchange	**102,299**	90,475
– Shenzhen Stock Exchange	**60,062**	40,791
– Hong Kong Stock Exchange	**17,918**	17,035
– Others	**1,699**	998
Deposits with futures and commodity exchanges:		
– Shanghai Futures Exchange	**174,612**	161,242
– Dalian Commodity Exchange	**161,993**	180,158
– Zhengzhou Commodity Exchange	**30,243**	83,375
– China Financial Futures Exchange	**357,258**	249,230
– Shanghai Gold Exchange	**267**	241
Guarantee fund paid to Shanghai Stock Exchange	**23,476**	9,894
Guarantee fund paid to Shenzhen Stock Exchange	**25,017**	13,070
Deposits with China Securities Finance Corporation Limited	**512,242**	335,911
Deposits with Shanghai Clearing House	**297,844**	150,464
Deposits with other financial institutions	**418,160**	310,010
	2,183,090	1,642,894

22. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			
	2020		2019	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Stock index futures [(i)]	**332**	**302**	–	–
Treasury bond futures [(ii)]	**–**	**–**	–	–
Commodity futures [(ii)]	**–**	**–**	24,017	–
Forward contracts	**–**	**–**	–	–
Interest rate swaps [(iii)]	**1,728**	**11,355**	1,703	–
Derivatives embedded in income certificates [(iv)]	**–**	**35**	–	3,480
Total return swaps [(v)]	**6,901**	**3,098**	720	5,510
Stock options [(vi)]	**70,875**	**58,197**	22,051	49,637
Commodity swaps [(vii)]	**–**	**49,029**	500,644	–
Gold forwards [(viii)]	**–**	**36,224**	–	5,378
Credit default swap	**651**	**3,151**	1,102	5,314
Equity linked derivatives [(ix)]	**250**	**17,120**	–	4,275
Commodity options [(x)]	**12,473**	**1,372**	16,189	10,278
Currency swaps [(xi)]	**–**	**15,002**	6,899	4,175
Gold option arrangements [(xii)]	**12,853**	**268,564**	35,777	2,555,328
Foreign exchange futures	**47**	**–**	–	–
Foreign exchange swap [(xiii)]	**–**	**–**	–	–
Foreign exchange risk forward [(xiv)]	**49,739**	**41,466**	–	–
Interest rate swap options [(xv)]	**27**	**42**	–	–
Total	**155,876**	**504,957**	609,102	2,643,375

(i) Stock index futures: Under the daily mark-to-market and settlement arrangement, any gains of losses of the Group's position in stock index futures ("SIF") were settled daily and the corresponding receipts and payments were included in "clearing settlement funds", except that SIF in Hong Kong market which is not under the daily mark-to-market and settlement arrangement is presented in gross as at 31 December 2020.

The contract value of the Group's SIF contracts as at 31 December 2020 was approximately RMB3,193 million (31 December 2019: RMB2,477 million).

22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(ii) Treasury bond futures, commodity futures and forward contracts: Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in treasury bond futures, commodity futures and forward contracts were settled daily and the corresponding receipts and payments were included in "clearing settlement funds", except that commodity futures in Hong Kong market which is not under the daily mark-to-market and settlement arrangement is presented in gross.

Commodity futures: The notional principal amount of the Group's commodity futures as at 31 December 2020 was approximately RMB10,588 million (31 December 2019: RMB11,149 million).

(iii) Interest rate swaps: The notional principal amount of the Group's interest rate swaps contracts as at 31 December 2020 was RMB485,237 million (31 December 2019: RMB624,601 million). The contract period usually lasts for one to five years. As at 31 December 2020, fixed rate paid ranged from 0.5% to 4.63%, and floating reference rates received were SHIBOR_3M and FixingRepoRate007. While, fixed rate received ranged from 1.39% to 4.63%, and floating reference rates paid were SHIBOR_3M and FixingRepoRate007. As at 31 December 2019, fixed rate paid ranged from 2.45% to 4.63%, and floating reference rates received were SHIBOR_3M and FixingRepoRate007. While fixed rate received ranged from 0.4% to 4.63%, and floating reference rates paid were SHIBOR_3M and FixingRepoRate007.

(iv) Derivatives embedded in income certificates: The call/put options were embedded in the non-derivative host contract and were mainly linked with stock index. The notional principal amount of the Group's embedded option instruments contracts as at 31 December 2020 was approximately RMB18 million (31 December 2019: RMB196 million).

(v) Total return swaps: Derivative transactions, through which the Group and a qualified client agree to conduct an return swap in accordance with the agreed amount of nominal principal and return within a fixed period in the future. The return under such swap is linked with the performance of the underlying equity securities or debt securities. The notional principal amount of the Group's total return swaps as at 31 December 2020 was RMB486 million (31 December 2019: RMB299 million).

(vi) Stock options: The stock option purchased was recorded as asset and the stock option sold was recorded as liability. The notional principal amount of the Group's option purchased as at 31 December 2020 was approximately RMB4,316 million (31 December 2019: RMB1,298 million). The notional principal amount of the Group' option sold as at 31 December 2020 was approximately RMB1,722 million (31 December 2019: RMB879 million).

22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(vii) Commodity swaps: The notional principal amount of the Group's commodity swaps as at 31 December 2020 was approximately RMB9,803 million (31 December 2019: RMB6,577 million).

(viii) Gold forwards: The notional principal amount of the Group's gold forwards as at 31 December 2020 was approximately RMB516 million (31 December 2019: RMB345 million).

(ix) Equity linked derivatives: The return of these derivatives are linked with the performance of the underlying equity securities. The notional principal amount of the Group's equity linked derivatives as at 31 December 2020 was approximately RMB1,231 million (31 December 2019: RMB549 million).

(x) Commodity options: The notional principal amount of the Group's commodity options as at 31 December 2020 was approximately RMB1,281 million (31 December 2019: RMB3,608 million).

(xi) Currency swaps: As at 31 December 2020, the notional amount of the Group's currency swaps contracts with exchange of RMB to HKD or USD was approximately RMB399 million (31 December 2019: RMB547 million).

(xii) Gold option arrangements: The Group entered into a number of option contracts in relation to fair value of gold bullions. These contracts as combinations intend to enable the Group to pay a relatively fixed expense despite the volatilities of fair value of gold bullions.

(xiii) Foreign exchange swap: Daily mark-to-market and settlement arrangement was implemented. Any gains or losses of the Group's position in foreign exchange swap were settled daily. As at 31 December 2020, the notional amount of the Group's foreign exchange swap contracts with exchange of RMB to USD was approximately RMB6,306 million (31 December 2019: nil).

(xiv) Foreign exchange risk forward: As at 31 December 2020, the notional amount of the Group's foreign exchange risk forward contracts with exchange of RMB to HKD or USD was approximately RMB3,840 million (31 December 2019: nil).

(xv) Interest rate swap options: As at 31 December 2020, the notional amount of the Group's interest rate swaps options was approximately RMB20 million (31 December 2019: nil).

22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Details of the Group's SIF are set out below:

	As at 31 December			
	2020		2019	
	Contract value RMB'000	Fair value RMB'000	Contract value RMB'000	Fair value RMB'000
SIF	**3,192,945**	**(78,287)**	2,477,330	(50,646)
Less: settlement		**(78,317)**		(50,646)
Net position of SIF		**30**		–

Details of the Group's treasury bond futures, commodity futures and forward contracts are set out below:

	As at 31 December			
	2020		2019	
	Contract value RMB'000	Fair value RMB'000	Contract value RMB'000	Fair value RMB'000
Treasury bond futures	**8,404,926**	**6,617**	16,542,772	(5,488)
Less: settlement		**6,617**		(5,488)
Net position of treasury bond futures		**–**		–
Commodity futures	**10,588,143**	**(20,855)**	11,148,530	54,093
Less: settlement		**(20,855)**		30,076
Net position of commodity futures		**–**		24,017
Forward contracts	**403**	**11**	317	7
Less: settlement		**11**		7
Net position of forward contracts		**–**		–

22. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Details of the Group's interest rate swaps are set out below:

	As at 31 December			
	2020		2019	
	Contract value RMB'000	Fair value RMB'000	Contract value RMB'000	Fair value RMB'000
Interest rate swaps	**485,237,470**	**122,422**	624,601,449	(80,067)
Less: settlement		**132,049**		(81,770)
Net position of interest rate swaps		**(9,627)**		1,703

Details of the Group's foreign exchange swap and foreign exchange risk forward are set out below:

	As at 31 December			
	2020		2019	
	Contract value RMB'000	Fair value RMB'000	Contract value RMB'000	Fair value RMB'000
Foreign exchange swap	**6,305,547**	**85,350**	–	–
Less: settlement		**85,350**		–
Net position of foreign exchange swap		**–**		–

	As at 31 December			
	2020		2019	
	Contract value RMB'000	Fair value RMB'000	Contract value RMB'000	Fair value RMB'000
Foreign exchange risk forward	**3,840,334**	**19,886**	–	–
Less: settlement		**11,613**		–
Net position of foreign exchange risk forward		**8,273**		–

23. ADVANCES TO CUSTOMERS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Loans to margin clients	**20,951,466**	12,930,751
Other advances to customers	**267,054**	498,107
Subtotal	**21,218,520**	13,428,858
Less: impairment allowance	**(46,601)**	(214,596)
	21,171,919	13,214,262

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

Loans to margin clients which are secured by the underlying pledged securities and cash collateral as disclosed in Note 42 are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call when the customers have to make up the difference.

Advances to customers were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral. The undiscounted market values of all the collaterals held in all clients' margin accounts in respect of margin financing business amounted to approximately RMB80,383 million as at 31 December 2020 (31 December 2019: RMB48,659 million).

The directors of the Company are of the opinion that the ageing analysis does not give additional value in view of the nature of margin financing business. As a result, no ageing analysis is disclosed.

23. ADVANCES TO CUSTOMERS *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for advances to customers.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**1,173**	**131**	**213,292**	**214,596**
– Transfer to lifetime-not-credit-impaired	**(92)**	**151**	**(59)**	**–**
– Transfer to 12m ECL	**334**	**(334)**	**–**	**–**
– Impairment losses recognised/(reversed)	**(359)**	**362**	**6,443**	**6,446**
– Write off	**–**	**–**	**(171,874)**	**(171,874)**
– Foreign exchange differences	**(1)**	**–**	**(2,566)**	**(2,567)**
As at 31 December 2020	**1,055**	**310**	**45,236**	**46,601**

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	1,560	1,503	201,148	204,211
– Transfer to lifetime-credit-impaired	–	(4)	4	–
– Transfer to lifetime-not-credit-impaired	(20)	20	–	–
– Transfer to 12m ECL	748	(748)	–	–
– Impairment losses recognised/(reversed)	(1,115)	(640)	7,904	6,149
– Foreign exchange differences	–	–	4,236	4,236
As at 31 December 2019	1,173	131	213,292	214,596

23. ADVANCES TO CUSTOMERS *(Continued)*

The table below details the credit risk exposures of the Group's advances to customers, which are subject to ECL assessment.

As at 31 December 2020

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**20,750,014**	**423,270**	**45,236**	**21,218,520**

As at 31 December 2019

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	13,035,817	179,334	213,707	13,428,858

In 2020, the gross carrying amount of the Group's advances to customers in stage 2 increased, and the amount of ECL of this stage increased as well. The decrease of gross carrying amount of the Group's advances to customers in stage 3 led to the decrease of ECL in this stage.

24. ACCOUNT RECEIVABLES

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Account receivables from/related to:		
– Clearing house	**145,637**	377,245
– Brokers	**289,909**	137,136
– Asset management fee and trading seats commission	**430,652**	497,653
– Advisory and investment banking commission	**20,409**	15,929
Less: impairment allowance	**(12,201)**	(8,043)
	874,406	1,019,920

Aging analysis of account receivables from the revenue recognition dates is as follows:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
– Within 1 year	**867,301**	903,511
– Between 1 and 2 years	**436**	58,309
– Between 2 and 3 years	**4,440**	58,100
– Over 3 years	**2,229**	–
	874,406	1,019,920

The normal settlement terms of account receivables from clearing house and brokers are within three months after trading date. Trading limits are set for clients. Normal settlement terms of account receivables from asset management fee and trading seats commission, advisory and investment banking commission are determined in accordance with the contract terms, usually within three months after the service provided.

24. ACCOUNT RECEIVABLES *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for account receivables.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**4,609**	**3,434**	**8,043**
– Impairment losses recognised/(reversed)	**(724)**	**4,949**	**4,225**
– Foreign exchange differences	**(67)**	**–**	**(67)**
As at 31 December 2020	**3,818**	**8,383**	**12,201**

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	10,636	3,000	13,636
– Impairment losses reversed	(5,598)	–	(5,598)
– Transfer to credit-impaired	(434)	434	–
– Foreign exchange differences	5	–	5
As at 31 December 2019	4,609	3,434	8,043

24. ACCOUNT RECEIVABLES *(Continued)*

The table below details the credit risk exposures of the Group's account receivables, which are subject to ECL assessment.

As at 31 December 2020

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**873,816**	**12,791**	**886,607**

As at 31 December 2019

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	1,015,172	12,791	1,027,963

25. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Analysed by collateral type:		
– Stock	**16,338,943**	20,531,490
– Bonds	**3,155,428**	5,482,150
Subtotal	**19,494,371**	26,013,640
Less: impairment allowance	**(5,033,946)**	(1,807,098)
	14,460,425	24,206,542
Analysed by market:		
– Stock exchange	**16,991,570**	22,158,883
– Inter-bank market	**2,502,801**	3,854,757
Less: impairment allowance	**(5,033,946)**	(1,807,098)
	14,460,425	24,206,542

Note: The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price.

25. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(Continued)*

The following tables show reconciliation of loss allowances that has been recognised for financial assets held under resale agreements.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**4,902**	**137,022**	**1,665,174**	**1,807,098**
– Transfer to lifetime-credit-impaired	**(1,012)**	**(105,294)**	**106,306**	**–**
– Transfer to lifetime-not-credit-impaired	**(3,080)**	**3,080**	**–**	**–**
– Transfer to 12m ECL	**9,330**	**(9,330)**	**–**	**–**
– Impairment losses recognised/(reversed)	**(9,867)**	**798**	**3,705,343**	**3,696,274**
– Transfer out	**–**	**–**	**(469,426)**	**(469,426)**
As at 31 December 2020	**273**	**26,276**	**5,007,397**	**5,033,946**

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	9,907	152,349	671,489	833,745
– Transfer to lifetime-credit-impaired	–	(61,715)	61,715	–
– Transfer to lifetime-not-credit-impaired	(5,728)	5,728	–	–
– Transfer to 12m ECL	11,011	(11,011)	–	–
– Impairment losses recognised/(reversed)	(10,288)	51,671	931,970	973,353
As at 31 December 2019	4,902	137,022	1,665,174	1,807,098

25. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(Continued)*

The table below details the credit risk exposures of the Group's financial assets held under resale agreements, which are subject to ECL assessment.

As at 31 December 2020

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**3,839,920**	**2,936,499**	**12,717,952**	**19,494,371**

As at 31 December 2019

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	8,228,676	9,910,335	7,874,629	26,013,640

In 2020, the gross carrying amount of the Group's financial assets held under resale agreements in stage 1 and stage 2 decreased, and the amount of ECL of these stages decreased as well. The decrease in expected future cash flow from realisation of collaterals in stage 3 led to the increase of ECL in this stage.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Mandatorily measured at FVTPL		
– Debt securities *(Note a)*	**26,977,231**	30,575,190
– Equity securities	**8,839,918**	8,125,586
– Funds	**11,407,654**	9,599,803
– Other investments *(Note b)*	**25,476,314**	18,600,514
	72,701,117	66,901,093
Analysed as:		
– Listed *(Note c)*	**28,185,629**	32,332,525
– Unlisted	**44,515,488**	34,568,568
	72,701,117	66,901,093

Note a: These debt securities including convertible bonds are with contractual terms giving rise to cash flows that are not solely payments of principal and interest on the principal outstanding. Accordingly, they are measured at FVTPL upon the application of IFRS 9.

Note b: Other investments mainly represent investments in collective asset management schemes issued and managed by the Group, perpetual instruments, wealth management products issued by banks and targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities and publicly traded equity securities listed in the PRC.

Note c: Securities and funds traded on stock exchanges are included in the "Listed" category.

As at 31 December 2020, the Group's pledged collateral of bonds and funds included in financial assets at fair value through profit or loss in connection with its financial assets sold under repurchase agreement and securities borrowing amounted to RMB20,005 million (31 December 2019: RMB20,705 million) and RMB1,004 million (31 December 2019: RMB1,055 million), respectively.

27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Government bonds	**27,872,186**	27,328,199
Bonds issued by policy banks	**591,927**	2,216,586
Bonds issued by commercial banks and other financial institutions	**3,300,348**	1,266,318
Other debt securities *(Note a)*	**30,881,514**	34,084,460
	62,645,975	64,895,563
Analysed as:		
– Listed *(Note b)*	**27,054,265**	36,821,013
– Unlisted	**35,591,710**	28,074,550
	62,645,975	64,895,563

Note a: Other debt securities mainly comprise of corporate bonds, enterprise bonds and medium term notes.

Note b: Debt securities traded on stock exchanges are included in the "Listed" category.

As at 31 December 2020, the Group's pledged collateral of bonds included in debt instruments at FVTOCI in connection with its financial assets sold under repurchase agreement and securities borrowing amounted to RMB24,840 million (31 December 2019: RMB33,456 million) and RMB3,113 million (31 December 2019: RMB5,263 million), respectively.

27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for debt instruments at FVTOCI.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**17,788**	**–**	**106,860**	**124,648**
– Transfer to lifetime-credit-impaired	**–**	**(112)**	**112**	**–**
– Transfer to lifetime-not-credit-impaired	**(124)**	**124**	**–**	**–**
– Impairment losses (reversed)/recognised	**(3,445)**	**160**	**151,127**	**147,842**
As at 31 December 2020	**14,219**	**172**	**258,099**	**272,490**

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	18,293	–	84,660	102,953
– Transfer to lifetime-credit-impaired	–	(125)	125	–
– Transfer to lifetime-not-credit-impaired	(125)	125	–	–
– Impairment losses (reversed)/recognised	(380)	–	22,075	21,695
As at 31 December 2019	17,788	–	106,860	124,648

27. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

The table below details the credit risk exposures of the Group's debt instruments at FVTOCI, which are subject to ECL assessment.

As at 31 December 2020

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**62,019,434**	**30,170**	**432,246**	**62,481,850**

As at 31 December 2019

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	64,006,323	–	143,700	64,150,023

28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2020 RMB'000	2019 RMB'000
– Equity securities *(Note a)*	**2,793,477**	2,553,973
– Perpetual instruments *(Note b)*	**3,013,879**	3,264,037
– Other investment *(Note c)*	**5,129,102**	5,014,863
	10,936,458	10,832,873
Analysed as:		
– Listed *(Note d)*	**4,231,166**	4,020,366
– Unlisted	**6,705,292**	6,812,507
	10,936,458	10,832,873

Note a: The above equity investments include those ordinary shares of the entities listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and those equity securities traded on National Equities Exchange and Quotations (the "NEEQ"). These investments are not held for trading, instead, they are held for long-term strategic purposes. The Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Besides, some of the above equity investments represent the Group's equity interests in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI for the strategy of holding these investments for long-term purposes.

In the current year, the Group mainly disposed of the investments in equity securities traded on the NEEQ, equity investments listed on stock exchanges and private equity investments as these investments no longer meet the investment objective of the Group. The cumulative losses on disposal of RMB17,302 thousand on equity securities traded on the NEEQ, RMB32,471 thousand on equity securities listed on stock exchanges, and the cumulative gains on disposal of RMB7,058 thousand on private equity investments have been transferred to retained profits respectively.

28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

Note b: Those perpetual instruments are equity instruments which are not held for trading, instead, they are held for long-term strategic purposes. The Group have elected to designate these perpetual instruments as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their dividend income in the long run.

In the current year, the Group disposed of perpetual instruments as these investments no longer meet the investment objective of the Group. The cumulative gains on disposal of RMB14,002 thousand on perpetual instruments have been transferred to retained profits.

Note c: Other investment is an investment in a special account managed by China Securities Finance Corporation Limited (the "CSFCL"). CSFCL executes unified operation and investment management over these accounts, while all the investors including the Company share investment risks as well as potential income in proportion to their contributions. As at 31 December 2020, the cost of the investment was RMB4.89 billion (31 December 2019: RMB4.89 billion) and the Company determined the total fair value of the investment according to a valuation report provided by the CSFCL.

Note d: Securities traded on stock exchanges are included in the "Listed" category.

As at 31 December 2020, the Group's perpetual instruments recorded in equity instruments at FVTOCI pledged as collateral for the Group's financial assets sold under repurchase agreement and securities borrowing amounted to RMB1,686 million (31 December 2019: RMB1,778 million) and RMB12 million (31 December 2019: nil), respectively.

29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Analysed by type:		
– Debt securities	**6,244,561**	7,195,006
Less: impairment allowance	**(664)**	(1,452)
	6,243,897	7,193,554
Analysed as:		
– Listed *(Note a)*	**1,691,535**	3,338,353
– Unlisted *(Note b)*	**4,552,362**	3,855,201
	6,243,897	7,193,554

Note a: The debt securities traded on stock exchanges are included in the "Listed" category.

Note b: The unlisted debt securities were traded on inter-bank market.

29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for debt instruments measured at amortised cost.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**1,452**	**–**	**–**	**1,452**
– Impairment losses reversed	**(788)**	**–**	**–**	**(788)**
As at 31 December 2020	**664**	**–**	**–**	**664**

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	1,941	–	–	1,941
– Impairment losses reversed	(489)	–	–	(489)
As at 31 December 2019	1,452	–	–	1,452

29. DEBT INSTRUMENTS MEASURED AT AMORTISED COST *(Continued)*

The table below details the credit risk exposures of the Group's debt instruments measured at amortised cost, which are subject to ECL assessment:

As at 31 December 2020

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**6,244,561**	**–**	**–**	**6,244,561**

As at 31 December 2019

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	7,195,006	–	–	7,195,006

All of the Group's debt instruments measured at amortised cost are bonds that are graded in the senior credit rating among rating agencies as of 31 December 2020 and 2019. Therefore, these investments are considered to be low credit risk investments.

As at 31 December 2020, the Group's pledged collateral of bonds included in debt instruments measured at amortised cost in connection with its financial assets sold under repurchase agreement and securities borrowing amounted to RMB4,843 million (31 December 2019: RMB5,058 million) and RMB85 million (31 December 2019: RMB168 million), respectively.

30. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deferred tax assets	**1,455,922**	760,995
Deferred tax liabilities	**(20,179)**	(19,031)
	1,435,743	741,964

The following are the major deferred tax assets and liabilities recognised and movements during the current and prior years:

	Financial instrument at fair value through profit or loss and derivatives RMB'000	Accrued staff cost RMB'000	Debt/Equity instruments at FVTOCI RMB'000	Allowance for impairment losses RMB'000	Government grants and others RMB'000	Total RMB'000
At 1 January 2020	**(128,716)**	**252,123**	**(119,639)**	**549,518**	**188,678**	**741,964**
Credit/(charge) to profit or loss	**(284,688)**	**130,943**	**36,961**	**889,147**	**(193,523)**	**578,840**
Credit to other comprehensive income	**-**	**-**	**124,510**	**-**	**-**	**124,510**
Transfer out upon disposal of equity instruments at FVTOCI	**-**	**-**	**(9,571)**	**-**	**-**	**(9,571)**
As at 31 December 2020	**(413,404)**	**383,066**	**32,261**	**1,438,665**	**(4,845)**	**1,435,743**
At 1 January 2019	177,525	255,351	108,248	294,801	59,907	895,832
Credit/(charge) to profit or loss	(306,241)	(3,228)	5,378	254,717	59,287	9,913
Charge to other comprehensive income	-	-	(163,781)	-	-	(163,781)
Transfer out upon disposal of equity instruments at FVTOCI	-	-	(69,484)	-	69,484	-
As at 31 December 2019	(128,716)	252,123	(119,639)	549,518	188,678	741,964

31. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**2,991,174**	2,494,635
Share of post-acquisition profits and other comprehensive income, net of dividends received	**2,780,020**	1,959,119
	5,771,194	4,453,754

At the end of each reporting period, the Group has the following associates:

Name of associates	Place and date of establishment	Equity interest held by the Group As at 31 December 2020	2019	Principal activities
匯添富基金管理股份有限公司 China Universal Asset Management Company Limited ("China Universal")	PRC 3 February 2005	**35.41%**	35.41%	Fund management
上海誠毅投資管理有限公司 Shanghai ICY Capital Co., Ltd. *(1)	PRC 7 April 2010	**–**	45.00%	Equity investment
上海誠毅新能源創業投資有限公司 Shanghai ICY New Energy Venture Investment Co., Ltd. *	PRC 12 July 2011	**27.73%**	27.73%	Investment management
上海東證遠譽投資中心(有限合夥) Shanghai Orient Yuanyu Investment Center LLP. *	PRC 25 August 2015	**33.33%**	33.33%	Investment management
上海東證今緣股權投資基金合夥企業(有限合夥) Shanghai Orient Jinyuan Equity Investment LLP. *	PRC 16 October 2015	**30.00%**	30.00%	Equity investment

31. INVESTMENTS IN ASSOCIATES *(Continued)*

Name of associates	Place and date of establishment	Equity interest held by the Group As at 31 December 2020	2019	Principal activities
東證騰駿(上海)投資合夥企業(有限合夥) Orient Tengjun (Shanghai) Investment LLP. *	PRC 11 September 2015	**38.69%**	38.69%	Investment management
上海君煜投資中心(有限合夥) Shanghai Junyu Investment Center LLP. *	PRC 16 December 2015	**45.45%**	45.45%	Investment management
東證睿波(上海)投資中心(有限合夥) Orient Securities Ruibo (Shanghai) Investment Center LLP. * (2)/(4)	PRC 25 June 2015	**55.63%**	35.69%	Investment management
上海東證春醫投資中心(有限合夥) Shanghai Orient Securities Chunyi Investment Center LLP. *	PRC 3 November 2015	**49.26%**	49.26%	Investment management
海寧春秋投資合夥企業(有限合夥) Haining Chunqiu Investment Partnership LLP. *	PRC 4 February 2016	**34.51%**	34.51%	Equity investment
海寧東證藍海並購投資合夥企業(有限合夥) Haining Orient Securities Lanhai Merge Investment Partnership LLP. *	PRC 13 July 2016	**25.85%**	25.85%	Investment management
OCI International Holdings Limited 東建國際控股有限公司* (5)	Cayman Islands 6 June 2015	**20.94%**	29.63%	Securities Investment

31. INVESTMENTS IN ASSOCIATES *(Continued)*

Name of associates	Place and date of establishment	Equity interest held by the Group As at 31 December 2020	2019	Principal activities
溫州俊元資產管理合夥企業（有限合夥） Wenzhou Junyuan Asset Management Partnership LLP. * (2)	PRC 11 July 2016	**55.26%**	71.50%	Asset management
上海東愷投資管理有限公司 Shanghai Dongkai Capital Co., Ltd. *	PRC 21 September 2018	**45.00%**	45.00%	Investment management
誠泰融資租賃(上海)有限公司 Chengtay financial leasing (Shanghai) Co., Ltd.	PRC 11 September 2015	**21.67%**	21.67%	Leasing
宜興東證睿元股權投資合夥企業（有限合夥） Yixing Dongzheng Ruiyuan Equity Investment Partnership LLP. * (3)	PRC 11 March 2020	**19.18%**	N/A	Investment management
珠海橫琴東證雲啟科創投資合夥企業(有限合夥) Zhuhai Hengqin Dongzheng Yunqi Technology Innovation Investment Partnership LLP. * (3)	PRC 14 January 2020	**18.37%**	N/A	Investment management
寧波梅山保稅港區東證夏德投資合夥企業(有限合夥) Ningbo Meishan Bonded Port Area Orient Securities Xiade Investment Partnership LLP. * (3)	PRC 11 February 2018	**18.89%**	18.89%	Investment management

31. INVESTMENTS IN ASSOCIATES *(Continued)*

Name of associates	Place and date of establishment	Equity interest held by the Group As at 31 December 2020	2019	Principal activities
南通東證富象股權投資中心（有限合夥） Nantong Orient Securities Fuxiang Equity Investment Center LLP. * (3)	PRC 7 November 2017	**19.93%**	19.93%	Investment management
嘉興君兆投資管理合夥企業（有限合夥） Jiaxing Junzhao Investment Partnership LLP. *	PRC 7 April 2020	**40.82%**	N/A	Investment management
成都交子東方投資發展合夥企業（有限合夥） Chengdu Jiaozi Oriental Investment Development Partnership LLP. * (2)	PRC 17 January 2020	**50.00%**	N/A	Leasing and investment management
上海頤歌資產管理有限公司 Shanghai Yige Asset Management Co., Ltd *	PRC 11 April 2020	**29.00%**	N/A	Asset management
深圳盟海五號智慧產業投資合夥企業(有限合夥) Shenzhen Menghai No. 5 Intelligent Industry Investment Partnership LLP * (2)	PRC 8 July 2020	**76.37%**	N/A	Investment management
杭州數行科技有限公司 Hangzhou Shuxing Technology Co., Ltd. * (3)	PRC 9 November 2017	**10.00%**	–	Technology development

* English translated names are for identification purpose only.

(1) An associate, Shanghai ICY Capital Co., Ltd., was disposed for the year ended 31 December 2020. A gain of RMB2,938 thousand was resulted and net cash inflow arising on disposal of this associate amounted to RMB24,074 thousand.

31. INVESTMENTS IN ASSOCIATES *(Continued)*

(2) Although the Group's percentages of shareholdings in these investees are no less than 50%, they are accounted for as associates as the Group only has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

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

(4) For the year ended 31 December 2020, one shareholder of Orient Securities Ruibo (Shanghai) Investment Center LLP. (the "Orient Ruibo") transferred the equity interest therein to one of the Orient Ruibo's wholly-owned subsidiary. After this transfer, the Group's percentage of shareholdings increased from 35.69% to 55.63% due to the offsetting of cross-shareholding between the Orient Ruibo and its subsidiary. As a result of this transfer of equity interest, the increase in carrying amount of the Group's investment in this associate other than profit or loss and other comprehensive income amounting to RMB8,161 thousand has been recorded in capital reserve.

(5) For the year ended 31 December 2020, OCI International Holdings Limited completed the private placement to other third parties. Upon completion of this private placement, the equity interest of OCI International Holdings Limited held by the Group decreased from 29.63% to 20.94%. Accordingly, the change in carrying amount of the Group's investment in this associate other than profit or loss and other comprehensive income amounting to RMB36,385 thousand has been recorded in capital reserve.

The summarised consolidated financial information of China Universal prepared in accordance with IFRSs, which is an individually significant associate to the Group that is accounted for using equity method, is set out below:

China Universal

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Total assets	**10,980,067**	8,085,625
Total liabilities	**3,531,077**	2,107,683
Net assets	**7,448,990**	5,977,942

	Year ended 31 December	
	2020 RMB'000	**2019 RMB'000**
Total revenue	**6,643,038**	4,078,048
Profit for the year	**2,566,383**	1,248,693
Other comprehensive (expense)/income	**(23,601)**	5,512
Total comprehensive income	**2,542,782**	1,254,205

31. INVESTMENTS IN ASSOCIATES *(Continued)*

China Universal *(Continued)*

Reconciliation of the above consolidated financial information to the carrying amount of the interest in above associate recognised in the financial statements:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Equity attributable to equity holders of the associate	**7,302,643**	5,836,032
Proportion of equity interests held by the Group	**35.41%**	35.41%
Carrying amount	**2,585,810**	2,066,502

Aggregate information of associates that are not individually material:

	Year ended 31 December	
	2020 RMB'000	**2019 RMB'000**
The Group's share of profit	**306,601**	147,307
The Group's share of other comprehensive expense	**(1,325)**	(10,476)
The Group's share of total comprehensive income	**305,276**	136,831
Aggregate carrying amount of the Group's interests in these associates	**3,185,384**	2,387,252

32. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

32.1 Structured entities set up and managed by the Group

The Group served as the investment manager of structured entities (including funds, collective asset management schemes and limited partnerships), therefore had power over them during the year ended 31 December 2020 and 2019. Except for the structured entities the Group has consolidated as disclosed in Note 37, based on the assessment, these structured entities are not controlled by the Group. The Group therefore did not consolidate these structured entities.

The total net assets of unconsolidated funds, asset management schemes and limited partnership managed by the Group amounted to RMB328,845 million as at 31 December 2020 (31 December 2019: RMB238,139 million). The Group classified the investments in unconsolidated funds, asset management schemes and limited partnership as financial assets at FVTPL and investments in associates as at 31 December 2020 and 2019. As at 31 December 2020, the carrying amount of the Group's interests in unconsolidated funds, management schemes and limited partnership is RMB4,112 million (31 December 2019: RMB2,652 million), which approximates the maximum risk exposure of the Group, and the assets management fee income is RMB2,792 million (31 December 2019: RMB1,939 million).

The table below shows the carrying amount of unconsolidated funds, asset management schemes and limited partnership in which the Group acted as investment manager and held interests and its maximum exposure to loss in relation to those interests as at 31 December 2020 and 2019.

As at 31 December 2020

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	**2,918,024**	**2,918,024**
Investments in associates	**1,194,077**	**1,194,077**
Total	**4,112,101**	**4,112,101**

32. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

32.1 Structured entities set up and managed by the Group *(Continued)*

As at 31 December 2019

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	2,144,541	2,144,541
Investments in associates	507,424	507,424
Total	2,651,965	2,651,965

32.2 Structured entities set up and managed by third party institutions in which the Group holds an interest

The types of structured entities that the Group does not consolidate but in which it holds an interest mainly include funds, asset management schemes, trust schemes and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The table below shows the carrying amount of unconsolidated funds, asset management schemes and limited partnership in which the third party acted as investment manager and the Group held interests and its maximum exposure to loss in relation to those interests as at 31 December 2020 and 2019.

32. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

32.2 Structured entities set up and managed by third party institutions in which the Group holds an interest *(Continued)*

As at 31 December 2020

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	**26,884,404**	**26,884,404**
Equity instruments at FVTOCI	**5,129,102**	**5,129,102**
Investments in associates	**357,581**	**357,581**
Total	**32,371,087**	**32,371,087**

As at 31 December 2019

	Carrying amount RMB'000	Maximum loss exposure RMB'000
Financial assets at fair value through profit or loss	20,308,842	20,308,842
Equity instruments at FVTOCI	5,014,863	5,014,863
Investments in associates	318,262	318,262
Total	25,641,967	25,641,967

33. RIGHT-OF-USE ASSETS

	Buildings RMB'000	Motor Vehicles RMB'000	Total RMB'000
Cost			
1 January 2020	**1,270,603**	**1,950**	**1,272,553**
Additions	**205,206**	**1,590**	**206,796**
Deductions	**(91,591)**	**(204)**	**(91,795)**
Transfer during the year	**180**	**–**	**180**
Exchange difference	**(4,435)**	**–**	**(4,435)**
31 December 2020	**1,379,963**	**3,336**	**1,383,299**
Accumulated depreciation			
1 January 2020	**269,175**	**629**	**269,804**
Charge for the year	**321,188**	**905**	**322,093**
Deductions	**(54,008)**	**(202)**	**(54,210)**
Exchange difference	**(1,743)**	**–**	**(1,743)**
31 December 2020	**534,612**	**1,332**	**535,944**
Carrying amount			
1 January 2020	**1,001,428**	**1,321**	**1,002,749**
31 December 2020	**845,351**	**2,004**	**847,355**

33. RIGHT-OF-USE ASSETS *(Continued)*

	Buildings RMB'000	Motor Vehicles RMB'000	Total RMB'000
Cost			
1 January 2019	834,144	923	835,067
Additions	445,353	1,182	446,535
Deductions	(8,734)	(155)	(8,889)
Transfer during the year	(1,077)	–	(1,077)
Exchange difference	917	–	917
31 December 2019	1,270,603	1,950	1,272,553
Accumulated depreciation			
1 January 2019	–	–	–
Charge for the year	272,873	683	273,556
Deductions	(3,916)	(54)	(3,970)
Exchange difference	218	–	218
31 December 2019	269,175	629	269,804
Carrying amount			
1 January 2019	834,144	923	835,067
31 December 2019	1,001,428	1,321	1,002,749

For both years, the Group leases various buildings and vehicles for its operations. Lease contracts are entered into for term of 1 year to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended 31 December 2020, total cash outflow for leases amounts to RMB375,483 thousand (31 December 2019: RMB335,365 thousand).

33. RIGHT-OF-USE ASSETS *(Continued)*

For the year ended 31 December 2020, expense relating to short-term leases amounts to RMB37,874 thousand. Expense relating to leases of low value assets excluding short-term leases of low value assets amounts to RMB1,747 thousand.

For the year ended 31 December 2019, expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16 amounts to RMB41,663 thousand. Expense relating to leases of low value assets excluding short-term leases of low value assets amounts to RMB2,725 thousand.

As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 14.

In addition, lease liabilities of RMB856,910 thousand are recognised as at 31 December 2020 *(Note 48)*. Interest expenses of lease liabilities are set out in Note 13. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2020 and 2019, the Group did not enter into leases that are not yet commenced.

34. INVESTMENT PROPERTIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
COST		
At beginning of year	**43,794**	4,701
Transfer during the year	**19,723**	39,093
At end of year	**63,517**	43,794
DEPRECIATION AND IMPAIRMENT		
At beginning of year	**13,723**	–
Charge for the year	**2,664**	5,590
Transfer during the year	**6,669**	8,133
At end of year	**23,056**	13,723
CARRYING VALUES		
At beginning of year	**30,071**	4,701
At end of year	**40,461**	30,071

35. PROPERTY AND EQUIPMENT

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
As at 1 January 2020	1,902,810	784,628	42,767	103,607	454,505	50,034	3,338,351
Additions	-	58,255	927	11,599	103,619	130,588	304,988
Disposals	(3,067)	(34,199)	(2,183)	(5,907)	(10,689)	-	(56,045)
Transfer during the year	(19,903)	101,398	1,290	11,959	-	(114,647)	(19,903)
Exchange difference	-	(907)	(38)	(117)	(1,039)	(137)	(2,238)
As at 31 December 2020	1,879,840	909,175	42,763	121,141	546,396	65,838	3,565,153
ACCUMULATED DEPRECIATION							
As at 1 January 2020	138,940	557,594	28,374	68,631	355,608	-	1,149,147
Charge for the year	66,933	100,050	4,060	10,518	58,535	-	240,096
Eliminated on disposals	-	(27,501)	(2,053)	(4,879)	(7,568)	-	(42,001)
Transfer during the year	(6,669)	-	-	-	-	-	(6,669)
Exchange difference	-	(597)	(25)	(59)	(401)	-	(1,082)
As at 31 December 2020	199,204	629,546	30,356	74,211	406,174	-	1,339,491
CARRYING VALUES							
As at 31 December 2020	1,680,636	279,629	12,407	46,930	140,222	65,838	2,225,662

35. PROPERTY AND EQUIPMENT *(Continued)*

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
As at 1 January 2019	1,914,586	743,536	40,457	98,308	404,789	61,063	3,262,739
Additions	–	40,728	3,316	8,218	49,669	88,654	190,585
Disposals	–	(68,066)	(1,799)	(7,472)	–	–	(77,337)
Transfer during the year	(11,776)	68,165	780	4,529	–	(99,714)	(38,016)
Exchange difference	–	265	13	24	47	31	380
As at 31 December 2019	1,902,810	784,628	42,767	103,607	454,505	50,034	3,338,351
ACCUMULATED DEPRECIATION							
As at 1 January 2019	86,221	530,194	26,244	66,633	315,879	–	1,025,171
Charge for the year	60,852	91,564	3,868	8,545	39,696	–	204,525
Eliminated on disposals	–	(64,385)	(1,745)	(6,565)	–	–	(72,695)
Transfer during the year	(8,133)	–	–	–	–	–	(8,133)
Exchange difference	–	221	7	18	33	–	279
As at 31 December 2019	138,940	557,594	28,374	68,631	355,608	–	1,149,147
CARRYING VALUES							
As at 31 December 2019	1,763,870	227,034	14,393	34,976	98,897	50,034	2,189,204

The carrying amount of the Group's property and equipment included the leasehold interest in land as consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, as such the entire properties are classified as property and equipment.

36. OTHER INTANGIBLE ASSETS

	Trading rights RMB'000	Computer software RMB'000	Total RMB'000
COST			
As at 1 January 2020	**61,553**	**540,393**	**601,946**
Additions	**–**	**144,323**	**144,323**
Disposals	**–**	**(114)**	**(114)**
Exchange difference	**–**	**(567)**	**(567)**
As at 31 December 2020	**61,553**	**684,035**	**745,588**
ACCUMULATED AMORTISATION			
As at 1 January 2020	**39,810**	**393,617**	**433,427**
Charge for the year	**–**	**97,336**	**97,336**
Eliminated on disposals	**–**	**(31)**	**(31)**
Exchange difference	**–**	**(457)**	**(457)**
As at 31 December 2020	**39,810**	**490,465**	**530,275**
CARRYING VALUES			
As at 31 December 2020	**21,743**	**193,570**	**215,313**

36. OTHER INTANGIBLE ASSETS *(Continued)*

	Trading rights RMB'000	Computer software RMB'000	Total RMB'000
COST			
As at 1 January 2019	61,553	433,275	494,828
Additions	–	107,568	107,568
Disposals	–	(626)	(626)
Exchange difference	–	176	176
As at 31 December 2019	61,553	540,393	601,946
ACCUMULATED AMORTISATION			
As at 1 January 2019	39,810	322,678	362,488
Charge for the year	–	70,864	70,864
Eliminated on disposals	–	(56)	(56)
Exchange difference	–	131	131
As at 31 December 2019	39,810	393,617	433,427
CARRYING VALUES			
As at 31 December 2019	21,743	146,776	168,519

Trading rights mainly comprise the trading rights in the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the National Equities Exchange and Quotations, where the Group is allowed to trade securities and futures contracts.

Impairment Testing On Trading Rights with Indefinite Useful Lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. The trading rights will not be amortised until their useful life is determined to be finite. Instead, they will be tested for impairment annually, or whenever there is an indication that they may be impaired.

The respective recoverable amounts of the cash generating unit relating to brokerage business whereby these trading rights are allocated to, using a value in use calculation, exceed the carrying amounts. Accordingly, the management of the Group determined that there was no impairment of the trading rights as at 31 December 2020 and 2019.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the end of each reporting period, the Company has the following subsidiaries comprising the Group:

Name of subsidiary	Type of legal entity registered	Place of Incorporation/ establishment	Equity interest held by the Group As at 31 December 2020	Equity interest held by the Group As at 31 December 2019	Registered capital as at 31 December 2020	Principal activities	Auditors/GAAP
上海東證期貨有限公司 Shanghai Orient Securities Futures Co., Ltd. (1)	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB2,300,000,000	Commodity futures brokerage, financial futures brokerage, and futures investment advisory	DTT PRC GAAP (2)
上海東祺投資管理有限公司 Shanghai Dongqi Investment Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB250,000,000	Equity investment, investment management, and asset management	DTT PRC GAAP (2)
東證潤和資本管理有限公司 Orient Runhe Asset Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB1,000,000,000	Equity investment, investment management, and asset management	BDO PRC GAAP (2)
上海東方證券資產管理有限公司 Orient Securities Asset Management Co., Ltd. (1)	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB300,000,000	Securities asset management, securities investment, and fund management	DTT PRC GAAP (2)
上海東方證券資本投資有限公司 Orient Securities Capital Co., Ltd. (1)	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB4,000,000,000	Private equity investment, bond investment, and related investment advisory	DTT PRC GAAP (2)
東方睿義(上海)投資管理有限公司 Orient Ruiyi (Shanghai) Investment Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB1,350,000,000	Investment management and investment advisory	DTT PRC GAAP (2)
東方星暉(北京)投資基金管理有限公司 Orient Xinghui (Beijing) Investment Funds Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**57.95%**	57.95%	RMB8,800,000	Investment management and investment advisory	DTT PRC GAAP (2)

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Type of legal entity registered	Place of Incorporation/ establishment	Equity interest held by the Group As at 31 December 2020	Equity interest held by the Group As at 31 December 2019	Registered capital as at 31 December 2020	Principal activities	Auditors/GAAP
海寧東方紅投資管理有限公司 Haining Orient Sun Investment Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**51.00%**	51.00%	RMB2,000,000	Investment management and investment advisory	DTT PRC GAAP [2]
上海東方富厚股權投資管理有限公司 Shanghai Orient Fuhou Equity Investment Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**58.00%**	58.00%	RMB5,000,000	Investment management and investment advisory	DTT PRC GAAP [2]
東石發展有限公司 East Milestone Company Limited	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD3,000,000	Investment management and investment advisory	N/A[3]
新疆東證新域股權投資管理有限公司 Xinjiang Orient Securuities Xinyu Equity Investment Management Co.Ltd. *	有限責任公司 Limited liability company	PRC	**51.00%**	51.00%	RMB5,000,000	Equity investment	DTT PRC GAAP [2]
海寧東證投資管理有限公司 Haining Orient Securities Investment Management Co.Ltd. *	有限責任公司 Limited liability company	PRC	**58.00%**	58.00%	RMB10,000,000	Investment management, investment advisory, and management consulting	DTT PRC GAAP [2]

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Type of legal entity registered	Place of Incorporation/ establishment	Equity interest held by the Group As at 31 December 2020	Equity interest held by the Group As at 31 December 2019	Registered capital as at 31 December 2020	Principal activities	Auditors/GAAP
東方翌睿(上海)投資管理有限公司 Orient Securities Yirui (Shanghai) Investment Management Co.Ltd. *	有限責任公司 Limited liability company	PRC	**51.00%**	51.00%	RMB2,000,000	Investment management, asset management, and industrial investment	DTT PRC GAAP [2]
東方弘泰資本投資(成都)有限公司 Orient Hongtai Capital Investment (Chengdu) Co., Ltd. *	有限責任公司 Limited liability company	PRC	**51.00%**	51.00%	RMB30,000,000	Investment management, asset management and project investment	DTT PRC GAAP [2]
Golden Power Group Limited	有限責任公司 Limited liability company	British Virgin Islands ("BVI")	**100.00%**	100.00%	USD100	Equity investment and industrial investment	N/A[3]
誠麒環球有限公司 Chengqi Global Limited *	有限責任公司 Limited liability Company	BVI	**100.00%**	100.00%	USD100	Equity investment and industrial investment	N/A[3]
東方金融控股(香港)有限公司 Orient Finance Holdings (Hong Kong) Limited [1]	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD2,754,078,015	Investment holding and provision of management services	SHINEWING (HK) HKFRSs [2]
東方證券(香港)有限公司 ORIENT SECURITIES (HONG KONG) LIMITED	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD1,000,000,000	Securities brokerage	SHINEWING (HK) HKFRSs [2]
東方期貨(香港)有限公司 ORIENT FUTURES (HONG KONG) LIMITED	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD230,000,000	Futures brokerage	SHINEWING (HK) HKFRSs [2]
東方資產管理(香港)有限公司 ORIENT ASSET MANAGEMENT (HONG KONG) LIMITED	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD100,000,000	Asset management	SHINEWING (HK) HKFRSs [2]

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Type of legal entity registered	Place of Incorporation/ establishment	Equity interest held by the Group As at 31 December 2020	Equity interest held by the Group As at 31 December 2019	Registered capital as at 31 December 2020	Principal activities	Auditors/GAAP
東方融資(香港)有限公司 ORIENT CAPITAL (HONG KONG) LIMITED	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD150,000,000	Provision of corporate finance advisory services	SHINEWING (HK) HKFRSs [2]
東方信貸財務(香港)有限公司 ORIENT CREDIT FINANCE (HONG KONG) LIMITED	有限責任公司 Limited liability company	Hong Kong	**100.00%**	100.00%	HKD31,000,000	Credit operations	SHINEWING (HK) HKFRSs [2]
東方鴻盛有限公司 ORIENT HONGSHENG LIMITED	有限責任公司 Limited liability company	BVI	**100.00%**	100.00%	USD1	Special purpose	N/A[3]
ORIENT ZHISHENG LIMITED	有限責任公司 Limited liability company	BVI	**100.00%**	100.00%	USD1	Special purpose	N/A[3]
東方智匯有限公司 ORIENT ZHIHUI LIMITED	有限責任公司 Limited liability company	BVI	**100.00%**	100.00%	USD1	Special purpose	N/A[3]
東方證券承銷保薦有限公司 Orient Securities Investment Banking Co., Ltd. [1][5]	有限責任公司 Limited liability company	PRC	**100.00%**	66.67%	RMB800,000,000	Securities underwriting and sponsor	DTT PRC GAAP [2]
上海東方證券創新投資有限公司 Shanghai Orient Securities Innovation Investment Co., Ltd. [1]*	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB5,800,000,000	Financial assets investment, securities investment, investment management and advisory	DTT PRC GAAP [2]
景德鎮北汽東證產業投資管理有限公司 Jingdezhen Beiqi Orient Industry Investment Management Co., Ltd. *	有限責任公司 Limited liability company	PRC	**66.00%**	66.00%	RMB10,000,000	Investment management and advisory	DTT PRC GAAP [2]
ORIENT HUIZHI LIMITED	有限責任公司 Limited liability company	BVI	**100.00%**	100.00%	USD1	Special purpose	N/A[3]/[4]
東方睿信有限公司 Orient Ruixin Limited company	有限責任公司 Limited liability	Hong Kong	**100.00%**	100.00%	HKD10,000	Equity investment, Industrial investment	N/A[3]

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Type of legal entity registered	Place of Incorporation/ establishment	Equity interest held by the Group As at 31 December 2020	Equity interest held by the Group As at 31 December 2019	Registered capital as at 31 December 2020	Principal activities	Auditors/GAAP
東證國際金融集團有限公司 Orient Securities International Financial Group Limited company	有限責任公司 Limited liability	Hong Kong	**100.00%**	100.00%	HKD2,010,000,000	Investment holding and provision of management services	SHINEWING (HK) HKFRSs [2]
東證期貨國際(新加坡)有限公司 Orient Futures International (Singapore)	私人股份有限公司 Pte Ltd Private Company Limited by shares	Singapore	**100.00%**	100.00%	SGD 40,000,000	Foreign exchange brokers and dealers	N/A[3]
東證科技(深圳)有限公司 Orient Securities Technology (Shenzhen) Co., Ltd. *	有限責任公司 Limited liability company	PRC	**100.00%**	100.00%	RMB10,000,000	Software Development Service	N/A[3]
Orient International Investment Products Limited company	有限責任公司 Limited liability	BVI	**100.00%**	100.00%	USD1	Product Investment	SHINEWING (HK) HKFRSs [2]

* These subsidiaries do not have official English names. English translated names are for identification only.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

(1) These subsidiaries are directly held by the Company.

(2) Auditors of the respective subsidiaries of the Group are as follows:

- DTT represents Deloitte Touche Tohmatsu Certified Public Accountants LLP, 德勤華永會計師事務所(特殊普通合夥), a firm of certified public accountants registered in the PRC;
- BDO represents BDO China Shu Lun Pan Certified Public Accountants LLP, 立信會計師事務所(普通合夥), a firm of certified public accountants registered in the PRC;
- SHINEWING (HK) represents SHINEWING (HK) CPA Limited, 信永中和(香港)會計師事務所有限公司, a firm of certified public accountants registered in Hong Kong;
- GUOXIN TAI represents Shenzhen Guoxin Tai Certified Public Accountants LLP, 深圳國信泰會計師事務所(普通合夥), a firm of certified public accountants registered in the PRC;

(3) There is no statutory audit requirement for these subsidiaries and thus no audited financial statements were issued.

(4) None of the subsidiaries had issued any debt securities at the end of the year except Orient HuiZhi Limited of which details of bonds information have been disclosed at Note 49.

(5) Please refer to Note 50.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Interests in consolidated structured entities:

The Group has consolidated certain structured entities including asset management schemes, funds and limited partnership. For the asset management schemes where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes that is of such significance that it indicates that the Group is a principal.

The total net assets of the consolidated asset management schemes, funds and limited partnership amounted to RMB7,368 million as at 31 December 2020 (31 December 2019: RMB6,077 million).

Interests in all consolidated asset management schemes, funds and limited partnership held by the Group amounted to fair value of RMB6,105 million as at 31 December 2020 (31 December 2019: RMB5,801 million). The Group held no interest in the subordinated tranche of those structured products in 2020 and 2019.

Interests held by other interest holders are mainly included in financial liabilities designated at FVTPL and non-controlling interests in the consolidated statement of financial position.

38. GOODWILL

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated into two individual cash generating units (CGUs), including securities brokerage branches acquired by the Company ("Unit A") and Shanghai Orient Securities Futures Co., Ltd. acquired by the Company ("Unit B"). The carrying amounts of goodwill as at 31 December 2020 and 2019 allocated to these units are as follows:

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Cost and carrying value		
Unit A – securities brokerage branches	**18,948**	18,948
Unit B – Shanghai Orient Securities Futures Co., Ltd.	**13,187**	13,187
	32,135	32,135

38. GOODWILL *(Continued)*

Impairment testing on goodwill *(Continued)*

Unit A is the securities brokerage CGU acquired, and the acquisition cost exceeds the fair value of net identifiable assets. As at 31 December 2020 and 2019, management of the Group determined that there was no impairment of the CGU as the recoverable amount of the CGU exceeded its carrying amount.

Unit B is the CGU of Shanghai Orient Securities Futures Co., Ltd., the futures brokerage and investment advisory CGU acquired by the Company. As at 31 December 2020 and 2019, management of the Group determined that there was no impairment of the CGU as the recoverable amount of the CGU exceeded its carrying amount.

The recoverable amount of Unit A and Unit B have been determined on the basis of value in use calculation. The calculation used cash flow projections based on financial budgets approved by management. The discount rate used is the weighted average cost of capital, adjusted for the risks of CGUs. As at 31 December 2020 and 2019, the discount rate used is 15%.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted income, gross margin and perpetual growth rate, such estimation is based on the units' past performance and management's expectations for the market development.

Based on the units' past performance and management's expectations for the market development, management believes that it is unlikely the carrying amount of the CGU to exceed its recoverable amount.

39. OTHER LOANS, RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Other receivables	**1,057,519**	657,284
Dividends receivable	**–**	3,658
Other loans	**79,116**	289,786
Prepayments	**459,302**	484,283
Others	**1,105,599**	580,407
Less: impairment allowance	**(703,758)**	(381,694)
	1,997,778	1,633,724

39. OTHER LOANS, RECEIVABLES AND PREPAYMENTS *(Continued)*

The following table shows reconciliation of loss allowances that has been recognised for other loans and receivables.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	**6,003**	**–**	**375,691**	**381,694**
– Transfer to lifetime-credit-impaired	**–**	**(1,752)**	**1,752**	**–**
– Transfer to lifetime-not-credit-impaired	**(1,752)**	**1,752**	**–**	**–**
– Impairment losses (reversed)/recognised	**(2,325)**	**–**	**33,458**	**31,133**
– Write off	**–**	**–**	**(1,767)**	**(1,767)**
– Transfer in	**–**	**–**	**292,761**	**292,761**
– Foreign exchange differences	**(63)**	**–**	**–**	**(63)**
As at 31 December 2020	**1,863**	**–**	**701,895**	**703,758**

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	9,758	–	322,451	332,209
– Transfer to lifetime-credit-impaired	–	(285)	285	–
– Transfer to lifetime-not-credit-impaired	(285)	285	–	–
– Impairment losses (reversed)/recognised	(3,607)	–	52,955	49,348
– Foreign exchange differences	137	–	–	137
As at 31 December 2019	6,003	–	375,691	381,694

39. OTHER LOANS, RECEIVABLES AND PREPAYMENTS *(Continued)*

The tables below detail the credit risk exposures of the Group's other loans and receivables, which are subject to ECL assessment.

As at 31 December 2020

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	**381,600**	**–**	**755,035**	**1,136,635**

As at 31 December 2019

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Gross carrying amount	546,797	–	400,273	947,070

40. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Due to banks *(Note a)*	**8,666,964**	4,871,392
Due to China Securities Finance Corporation Limited *(Note b)*	**1,003,150**	1,513,267
	9,670,114	6,384,659

Note a: As at 31 December 2020, the effective interest rates bearing on the outstanding amount of due to banks vary from 0.45% to 3.3% (31 December 2019: 2.1% to 3.25%) per annum. The amount of due to banks were repayable within seven days from the end of the reporting period.

Note b: As at 31 December 2020, the effective interest rate of due to China Securities Finance Corporation Limited is 2.8% (31 December 2019: 3.25% to 3.5%) per annum. The amount of due to China Securities Finance Corporation Ltd. were repayable within three months from the end of the reporting period.

41. SHORT-TERM FINANCING BILL PAYABLES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Short-term financing bill payables *(Note a)*	**5,059,003**	7,652,734
Income certificates *(Note b)*	**11,196,483**	8,460,466
	16,255,486	16,113,200
Analysed as:		
Stock exchange	**5,059,003**	6,528,525
Over the counter	**11,196,483**	9,584,675
	16,255,486	16,113,200

Note a: As at 31 December 2020 and 2019, short-term financing bill payables were unsecured and unguaranteed debt securities issued on the Shanghai Stock Exchange and over the counter by the Company and were repayable within 1 year.

Note b: According to the consent letter from Securities Association of China ("SAC") regarding the pilot of over the counter income certificate business (SAC[2014]285), the Group has the authorisation to conduct income certificate business. As at 31 December 2020, the yields of all the outstanding income certificates were ranged from 2.1% to 10.0% per annum (31 December 2019: 3.1% to 8.0%), respectively.

42. ACCOUNT PAYABLES TO BROKERAGE CLIENTS

The majority of the account payables balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

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

Account payables to brokerage clients mainly include money held on behalf of clients in the banks and clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at 31 December 2020, included in the Group's account payables to brokerage clients were approximately RMB2,865 million (31 December 2019: RMB1,933 million) of margin deposits and cash collateral received from clients for margin financing and securities lending arrangement.

43. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Analysed by collateral type		
– Bonds	**44,856,999**	54,335,353
– Funds	**4,598,389**	3,142,710
– Advances to customers backed repurchase agreement	**3,405,495**	–
	52,860,883	57,478,063
Analysed by market		
– Stock exchanges	**19,923,402**	34,986,782
– Inter-bank market	**26,024,019**	16,964,573
– Over the counter	**6,913,462**	5,526,708
	52,860,883	57,478,063

Sales and repurchase agreements are transactions in which the Group sells a security or a series of advances to customers and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities and advances to customers are not derecognised from the financial statements but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities.

44. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Debt securities	**2,254,363**	4,124,612
Gold borrowings	**9,906,000**	7,514,640
Designated at fair value through profit or loss		
– Interests attributable to other holders of consolidated structured entities *(Note a)*	**1,262,526**	286,059
– Others *(Note b)*	**1,153,184**	705,650
	14,576,073	12,630,961

Note a: Interests attributable to other holders of consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are recognised as a liability since 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.

The realisation of third-party interests in the financial liabilities arising from consolidation of structured entities cannot be predicted with accuracy since these represent the interests of third-party unit holders in consolidated structured entities held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

Note b: Others mainly include the structured note issued by a subsidiary of the Group and income certificate issued by the Company. The balance of the structured note is linked to performance of the perpetual instrument and the income certificate was hybrid contract containing embedded derivative. The subsidiary of the Group and the Company irrevocably designates these financial liabilities as measured at FVTPL to eliminate an accounting mismatch.

45. CONTRACT LIABILITIES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Asset and fund management services	**17,118**	20,163
Sales of bulk commodity	**387,006**	187,951
	404,124	208,114

	Asset and fund management services RMB'000	Sales of bulk commodity RMB'000
For the year ended 31 December 2020		
Revenue recognised that was included in the contract liability balance at the beginning of the year	**14,078**	**186,432**

	Asset and fund management services RMB'000	Sales of bulk commodity RMB'000
For the year ended 31 December 2019		
Revenue recognised that was included in the contract liability balance at the beginning of the year	4,583	127,476

46. ACCRUED STAFF COSTS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Salaries, bonus and allowances	**2,513,716**	1,588,884
Social welfares	**1,454**	1,118
Annuity schemes	**92,839**	11,084
	2,608,009	1,601,086

47. BORROWINGS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Unsecured short-term borrowings repayable within one year *(Note a)*	**579,732**	640,154
	579,732	640,154

Note a: Short-term bank borrowings are repayable within one year.

As at 31 December 2020, the unsecured bank borrowing, amounting to USD10 million (approximately RMB65 million respectively) and bearing a floating rate of 1 month LIBOR plus 2.09% per annum is repayable within one year.

As at 31 December 2020, the unsecured bank borrowing, amounting to HKD200 million (approximately RMB168 million respectively) and bearing a floating rate of 1 month HIBOR plus 1.8% per annum is repayable within one year.

As at 31 December 2020, the unsecured bank borrowing, amounting to USD20 million (approximately RMB130 million respectively) and bearing a floating rate of 3 month LIBOR plus 2% per annum is repayable within one year.

47. BORROWINGS *(Continued)*

Note a: (Continued)

As at 31 December 2020, the unsecured bank borrowing, amounting to USD10 million (approximately RMB65 million respectively) and bearing a floating rate of 3 month LIBOR plus 1.1% per annum is repayable within one year.

As at 31 December 2020, the unsecured bank borrowing, amounting to RMB150 million and bearing a floating rate of 1 year LPR plus 1.0% per annum is repayable within one year.

As at 31 December 2019, the unsecured bank borrowing, amounting to HKD300 million (approximately RMB269 million respectively) and bearing a floating rate of 3 month HIBOR plus 2.0% per annum is repayable within one year.

As at 31 December 2019, the unsecured bank borrowing, amounting to USD20 million (approximately RMB139 million respectively) and bearing a floating rate of 1 month LIBOR plus 2.09% per annum is repayable within one year.

As at 31 December 2019, the unsecured bank borrowing, amounting to USD30 million (approximately RMB209 million respectively) and bearing a floating rate of 3 month LIBOR plus 2.0% per annum is repayable within one year.

As at 31 December 2019, the unsecured bank borrowing, amounting to RMB20 million and bearing the rate of 4.7% per annum is repayable within one year.

48. LEASE LIABILITIES

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Lease liabilities payable:		
Within three months	**80,978**	87,076
Within a period of more than three months but not more than one year	**225,655**	229,475
Within a period of more than one year but not more than two years	**235,211**	253,766
Within a period of more than two years but not more than three years	**191,561**	185,481
Within a period of more than three years but not more than five years	**112,544**	217,390
Within a period of more than five years	**10,961**	21,817
	856,910	995,005

49. BOND PAYABLES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Corporate bonds *(Note a)*	**28,280,531**	26,202,985
Subordinated bonds *(Note a)*	**17,414,768**	27,070,475
Income certificates *(Note b)*	**6,113,681**	4,149,811
Offshore bonds *(Note a)*	**10,456,493**	9,885,928
	62,265,473	67,309,199

Name		Issue amount	Issue date	Maturity date	Coupon rate
16 Orient Subordinated Bond [1]	RMB	4,000,000,000	14/11/2016	14/11/2021	3.45%
17-2 Orient Subordinated Bond [2]	RMB	1,500,000,000	26/04/2017	26/04/2022	5.10%
17-4 Orient Subordinated Bond [3]	RMB	1,500,000,000	15/05/2017	15/05/2022	5.35%
17-2 Corporate Bond [4]	RMB	1,000,000,000	09/06/2017	09/06/2022	5.50%
17-3 Corporate Bond [5]	RMB	4,000,000,000	03/08/2017	03/08/2027	4.98%
17 Offshore USD Bond [6]	USD	500,000,000	30/11/2017	30/11/2022	3.625%
17 Offshore USD Bond [7]	USD	250,000,000	22/03/2018	30/11/2022	3.625%
20 Offshore USD Bond [8]	USD	160,000,000	13/10/2020	13/10/2023	2.40%
19-1 Orient Subordinated Bond [9]	RMB	6,000,000,000	19/03/2019	19/03/2022	4.20%
19-2 Orient Subordinated Bond [10]	RMB	4,000,000,000	14/06/2019	14/06/2022	4.20%
19 Offshore USD Bond [11]	USD	300,000,000	20/08/2019	20/08/2022	6 month Libor+1.25%
19 Offshore EUR Bond [12]	EUR	200,000,000	20/08/2019	20/08/2022	0.625%
19 Offshore SGD Bond [13]	SGD	200,000,000	27/09/2019	27/09/2022	2.90%
19 Corporate Bond [14]	RMB	4,900,000,000	25/11/2019	25/11/2022	3.50%
20-1 Corporate Bond [15]	RMB	3,000,000,000	24/03/2020	24/03/2022	2.95%
20-2 Corporate Bond [16]	RMB	4,000,000,000	18/06/2020	18/06/2023	3.45%
20-3 Corporate Bond [17]	RMB	4,000,000,000	19/08/2020	19/08/2023	3.50%
20-4 Corporate Bond [18]	RMB	3,500,000,000	28/09/2020	28/09/2023	3.75%
20-5 Corporate Bond [19]	RMB	3,500,000,000	04/11/2020	04/11/2023	3.65%

49. BOND PAYABLES *(Continued)*

Note a:

(1) As approved by the CSRC, the Company issued 16 Orient Subordinated Bond with par value of RMB4 billion on 14 November 2016. The bond bears an interest rate of 3.45% with a maturity period of 5 years and the interest is paid annually.

(2) As approved by the CSRC, the Company issued a subordinated bond with par value of RMB1.5 billion on 26 April 2017. The bond bears an interest rate of 5.10% with a maturity period of 5 years and the interest is paid annually.

(3) As approved by the CSRC, the Company issued a subordinated bond with par value of RMB1.5 billion on 15 May 2017. The bond bears an interest rate of 5.35% with a maturity period of 5 years and the interest is paid annually.

(4) As approved by the CSRC, the Company issued a corporate bond with par value of RMB1 billion on 9 June 2017. The bond bears an interest rate of 5.50% with a maturity period of 5 years and the interest is paid annually.

(5) As approved by the CSRC, the Company issued a corporate bond with par value of RMB4 billion on 3 August 2017. The bond bears an interest rate of 4.98% with a maturity period of 10 years and the interest is paid annually.

(6) Orient HuiZhi Limited, the Company's subsidiary in BVI, issued a 5-year Offshore USD Bond with par value of USD500 million (approximately RMB3,432 million) on 30 November 2017. The Offshore USD Bond was guaranteed by the Company. The bond bears a fixed annual interest rate of 3.625% and the interest is paid semi-annually.

(7) Orient HuiZhi Limited, the Company's subsidiary in BVI, issued an Offshore USD Bond with par value of USD250 million (approximately RMB1,716 million) on 22 March 2018. The Offshore USD Bond was guaranteed by the Company. The bond bears a fixed annual interest rate of 3.625% with maturity date that is 30 November 2022 and the interest is paid semi-annually.

(8) Orient HuiZhi Limited, the Company's subsidiary in BVI, issued an Offshore USD Bond with par value of USD160 million (approximately RMB1,077 million) on 13 October 2020. The Offshore USD Bond was guaranteed by the Company. The bond bears a fixed annual interest rate of 2.40% with maturity date that is 13 October 2023 and the interest is paid semi-annually.

(9) As approved by the CSRC, the Company issued a subordinated bond with par value of RMB6 billion on 19 March 2019. The bond bears an interest rate of 4.20% with a maturity period of 3 years and the interest is paid annually.

(10) As approved by the CSRC, the Company issued a subordinated bond with par value of RMB4 billion on 14 June 2019. The bond bears an interest rate of 4.20% with a maturity period of 3 years and the interest is paid annually.

(11) The Company issued a 3-year Offshore USD Bond with par value of USD300 million (approximately RMB2,126 million) on 20 August 2019. The bond bears a floating rate of 6 month LIBOR plus 1.25% and the interest is paid semi-annually.

49. BOND PAYABLES *(Continued)*

Note a: (Continued)

(12) The Company issued a 3-year Offshore EUR Bond with par value of EUR200 million (approximately RMB1,611 million) on 20 August 2019. The bond bears a fixed annual interest rate of 0.625% and the interest is paid semi-annually.

(13) The Company issued a 3-year Offshore SGD Bond with par value of SGD200 million (approximately RMB1,041 million) on 27 September 2019. The bond bears a fixed annual interest rate of 2.90% and the interest is paid semi-annually.

(14) As approved by the CSRC, the Company issued a corporate bond with par value of RMB4.9 billion on 25 November 2019. The bond bears an interest rate of 3.50% with a maturity period of 3 years and the interest is paid annually.

(15) As approved by the CSRC, the Company issued a corporate bond with par value of RMB3 billion on 24 March 2020. The bond bears an interest rate of 2.95% with a maturity period of 2 years and the interest is paid annually.

(16) As approved by the CSRC, the Company issued a corporate bond with par value of RMB4 billion on 18 June 2020. The bond bears an interest rate of 3.45% with a maturity period of 3 years and the interest is paid annually.

(17) As approved by the CSRC, the Company issued a corporate bond with par value of RMB4 billion on 19 August 2020. The bond bears an interest rate of 3.50% with a maturity period of 3 years and the interest is paid annually.

(18) As approved by the CSRC, the Company issued a corporate bond with par value of RMB3.5 billion on 28 September 2020. The bond bears an interest rate of 3.75% with a maturity period of 3 years and the interest is paid annually.

(19) As approved by the CSRC, the Company issued a corporate bond with par value of RMB3.5 billion on 4 November 2020. The bond bears an interest rate of 3.65% with a maturity period of 3 years and the interest is paid annually.

Note b: According to the consent letter from Securities Association of China ("SAC") on approving the pilot of over the counter income certificate business (SAC [2014]285), the Company was authorised to conduct income certificate business. The amount represents income certificates issued by the Company with maturities of more than one year. As at 31 December 2020, the yields of the outstanding income certificates varied from 3.20% to 4.25% per annum (31 December 2019: 4.00% to 4.25%).

50. OTHER ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Other account payables		
– Payables for underwriting and products distribution fees	**315,995**	337,956
– Settlement payables	**260,589**	142,144
Other payables and accruals		
– VAT and other taxes	**211,948**	116,655
– Payables for securities and futures investor protection fund	**38,735**	26,531
– Futures risk reserve	**106,005**	82,067
– Dividends payable	**80**	80
– Acting underwriting securities	**346,000**	80,000
– Deposit received from customers	**775,057**	205,950
– Arrangement for acquiring additional interests in a subsidiary *(Note)*	**–**	475,584
– Others	**1,016,411**	1,129,244
	3,070,820	2,596,211

Note: On May 30, 2019, Citigroup Global Markets Asia Limited (the "Citigroup Asia"), being the transferor, and the Company, being the transferee, entered into a transfer agreement, that the transferor shall transfer 33.33% of the equity interests in the Citi Orient Securities Co., Ltd (the "Citi Orient") which was a non-wholly owned subsidiary of the Group to the transferee at a consideration of RMB475.58 million, subject to the terms and conditions included in the transfer agreement. On March 11, 2020, the Shanghai Bureau of CSRC (the "SHCSRC") approved the transfer of 33.33% of the equity interests in the Citi Orient from the Citigroup Asia to the Company and changes on the key terms in the articles of association of the Citi Orient (SHCSRC [2019]465). The industrial and commercial registration of the subsidiary has been changed and the consideration has been paid by the Company accordingly during the year ended 2020. The difference of the consideration and non-controlling interests amounting to RMB11,928 thousand has been recorded in capital reserve upon completion of this transaction. In addition, the Citi Orient has been renamed as Orient Securities Investment Banking Co., Ltd. and become a wholly owned subsidiary of the Group.

51. SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	RMB'000
Registered, issued and fully paid ordinary shares of RMB1 each (in thousands):	
As at 1 January 2019, 31 December 2019 and 31 December 2020	6,993,656

52. OTHER EQUITY INSTRUMENT

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Perpetual subordinated bond	**5,000,000**	–
	5,000,000	–

The Company issued a perpetual subordinated bond with a principal amount of RMB5 billion in August 2020, with the initial interest rate of 4.75% per annum.

The perpetual subordinated bond is unsecured. The interest rate for perpetual subordinated bond is repriced every five years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300 basis points. The current base rate is defined as the average yield of 5 years treasury from the bond yield curve published on China Bond website 5 working days before the repricing date of interest rate. Upon the maturity of every repricing cycle, the Company has the option to extend the maturity of the bond for another repricing cycle, or redeem the bond entirely.

The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current year as well as all interests and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. The mandatory interest payment events are limited to dividend distributions to ordinary shareholders of the Company and reductions of registered capital within 12 months before the interest payment date.

The perpetual subordinated bond issued by the Company is classified and presented as other equity instrument in the consolidated statement of financial position.

53. RESERVES

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value, the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets and deemed gains/losses from associate.

The movements of the capital reserve of the Group are set out below:

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Share premium	**28,251,705**	**–**	**28,251,705**
Other capital reserve	**3,225**	**56,474**	**59,699**
As at 31 December 2020	**28,254,930**	**56,474**	**28,311,404**
Share premium	28,251,705	–	28,251,705
Other capital reserve	3,225	–	3,225
As at 31 December 2019	28,254,930	–	28,254,930

For the year ended 31 December 2020, the details of the addition of other capital reserve are set out in Note 31 and Note 50, respectively.

53. RESERVES *(Continued)*

(2) Surplus reserve

The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC, 10% of the net profit of the Company, as determined under the relevant accounting rules in the PRC, is required to be transferred to the statutory surplus reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for offsetting accumulated losses, expansion of business and capitalisation, in accordance with the Company's articles of association or as approved by the shareholders in a shareholders' general meeting.

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Statutory reserve	**2,671,561**	**153,639**	**2,825,200**
Discretionary reserve	**774,128**	**76,820**	**850,948**
For the year ended 31 December 2020	**3,445,689**	**230,459**	**3,676,148**
Statutory reserve	2,431,354	240,207	2,671,561
Discretionary reserve	654,024	120,104	774,128
For the year ended 31 December 2019	3,085,378	360,311	3,445,689

53. RESERVES *(Continued)*

(3) General reserve

The general reserve includes general risk reserve and transaction risk reserve.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as general risk reserve from retained profits. In 2019, the Company management decided to appropriate 11% of net profit derived as general risk reserve from retained profits. Since 2020, the Company management has decided to appropriate 10% of net profit derived as general risk reserve from retained profits.

Pursuant to the Securities Law of the PRC, the Company has appropriated 10% of the net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as transaction risk reserve from retained profits and cannot be distributed or transferred to share capital.

In accordance with the Financial Rules for Financial Enterprises and its Implementation Guide, Shanghai Orient Securities Futures Co., Ltd. is required to appropriate 10% of net profit from retained profits as general risk reserve.

In accordance with the requirements of the guidance of CSRC about regulating financial institutions in the asset management business for collective asset management business of securities, Orient Securities Asset Management Co., Ltd. has appropriated 10% of asset and fund management fee income from large-size collective assets management business as general risk reserve.

The movements of general reserve of the Group are set out below:

	Opening RMB'000	Addition RMB'000	Closing RMB'000
General risk reserve	**3,661,478**	**450,844**	**4,112,322**
Transaction risk reserve	**4,336,198**	**242,577**	**4,578,775**
For the year ended 31 December 2020	**7,997,676**	**693,421**	**8,691,097**
General risk reserve	3,118,346	543,132	3,661,478
Transaction risk reserve	3,943,259	392,939	4,336,198
For the year ended 31 December 2019	7,061,605	936,071	7,997,676

53. RESERVES *(Continued)*

(4) Investment revaluation reserve

The movements of the investment revaluation reserve of the Group and are set out below:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
At beginning of year	**498,898**	(192,374)
Equity instruments at FVTOCI:		
Net fair value changes during the year	**(64,468)**	72,020
Income tax related to net fair value changes during the year	**16,117**	(18,005)
Debt instruments at FVTOCI:		
Net fair value changes during the year	**(218,062)**	626,982
Income tax related to net fair value changes during the year	**54,515**	(156,745)
Reclassification adjustment to profit or loss on disposal	**(363,353)**	(65,572)
Reclassification adjustment to profit or loss on expected credit loss	**147,842**	21,695
Income tax related to reclassification adjustment to profit or loss during the year	**53,878**	10,969
Share of fair value losses on debt instruments at FVTOCI of associates	**(9,682)**	(8,524)
Transfer to retained profits for cumulative fair value change of equity instruments at FVTOCI upon disposal	**28,713**	208,452
At end of year	**144,398**	498,898

(5) 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 recognised in other comprehensive income and accumulated in the translation reserve.

54. RETAINED PROFITS

The movements of retained profits of the Group are set out below:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
At beginning of year	**6,773,604**	6,542,724
Profit for the year	**2,722,989**	2,435,080
Appropriation to surplus reserve	**(230,459)**	(360,311)
Appropriation to general reserve	**(693,421)**	(936,071)
Dividends recognised as distribution	**(1,049,048)**	(699,366)
Transfer to retained profit as to cumulative fair value losses of equity instruments at FVTOCI	**(28,713)**	(208,452)
At end of year	**7,494,952**	6,773,604

Details of the dividends are set out in Note 55.

55. DIVIDENDS

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Dividends recognised as distribution	**1,049,048**	699,366

During the year ended 31 December 2020, a final dividend of RMB1.50 (tax inclusive) per 10 shares in respect of the year ended 31 December 2019 (2019: RMB1.00 (tax inclusive) per 10 shares in respect of the year ended 31 December 2018) was declared.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB2.50 (tax inclusive) per 10 shares (2019: final dividend in respect of the year ended 31 December 2019 of RMB1.50 (tax inclusive)) per 10 share, in an aggregate amount of RMB1.75 billion (2019: RMB1.05 billion), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

56. TRANSFERS OF FINANCIAL ASSETS

Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security or rights and interests in a margin loan and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of these securities sold. These securities are not derecognised but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities and advances to customers. As the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangement.

The following tables provide a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2020

	Financial assets at fair value through profit or loss RMB'000	Debt instruments at FVTOCI RMB'000	Equity instruments at FVTOCI RMB'000	Advances to customers RMB'000	Financial assets held under resale agreements RMB'000	Debt instruments measured at amortised cost RMB'000	Securities borrowing arrangements RMB'000	Total RMB'000
Carrying amount of transferred assets	20,005,340	24,840,196	1,686,324	3,819,546	1,126,521	4,842,861	1,617,533	57,938,321
Carrying amount of associated liabilities	17,695,804	23,331,985	1,503,704	3,405,496	1,125,676	4,431,953	1,366,265	52,860,883
Net position	2,309,536	1,508,211	182,620	414,050	845	410,908	251,268	5,077,438

56. TRANSFERS OF FINANCIAL ASSETS *(Continued)*

Repurchase agreements *(Continued)*

As at 31 December 2019

	Financial assets at fair value through profit or loss RMB'000	Debt instruments at FVTOCI RMB'000	Equity instruments at FVTOCI RMB'000	Advances to customers RMB'000	Debt instruments measured at amortised cost RMB'000	Securities borrowing arrangements RMB'000	Total RMB'000
Carrying amount of transferred assets	20,705,013	33,456,045	1,777,690	–	5,057,632	1,701,055	62,697,435
Carrying amount of associated liabilities	19,003,572	30,725,755	1,622,704	–	4,590,480	1,535,552	57,478,063
Net position	1,701,441	2,730,290	154,986	–	467,152	165,503	5,219,372

Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss or equity instruments at FVTOCI of carrying amount totaling RMB574 million and RMB204 million as at 31 December 2020 and 2019, respectively, which are secured by client's securities and deposits held as collateral. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised these securities in the consolidated financial statements.

57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments of the Directors and Supervisors of the Company paid/payable by the Group for the year ended 31 December 2020 and 2019 are set out below:

For the year ended 31 December 2020

Name	Independent director fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors:					
Pan Xinjun [a]	–	800	–	2,157	2,957
Jin Wenzhong [a]	–	960	115	2,157	3,232
Non-executive Directors:					
Chen Bin [b]	–	–	–	–	–
Li Xiang [b]	–	–	–	–	–
Wu Junhao [c]	–	–	–	–	–
Xu Jianguo [d]	–	–	–	–	–
Liu Wei [e]	–	–	–	–	–
Xia Jinghan [e]	–	–	–	–	–
Chen Xiaobo [f]	–	683	–	1,921	2,604
Zhou Donghui [g]	–	–	–	–	–
Independent Non-executive Directors:					
Xu Guoxiang [h]	160	–	–	–	160
Tao Xiuming [i]	160	–	–	–	160
Wei Anning [i]	190	–	–	–	190
Jin Qinglu [j]	190	–	–	–	190
Xu Zhiming [k]	160	–	–	–	160
Wu Hong [l]	16	–	–	–	16
Feng Xingdong [l]	13	–	–	–	13
He Xuan [l]	13	–	–	–	13
Supervisors:					
Zhang Qian [m]	–	–	–	–	–
Li Bin [n]	–	64	–	–	64
Liu Wenbin [o]	–	–	–	–	–
Yin Keding [p]	–	–	–	–	–
Wu Zhengkui [q]	–	–	–	–	–
Huang Laifang [r]	–	–	–	–	–
Tong Jie [s]	–	–	–	-	-
Du Weihua [t]	–	768	105	2,118	2,991
Zhou Wenwu [u]	–	820	112	1,841	2,773
Yao Yuan [p]	–	835	112	2,733	3,680
	902	4,930	444	12,927	19,203

57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

For the year ended 31 December 2019

Name	Independent director fee* RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors:					
Pan Xinjun [(a)]	–	960	145	3,823	4,928
Jin Wenzhong [(a)]	–	960	145	3,823	4,928
Non-executive Directors:					
Chen Bin [(b)]	–	–	–	–	–
Li Xiang [(b)]	–	–	–	–	–
Wu Junhao [(c)]	–	–	–	–	–
Xu Jianguo [(d)]	–	–	–	–	–
Du Weihua [(t)]	–	–	–	–	–
Liu Wei [(e)]	–	–	–	–	–
Xia Jinghan [(e)]	–	–	–	–	–
Independent Non-executive Directors:					
Xu Guoxiang [(h)]	160	–	–	–	160
Tao Xiuming [(i)]	160	–	–	–	160
Wei Anning [(i)]	190	–	–	–	190
Jin Qinglu [(j)]	190	–	–	–	190
Xu Zhiming [(k)]	160	–	–	–	160
Supervisors:					
Zhang Qian [(m)]	–	–	–	–	–
Li Bin [(n)]	–	768	139	3,704	4,611
Liu Wenbin [(o)]	–	–	–	–	–
Yao Yuan [(p)]	–	820	145	2,081	3,046
Yin Keding [(p)]	–	–	–	–	–
Wu Zhengkui [(q)]	–	–	–	–	–
Huang Laifang [(r)]	–	–	–	–	–
Tong Jie [(s)]	–	–	–	–	–
Zhou Wenwu [(u)]	–	820	145	1,716	2,681
	860	4,328	719	15,147	21,054

* The amount of director fee was nil, except for the independent director fee disclosed.

57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

a. Pan Xinjun was appointed as chairman of the board in January 2010, and resigned in October 2020. Jin Wenzhong was appointed as director in September 2010.

b. Chen Bin and Li Xiang were appointed as director in October 2014.

c. Wu Junhao were appointed as director in March 2011.

d. Xu Jianguo was appointed as director in November 2016.

e. Liu Wei and Xia Jinghan were appointed as director in March 2018.

f. Chen Xiaobo was appointed as director in March 2020, and resigned in November 2020.

g. Zhou Donghui was appointed as director in May 2020.

h. Xu Guoxiang was appointed as independent director in August 2014, and resigned in August 2020.

i. Tao Xiuming and Wei Anning were appointed as independent director in October 2014, and resigned in October 2020.

j. Jin Qinglu was appointed as independent director in October 2017.

k. Xu Zhiming was appointed as independent director in September 2015. The appointment took effect in July 2016.

l. Wu Hong, Feng Xingdong and He Xuan were appointed as independent director in December 2020.

m. Zhang Qian was appointed as director in June 2002, and resigned in March 2018. Zhang Qian was appointed as chairman of the supervisory board in March 2018.

n. Li Bin was appointed as supervisor in November 2014, and resigned in February 2020.

o. Liu Wenbin was appointed as supervisor in March 2011.

p. Yin Keding and Yao Yuan were appointed as supervisor in October 2014.

q. Wu Zhengkui was appointed as supervisor in February 2012.

r. Huang Laifang was appointed as director in May 2016, and resigned in March 2018. Huang Laifang was appointed as supervisor in March 2018.

s. Tong Jie was appointed as supervisor in March 2018.

t. Du Weihua was appointed as director in March 2018, and resigned in February 2020. Du Weihua was appointed as supervisor in February 2020.

u. Zhou Wenwu was appointed as supervisor in August 2015.

57. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent directors' emoluments shown above were for their services as directors of the Company.

The supervisors' emoluments shown above were for their services as supervisors of the Company.

The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance. The amounts of bonus paid and disclosed for the year ended 31 December 2020 are actually performance bonus in 2019.

For the year ended 31 December 2020 and 2019, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

58. COMMITMENTS AND CONTINGENT LIABILITY

(1) Capital commitments

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Capital expenditure in respect of acquisition of property and equipment:		
Contracted but not provided for	**49,321**	49,530

(2) Operating leasing arrangements

The Group as lessor

During the year of 2020 and 2019, the Group did not have material lease commitment as lessor.

59. HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 57. Details of the remuneration of the five highest paid employees during the year ended 2020 and 2019 are as follows:

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Basic salaries and allowances	**13,513**	12,450
Discretionary bonuses	**85,248**	77,226
Employer's contribution to pension schemes	**115**	272
	98,876	89,948

Bonuses are discretionary and are determined by reference to the Group's and the individuals' performance. No emoluments have been paid to or receivable by these individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2020 and 2019.

59. HIGHEST PAID INDIVIDUALS *(Continued)*

The emoluments of the highest-paid individuals of the Group fall within the following bands:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Emolument bands		
– HKD13,000,001 to HKD13,500,000	–	1
– HKD17,000,001 to HKD17,500,000	–	1
– HKD17,500,001 to HKD18,000,000	1	–
– HKD18,000,001 to HKD18,500,000	1	1
– HKD21,500,001 to HKD22,000,000	1	–
– HKD23,000,001 to HKD23,500,000	–	1
– HKD27,500,001 to HKD28,000,000	1	–
– HKD28,000,001 to HKD28,500,000	–	1
– HKD31,500,001 to HKD32,000,000	1	–
	5	5

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Relationship of related party

The Group and major shareholder

Following major shareholder held more than 10% shares of the Company is considered as a related party of the Group:

	Percentage of shares held As at 31 December	
	2020 %	2019 %
申能(集團)有限公司 Shenergy (Group) Company Limited	25.27	25.27

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(1) Relationship of related party *(Continued)*

The Company and subsidiaries

The details of the Company's subsidiaries is set out in Note 37.

The Group and associates

The details of the associates of the Group is set out in Note 31.

(2) Related party transaction and balances

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions and balances:

As at 31 December 2020 and 2019, the Group had the following material balances with the major shareholder and entities under its control:

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Account payables to brokerage clients		
– Shenergy Group Finance Company Limited*	**9,865**	–
– Shanghai Dazhong Gas Co., Ltd.*	**5,922**	4,163
– Shanghai Jiu Lian Group Co., Ltd.*	**12,665**	394
– Shenergy (Group) Company Limited	**14**	47
– Shanghai Shenergy Property Management Co., Ltd.*	**14**	14
– Shanghai Gas (Group) Co., Ltd.*	**8**	8
– Shanghai Shenergy ICY Capital Co., Ltd.	**7**	–
– Shanghai Shibei Gas Co.,Ltd	**5**	5

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

For the year ended 31 December 2020 and 2019, the Group had the following material transactions with the major shareholder and entities under its control:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Commission and fee income		
– Shenergy Company Limited	**66**	2,112
– Shenergy (Group) Company Limited	**177**	1,127
– Shanghai Gas (Group) Co., Ltd.*	**–**	500
– Shenergy Group Finance Company Limited*	**107**	44
– Shanghai Jiu Lian Group Co., Ltd.*	**131**	23
– Shanghai Shenergy ICY Capital Co., Ltd.	**2**	-
Interest expenses		
– Shanghai Dazhong Gas Co., Ltd.*	**18**	12
– Shenergy Group Finance Company Limited*	**20**	31
– Shanghai Gas (Group) Co., Ltd.*	**13**	13
– Shenergy (Group) Company Limited	**65**	28
– Shenergy Company Limited	**17**	28
– Shanghai Jiu Lian Group Co., Ltd.*	**24**	42
– Shanghai Shenergy ICY Capital Co., Ltd.	**11**	–
– Shenergy Carbon Technology Co., Ltd.*	**2**	1
Other operating expenses		
– Shanghai Shenergy Property Management Co., Ltd.*	**17,523**	12,173
– Shanghai Dazhong Gas Co., Ltd.*	**147**	211
Net investment gains		
– Shanghai Shenergy ICY Capital Co., Ltd.	**2,938**	–

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

As at 31 December 2020 and 2019, the Group had the following material balances with associates:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Account payables to brokerage clients		
– China Universal	**2,085**	2,141
– Haining Orient Securities Lanhai Merge Investment Partnership LLP.*	**38**	811
– Shanghai Junyu Investment Center LLP.*	**–**	3
– Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership LLP.*	**1,245**	115
Other receivables		
– Shanghai Orient Securities Chunyi Investment Center LLP.*	**9,849**	9,798
– Shanghai Junyu Investment Center LLP.*	**–**	2,075
– China Universal	**9,658**	–
Other account payables		
– Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership LLP.*	**2,123**	1,274

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

As at 31 December 2020 and 2019, the Group had the following material balances of products managed by associates:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Financial assets at FVTPL		
– China Universal	**955,227**	1,360,939
– Shanghai Dongkai Capital Co., Ltd.*	**132,177**	25,221

As at 31 December 2020 and 2019, the Group had the following material balances of securities issued by associates:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Financial assets at FVTPL		
– Chengtay Financial Leasing (Shanghai) Co., Ltd.	**289,116**	56,656
Debt instruments at FVTOCI		
– Chengtay Financial Leasing (Shanghai) Co., Ltd.	**–**	77,199

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

For the year ended 31 December 2020 and 2019, the Group had the following material transactions with associates:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Commission and fee income		
– China Universal	**276,650**	135,735
– Haining Orient Securities Lanhai Merge Investment Partnership LLP.*	**14,185**	14,079
– Orient Securities Ruibo (Shanghai) Investment Center LLP.*	**–**	4,292
– Shanghai Junyu Investment Center LLP.*	**–**	2,075
– Chengtay Financial Leasing (Shanghai) Co., Ltd.	**104**	969
– Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership LLP.*	**7,642**	3,821
– Nantong Dongzhen Fuxiang Equity Investment Center LLP.*	**5,585**	5,585
– Chengdu Jiaozi Oriental Investment Development Partnership LLP. *	**7,336**	–
– Yixing Dongzheng Ruiyuan Equity Investment Partnership LLP. *	**2,024**	-
Interest expenses		
– China Universal	**10**	74
– Shanghai Junyu Investment Center LLP.*	**12**	5
– Haining Orient Securities Lanhai Merge Investment Partnership LLP.*	**32**	1
– Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership LLP.*	**2**	–
Interest income		
– Chengtay Financial Leasing (Shanghai) Co., Ltd.	**–**	7,903
Net investment gains		
– Chengtay Financial Leasing (Shanghai) Co., Ltd.	**12,951**	987
– Shanghai Dongkai Investment Management Co., Ltd.*	**113**	–

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

As at 31 December 2020 and 2019, the Group had the following material balances with other related parties**:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Account payables to brokerage clients		
– Shanghai Construction Group., Ltd.	**16**	18,260
– China Pacific Property Insurance Co., Ltd.	**–**	1
– Shanghai Shangbao Asset Management Co., Ltd.	**14,702**	1
– Greenland Group	**183**	2,859
– China Greatwall Technology Group Co., Ltd.	**1**	–
– Shanghai Orient Xindeyizhang Public Welfare Foundation.*	**–**	3
Derivative financial assets		
– China Pacific Property Insurance Co., Ltd.	**–**	88

As at 31 December 2020 and 2019, the Group had the following material balances of products managed by other related parties**:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Financial assets at FVTPL		
– Great Wall Fund Management Co., Ltd.	**–**	50,029

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

As at 31 December 2020 and 2019, the Group had the following material balances of products managed by other related parties**:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Financial assets at FVTPL		
– Great Wall Fund Management Co., Ltd.	**279,866**	222,708
– Haitong Securities Co., Ltd.	**13,670**	110,025
– Shanghai Construction Group., Ltd.	**67**	668
– China Pacific Insurance (Group) Co., Ltd.	**22,138**	9,833
– Greenland Group	**215**	39
– Shanghai Qizhong Garden Golf Club.	**15,732**	29,000
– China Greatwall Technology Group Co., Ltd.	**338**	265
– Yantai Changyu Pioneer Wine Co., Ltd.	**31**	43
– Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	**17**	24
– Jiangsu Financial Leasing Co., Ltd.	**35**	51
Equity instruments at FVTOCI		
– Shanghai Construction Group., Ltd.	**166,785**	165,425
Debt instruments at FVTOCI		
– Shanghai XinHua Distribution Group Co., Ltd.	**51,018**	142,710
– China Pacific Property Insurance Co., Ltd.	**106,409**	104,356
– Shanghai Shangbao Asset Management Co., Ltd.	**40,445**	40,449
– Greenland Group	**–**	20,741

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

For the year ended 31 December 2020 and 2019, the Group had the following material transactions with other related parties**:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Commission and fee income		
– Great Wall Fund Management Co., Ltd.	**3,462**	2,710
– Shanghai XinHua Distribution Group Co., Ltd.	**27**	90
– Shanghai Construction Group., Ltd.	**820**	11
– Greenland Group	**–**	712
– Zhejiang Energy Group CP Ltd.	**218**	125
– Orient International Group Shanghai Investment Co., Ltd.	**8**	90
– Shanghai Orient Xindeyizhang Public Welfare Foundation.*	**8**	–
Interest income		
– China Pacific Property Insurance Co., Ltd.	**4,838**	5,637
– Shanghai XinHua Distribution Group Co., Ltd.	**3,179**	4,483
– Shanghai Shangbao Asset Management Co., Ltd.	**1,543**	407
– Greenland Group	**457**	772
Net investment gains/ (losses)		
– Shanghai Construction Group., Ltd.	**7,758**	7,778
– Haitong Securities Co., Ltd.	**(899)**	3,399
– Great Wall Fund Management Co., Ltd.	**6,623**	119
– China Pacific Insurance (Group) Co., Ltd.	**(1,172)**	(298)
– Greenland Group	**(138)**	30
– China Greatwall Technology Group Co., Ltd.	**88**	70
– Yantai Changyu Pioneer Wine Co., Ltd.	**20**	(1)
– Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	**(3)**	3
– Jiangsu Financial Leasing Co., Ltd.	**12**	6
Interest expenses		
– Shanghai Construction Group., Ltd.	**68**	23
– Shanghai Shangbao Asset Management Co., Ltd.	**–**	1
– Greenland Group	**633**	353
– China Greatwall Technology Group Co., Ltd.	**1**	–
– Orient International Group Shanghai Investment Co., Ltd.	**1**	5
– Shanghai Orient Xindeyizhang Public Welfare Foundation.*	**2**	–
Other operating expenses		
– China Pacific Property Insurance Co., Ltd.	**630**	441

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(2) Related party transaction and balances *(Continued)*

* These companies do not have official English names. English translated names are for identification only.

** The Directors and Supervisors of the Company have been appointed as directors or senior management of these related parties as at 31 December 2020.

Please refer to Note 50 for the details of the transfer of 33.33% of the equity interests in the Citi Orient from the Citigroup Asia to the Company.

(3) Key management personnel

Remuneration for key management personnel of the Group are as follows:

	As at 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Short-term benefits:		
Salaries, allowance and bonuses	**40,053**	50,899
Post-employment benefits:		
Employer's contribution to pension schemes/annuity plans	**887**	1,562
	40,940	52,461

The amounts of bonus paid and disclosed for the year ended 31 December 2020 are actually performance bonus in 2019.

(4) Guarantees provided by the Group

In November 2017, the Company agreed to provide the USD591 million amounts of guarantee in respect of bonds with the maturity date in November 2022, issued by the Orient HuiZhi Limited, the subsidiary of Orient Finance Holdings (Hong Kong) Limited which is the Company's wholly-owned subsidiary.

In March 2018, the Company agreed to provide the USD293 million amounts of guarantee in respect of bonds with the maturity date in November 2022, issued by the Orient HuiZhi Limited, the subsidiary of Orient Finance Holdings (Hong Kong) Limited which is the Company's wholly-owned subsidiary.

60. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

(4) Guarantees provided by the Group *(Continued)*

In September 2019, Orient Finance Holdings (Hong Kong) Limited agreed to provide the USD166 million amounts of guarantee in respect of bonds with the maturity date in September 2020, issued by the Orient ZhiHui Limited which is the subsidiary of Orient Finance Holdings (Hong Kong) Limited.

In October 2019, Orient Finance Holdings (Hong Kong) Limited agreed to provide the HKD300 million amounts of guarantee in respect of loan facilities with the maturity date in October 2020, provided to Orient Securities (Hong Kong) Limited which is the subsidiary of Orient Finance Holdings (Hong Kong) Limited.

In December 2019, Orient Finance Holdings (Hong Kong) Limited agreed to provide the USD180 million amounts of non-financing guarantee facilities to Orient Securities International Financial Group Limited.

In May 2020, Orient Finance Holdings (Hong Kong) Limited agreed to provide the USD50 million amounts of guarantee facilities to Orient Securities International Financial Group Limited to obtain bank credit.

In July 2020, Orient Finance Holdings (Hong Kong) Limited agreed to provide the USD150 million amounts of non-financing guarantee facilities to Orient International Investment Products Limited.

In July 2020, Orient Finance Holdings (Hong Kong) Limited agreed to provide the HKD760 million amounts of guarantee facilities to Orient Securities International Financial Group Limited to obtain bank credit.

In October 2020, Orient Finance Holdings (Hong Kong) Limited agreed to provide the USD172 million amounts of guarantee in respect of bonds with the maturity date in October 2023, issued by the Orient HongSheng Limited, the subsidiary of Orient Finance Holdings (Hong Kong) Limited which is the Company's wholly-owned subsidiary.

61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Cash and bank balances	**30,827,925**	27,584,529
Clearing settlement funds	**6,665,102**	5,964,640
Deposits with exchanges and financial institutions	**1,368,645**	1,039,479
Derivative financial assets	**140,086**	575,515
Advances to customers	**20,945,414**	12,924,955
Account receivables	**236,450**	515,023
Financial assets held under resale agreements	**14,114,677**	23,189,666
Financial assets at fair value through profit or loss	**51,976,489**	45,611,235
Debt instruments at fair value through other comprehensive income	**62,645,975**	64,895,563
Equity instruments at fair value through other comprehensive income	**10,868,377**	10,796,864
Debt instruments measured at amortised cost	**6,243,897**	7,193,554
Deferred tax assets	**1,118,921**	483,544
Investments in an associate	**2,585,810**	2,066,502
Investments in subsidiaries	**15,773,304**	13,985,793
Right-of-use assets	**520,743**	600,692
Investment properties	**40,957**	31,207
Property and equipment	**2,099,933**	2,100,229
Other intangible assets	**165,438**	133,358
Goodwill	**18,948**	18,948
Other loans, receivables and prepayments	**257,977**	183,739
Total assets	**228,615,068**	219,895,035

61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(Continued)

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Due to banks and other financial institutions	**9,670,114**	6,384,659
Short-term financing bill payables	**16,255,099**	14,988,991
Account payables to brokerage clients	**26,064,505**	18,598,950
Financial assets sold under repurchase agreements	**49,352,916**	51,950,255
Financial liabilities at fair value through profit or loss	**12,277,620**	11,190,369
Derivative financial liabilities	**486,364**	2,618,098
Accrued staff costs	**830,596**	516,764
Lease liabilities	**516,618**	591,193
Current tax liabilities	**66,492**	–
Bond payables	**56,346,130**	62,122,472
Other account payables, other payables and accruals	**1,084,562**	346,388
Total liabilities	**172,951,016**	169,308,139
Share capital	**6,993,656**	6,993,656
Other equity instrument	**4,995,755**	–
Reserves	**38,987,193**	38,826,681
Retained profits	**4,687,448**	4,766,559
Total equity	**55,664,052**	50,586,896
Total equity and liabilities	**228,615,068**	219,895,035

61. STATEMENT OF FINANCIAL POSITION AND RESERVE OF THE COMPANY

(Continued)

	Share capital RMB'000	Other equity instrument RMB'000	Capital reserve RMB'000 (Note a)	Surplus reserve RMB'000	General reserve RMB'000	Investment revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2020	**6,993,656**	**–**	**28,157,008**	**3,445,689**	**6,667,922**	**556,062**	**4,766,559**	**50,586,896**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,536,393**	**1,536,393**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(405,944)**	**–**	**(405,944)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**(405,944)**	**1,536,393**	**1,130,449**
Issuance of perpetual subordinated bonds	**–**	**4,995,755**	**–**	**–**	**–**	**–**	**–**	**4,995,755**
Appropriation to surplus reserve	**–**	**–**	**–**	**230,459**	**–**	**–**	**(230,459)**	**–**
Appropriation to general reserve	**–**	**–**	**–**	**–**	**307,284**	**–**	**(307,284)**	**–**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**–**	**–**	**(1,049,048)**	**(1,049,048)**
Transfer to retained profits for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal	**–**	**–**	**–**	**–**	**–**	**28,713**	**(28,713)**	**–**
At 31 December 2020	**6,993,656**	**4,995,755**	**28,157,008**	**3,676,148**	**6,975,206**	**178,831**	**4,687,448**	**55,664,052**
As at 1 January 2019	6,993,656	–	28,157,008	3,085,378	6,043,383	(40,912)	4,054,427	48,292,940
Profit for the year	–	–	–	–	–	–	2,402,073	2,402,073
Other comprehensive income for the year	–	–	–	–	–	591,249	–	591,249
Total comprehensive income for the year	–	–	–	–	–	591,249	2,402,073	2,993,322
Appropriation to surplus reserve	–	–	–	360,311	–	–	(360,311)	–
Appropriation to general reserve	–	–	–	–	624,539	–	(624,539)	–
Dividends recognised as distribution	–	–	–	–	–	–	(699,366)	(699,366)
Transfer to retained profits for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal	–	–	–	–	–	5,725	(5,725)	–
At 31 December 2019	6,993,656	–	28,157,008	3,445,689	6,667,922	556,062	4,766,559	50,586,896

Note a: Capital reserve of the Company represents primarily the share premium arisen from the issuance of the Company's shares.

62. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at fair value through profit or loss	**72,856,993**	67,510,195
Debt instruments at FVTOCI	**62,645,975**	64,895,563
Equity instruments at FVTOCI	**10,936,458**	10,832,873
Financial assets measured at amortised cost	**132,523,331**	110,030,694
	278,962,757	253,269,325
Financial liabilities		
Financial liabilities at fair value through profit or loss	**15,081,030**	15,274,336
Financial liabilities measured at amortised cost	**211,064,397**	190,577,050
	226,145,427	205,851,386

63. FINANCIAL RISK MANAGEMENT

63.1 Risk management overview and organisation

(1) Risk management overview

The Group is committed to the philosophy that "full compliance by all staff and based on risk control." The Group focuses on building management mechanisms for overall risk and internal controls and fostering a risk management culture. The Group strives to realise organic integration and interlinking of risk management, compliance management and internal control. The Group has established a substantially mature and endogenous overall risk management system and an effective internal control mechanism. The Group's system covers all businesses, departments, branches and employees and runs through the processes of decision-making, execution, supervision and feedback.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.1 Risk management overview and organisation *(Continued)*

(1) Risk management overview (Continued)

The risk management implemented by the Group fully covers market risk, credit risk, liquidity risk, operational risk, technique risk, reputation risk, compliance risk, legal risk and ethical risk, etc. realising the management control on the overall risk assessment and supervision.

The Group has established a risk management mechanism for risk identification and assessment, risk monitoring and measurement, risk analysis and response, and it has adopted a combination of qualitative and quantitative risk measurement methods to enhance its professional management capability for various risks. The Group implements a multi-perspective risk review mechanism for comprehensive risk management, strictly reviews all new businesses and products, and dynamically monitors all important risks in daily business operations; and evaluates various risks and risk tolerance in the Group's business process through sensitivity analysis, stress testing and dynamic monitoring.

A comprehensive risk management system is inseparable from a complete information technology system. In recent years, the Group has continuously increased its investment in information technology. Through the construction of a risk management cockpit, a comprehensive risk management system, a dynamic management system for risk control indicators and various special risk management information systems, the Group has continuously promoted the practical application of information technology in risk management, and the timeliness and accuracy of risk management have been effectively improved.

(2) Structure of the risk-management organisation

The Group is committed to establishing a robust and effective risk management system that features "three lines of defense" approach. The first line of defense is the check-and-balance mechanism of two-person, dual roles, dual responsibilities and position separation in the important front-line positions in each operational department, branch and subsidiary; the second line is inspection and supervision on the compliance and risk management affairs by relevant functional management departments within their range of duties; the third line is effective risk supervision performed by risk supervision and management departments on the risk management affairs of each functional management departments.

Pursuant to the requirements of the Rules for the Risk Management of Securities Firms (《證券公司全面風險管理規範》) and our own operations, the Group has set up a risk management structure with five levels, comprising: (i) the Board, (ii) the management, (iii) Chief Risk Officer and Compliance Officer, (iv) each functional unit in charge of risk management, and (v) risk management function for each business department, branch and subsidiary.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk

Credit risk mainly refers to the risk of losses arising from the counterparty or a debtor's failure to meet its contractual obligations in a timely manner, or the deterioration of credit quality of them. Currently, the Group faces credit risk primarily from the credit risk of counterparties in the securities financing business, the credit risk of bond issuers in fixed income investment in the securities investment business and the default risk of the counterparty in the business including over-the-counter derivatives.

(1) Credit risk management

The Group sets the indicators of risk control including scale, counterparty and risk exposure in an overall manner hierarchically by modules relating to net capital management and risk tolerance, and manages the credit risk exposure in a refining manner from the perspectives of varieties, models and hedging, so as to control the credit risk effectively.

The Group establishes credit risk management systems for the bond issuers, counterparty and customers of margin financing and securities lending, respectively. The Group strengthens their qualification and risk assessments, and achieves credit risk management by contract inspections and transaction monitoring. Besides, the Group focuses on the potential default throughout the transaction process, and prepares for risk treatment contingency plan. Regarding the bond investments and other businesses relating to credit risk, the Group strengthens the fundamental analysis on the bond issuers and counterparties and establishes internal rating system to monitor credit risk. The Group realises various functions including the internal rating, uniform credit management, investment concentration management, defaulting client management, pressure testing, monitor early-warning, risk reporting through credit risk management system, strengthening credit risk control and enhancing the ability of credit risk management. In the derivative transactions, the Group sets margin ratio and trade rules to counterparties, and controls the credit risk exposure of counterparty by the means of daily mark-to-market, margin calls and forced close of positons, etc. In the securities lending and margin financing business, the Group establishes mechanisms including client credit rating assessment, facility and collateral management, monitoring report and others, and addresses the potential risk in a timely manner through dynamic liquidation.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

(2) Credit risk and impairment assessment

As explained in Note 3, the Group performs impairment assessment under ECL model on account receivables using life-time ECL under the simplified approach. The Group monitors all other financial assets to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In making the impairment assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group uses different criteria to determine whether credit risk has increased significantly per each portfolio of assets.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life;
- an actual or expected significant change in the financial instrument's external credit rating;
- expected adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations;
- an actual or expected significant change in the operating results of the borrower;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

(2) Credit risk and impairment assessment (Continued)

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- an actual or expected significant change in the quality of credit enhancement; and
- significant changes in the expected performance and behavior of the borrower.

The credit risk on liquid funds including bank balances, clearing settlement funds, deposits with exchanges and financial institutions is limited because the counterparties are mainly state-owned banks, clearing house, stock exchanges, futures exchanges, commodity exchanges or banks with high credit ratings assigned by international credit-rating agencies. There have been no significant increase in credit risk since initial recognition associated with the amounts of cash and bank balances, clearing settlement funds, deposits with exchanges and financial institutions for the year ended 31 December 2020.

The Group mainly relies on external credit ratings to assess the credit risk of bond investments. In general, the following information is considered in assessing whether there has been a significant increase in credit risk of the bond investment: the credit rating downgrade to below AA (exclusive) and above B (exclusive) if original external rating is AA or above (inclusive) from domestic rating agencies on the initial recognition date; the credit rating downgrade to above B (exclusive) if original external rating is below AA (exclusive) from domestic rating agencies on the initial recognition date. As of 31 December 2020, the Group invests primarily in bonds with debt ratings of AA or above (inclusive).

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

***(2) Credit risk and impairment assessment** (Continued)*

Margin trading assets consist of advances to customers and securities lent to customers. The main credit risk of these financial assets is customers' failure to repay the principal, interests or securities lent to them. The Group monitors margin trading clients' accounts on an individual basis and call for additional margin deposits, including cash collateral or securities, whenever necessary. The advances to margin clients are monitored through their collateral to loan ratios, which ensures the value of the pledged assets is sufficient to cover the advances. The Group considers margin trading assets to have experienced a significant increase in credit risk if the collateral to loan ratios fell below the pre-determined margin call thresholds taking into account of the obligor's credit quality.

Regarding the financial assets held under resale agreements, the Group mainly focuses on the collateral to loan ratio, past due status, and other qualitative and quantitative criteria to determine whether credit risk has increased significantly. In terms of stock pledged repo transactions, the Group sets different forced liquidation thresholds for various financing entities in consideration of factors such as the industry, liquidity, and sales restriction of the pledged stock. Normally, the forced liquidation threshold is no less than 140% for restricted shares and no less than 130% for unrestricted shares. The Group assesses the changes in credit risk of each transaction since initial recognition date by taking full consideration of the credit status of the financing entity, contract maturity date, the related collateral securities information including the industry, liquidity, sales restriction, concentration, volatility, performance guarantee and the issuer's operating conditions. Generally, the stock pledged repo exposures with collateral to loan ratios not lower than the forced liquidation threshold and no past due are classified under Stage 1; if the stock pledged repo transactions, with collateral to loan ratios below the forced liquidation threshold, or overdue, or other events indicating significant increase in credit risk occurred, are considered to be not credit-impaired in terms of the substance of the transaction, they are classified under Stage 2; when the collateral to loan ratios fell below the forced liquidation threshold for over 90 days or the stock pledged repo transactions are past due for more than 90 days, the Group evaluates whether those transactions are credit-impaired in terms of the substance of the transaction, taking into account of factors such as the obligor's solvency, repayment willingness, value of pledged assets and other loan settlement measures. If the stock pledged repo transactions are considered to be credit-impaired, they are classified under Stage 3.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

(3) Measurement of ECL

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost except for account receivables, and debt instruments at FVTOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECL associated with the probability of default events, occurring within the next 12 months, is recognised;

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised;

Stage 3: Lifetime ECL – credit impaired

For financial assets that are credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

The Group uses PD, EAD and LGD to measure credit risks:

(i) PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data and expectations of future conditions;

(ii) EAD is the amount that the Group should be repaid at the time of default in the next 12 months or throughout the remaining life; and

(iii) LGD is an estimate of the loss arising on default. The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The expected credit losses are measured based on the probability weighted results of PD, EAD and LGD.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

(3) Measurement of ECL (Continued)

The assessment of significant increase in credit risk and the measurement of expected credit losses all involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators affecting the credit risk and expected credit losses of each asset portfolio. Key economic indicators include macroeconomic indicators and indicators that can reflect market volatility, including but not limited to M2, Consumers Price Index ("CPI"), Industrial Product Price Index ("PPI") etc.

- Growth rate of M2: the forecast rate as of 31 December 2021 ranges between 8.34% to 11.12%;
- Growth rate of the CPI: the forecast rate as of 31 December 2021 ranges between 1.13% and 1.50%;
- Growth rate of PPI: the forecast rate as of 31 December 2021 ranges from 1.39% to 1.85%.

In order to determine the relationship between these economic indicators and the default probability as well as the default loss rate, the Group constructs an econometric model to determine the impact of historical changes in these indicators on the PD and LGD.

The Group makes forward-looking estimation of the ECL based on the scenario reflecting key economic indicators above which have considered the impact of COVID-19 epidemic. When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, remaining term to maturity and the value of collateral relative to the financial asset. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.2 Credit risk *(Continued)*

(3) Measurement of ECL (Continued)

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The maximum credit risk exposure of the Group as follows:

	As at 31 December	
	2020 RMB'000	**2019 RMB'000**
Advances to customers	**21,171,919**	13,214,262
Account receivables	**874,406**	1,019,920
Other loans and receivables	**432,877**	569,034
Debt instruments at FVTOCI	**62,645,975**	64,895,563
Financial assets held under resale agreements	**14,460,425**	24,206,542
Financial assets at fair value through profit or loss	**26,977,231**	30,575,190
Debt instruments measured at amortised cost	**6,243,897**	7,193,554
Derivative financial assets	**155,876**	609,102
Deposits with exchanges and financial institutions	**2,183,090**	1,642,894
Clearing settlement funds	**21,516,357**	13,243,654
Cash and bank balances	**65,640,360**	48,940,834
	222,302,413	206,110,549

Overall, the Group monitors and manages credit risk at all times, and takes every possible measure to mitigate and control credit risk exposure to an acceptable level.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk

Market risk is the risk of loss arising from fluctuations in stock prices, interest rates and exchange rates in the securities markets. The Group faces market risk primarily in the Group's securities investment business. The Group's business departments, branches and subsidiaries are the first line of defense against market risk. The Group's risk management functional units are responsible for overall market risk management.

To enhance the management of market risk, the Group currently adopts the following measures:

- Marking-to-market, concentration analysis and quantitative risk model, to manage scale, leverage, risk exposure, duration and to establish dynamic-tracking stop-loss mechanisms.
- Identifying the key factors affecting portfolio returns through sensitivity analysis, and evaluating the tolerance of investment portfolios to extreme market fluctuations by using scenario analysis and stress-testing.
- Ensuring diversified and scientific asset allocation, using derivatives such as stock index futures to hedge against risks, and using various investment strategies for hedging.
- Closely monitoring the macroeconomic indicators and trends and significant development in economic policies, and evaluating the systematic risk on investment that may arise from changes in macro factors.
- Set up the institution for decision-making, performance and responsibility for the significant events, prepare emergency plans under various predicable extreme cases, and grade and manage the significant events according to the seriousness.

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 the Group's bank balances, advances to customers, clearing settlement funds, debt instruments at FVTOCI, debt instruments measured at amortised cost, financial assets at fair value through profit or loss, bond payables, account payables to brokerage clients, borrowings and financial assets sold under repurchase agreements and so on. Management actively monitors the Group's net interest rate exposure through setting limits on the level of mismatch of interest rate repricing and duration gap and aims at maintaining an interest rate spread, such that the Group are always in a net interest-bearing asset position and derive net interest income.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

***Interest rate risk** (Continued)*

Fluctuations of prevailing rate quoted by the People's Bank of China, Shanghai Inter-bank offered rate and Hong Kong Inter-bank offered rate are the major sources of the Group's cash flow interest rate risk.

The tables below summarise the Group's interest bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.

As at 31 December 2020

	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial Assets							
Advances to customers	1,456,820	6,670,846	13,044,253	–	–	–	21,171,919
Account receivables	–	–	–	–	–	874,406	874,406
Other loans and receivables	–	–	78,721	–	–	354,156	432,877
Financial assets held under resale agreements	14,260,090	200,335	–	–	–	–	14,460,425
Debt instruments at FVTOCI	956,203	978,047	5,660,761	24,409,842	30,641,122	–	62,645,975
Equity instruments at FVTOCI	–	–	–	–	–	10,936,458	10,936,458
Financial assets at fair value through profit or loss	419,311	2,282,403	5,770,778	12,838,977	5,665,762	45,723,886	72,701,117
Debt instruments measured at amortised cost	357,799	480,428	1,408,877	1,925,868	2,070,925	–	6,243,897
Derivative financial assets	–	12,853	–	–	–	143,023	155,876
Deposits with exchanges and financial institutions	2,183,090	–	–	–	–	–	2,183,090
Clearing settlement funds	21,516,357	–	–	–	–	–	21,516,357
Cash and bank balances	65,457,261	50,391	67,295	65,413	–	–	65,640,360
Subtotal	106,606,931	10,675,303	26,030,685	39,240,100	38,377,809	58,031,929	278,962,757

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

***Interest rate risk** (Continued)*

As at 31 December 2020 *(Continued)*

	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial Liabilities							
Borrowings	364,298	215,434	–	–	–	–	579,732
Bonds Payables	–	–	8,759,659	49,421,792	4,084,022	–	62,265,473
Account payables to brokerage clients	66,642,671	–	–	–	–	–	66,642,671
Other account payables and other payables	–	–	–	–	–	2,790,038	2,790,038
Due to banks and other financial institutions	9,169,764	500,350	–	–	–	–	9,670,114
Short-term financing bill payables	6,049,341	5,925,801	4,280,344	–	–	–	16,255,486
Financial liabilities at fair value through profit or loss	4,009,363	2,769,000	5,850,543	–	–	1,947,167	14,576,073
Derivative financial liabilities	–	268,564	–	–	–	236,393	504,957
Lease liabilities	37,123	43,855	225,655	539,316	10,961	–	856,910
Financial assets sold under repurchase agreements	45,681,063	2,245,794	4,934,026	–	–	–	52,860,883
Subtotal	131,953,623	11,968,798	24,050,227	49,961,108	4,094,983	4,973,598	227,002,337
Net interest-bearing position	(25,346,692)	(1,293,495)	1,980,458	(10,721,008)	34,282,826	53,058,331	51,960,420

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

***Interest rate risk** (Continued)*

As at 31 December 2019

	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial Assets							
Advances to customers	783,662	3,857,970	8,572,630	–	–	–	13,214,262
Account receivables	–	–	–	–	–	1,019,920	1,019,920
Other loans and receivables	–	–	148,813	139,524	–	280,697	569,034
Financial assets held under resale agreements	21,507,141	1,299,529	1,115,015	284,857	–	–	24,206,542
Debt instruments at FVTOCI	156,238	363,125	4,523,569	37,257,646	22,594,985	–	64,895,563
Equity instruments at FVTOCI	–	–	–	–	–	10,832,873	10,832,873
Financial assets at fair value through profit or loss	1,327,603	624,027	6,144,805	16,897,116	5,581,639	36,325,903	66,901,093
Debt instruments measured at amortised cost	–	178,270	229,019	4,662,790	2,123,475	–	7,193,554
Derivative financial assets	16	13,446	22,315	–	–	573,325	609,102
Deposits with exchanges and financial institutions	1,642,894	–	–	–	–	–	1,642,894
Clearing settlement funds	13,243,654	–	–	–	–	–	13,243,654
Cash and bank balances	48,919,530	–	21,304	–	–	–	48,940,834
Subtotal	87,580,738	6,336,367	20,777,470	59,241,933	30,300,099	49,032,718	253,269,325

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

***Interest rate risk** (Continued)*

As at 31 December 2019 *(Continued)*

	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial Liabilities							
Borrowings	349,735	290,419	–	–	–	–	640,154
Bonds Payables	–	2,117,130	25,828,657	35,280,458	4,082,954	–	67,309,199
Account payables to brokerage clients	40,179,178	–	–	–	–	–	40,179,178
Other account payables and other payables	–	–	–	–	–	2,472,597	2,472,597
Due to banks and other financial institutions	4,871,391	1,010,063	503,205	–	–	–	6,384,659
Short-term financing bill payables	4,626,537	8,288,990	3,197,673	–	–	–	16,113,200
Financial liabilities at fair value through profit or loss	5,807,585	1,652,880	4,178,787	–	–	991,709	12,630,961
Derivative financial liabilities	103,255	1,008,320	1,443,753	–	–	88,047	2,643,375
Lease liabilities	43,484	43,592	229,475	656,637	21,817	–	995,005
Financial assets sold under repurchase agreements	54,860,001	1,202,568	1,415,494	–	–	–	57,478,063
Subtotal	110,841,166	15,613,962	36,797,044	35,937,095	4,104,771	3,552,353	206,846,391
Net interest-bearing position	(23,260,428)	(9,277,595)	(16,019,574)	23,304,838	26,195,328	45,480,365	46,422,934

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

***Interest rate risk** (Continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing financial assets and liabilities, which covers both the cash flow interest rate risk of variable rate instruments and fair value interest rate risk of fixed rate financial assets at fair value through profit or loss and debt instruments at FVTOCI. The analysis is prepared assuming the interest bearing financial assets and liabilities outstanding at the end of each respective reporting periods were outstanding for the whole year. When reporting to the management on the interest rate risk, a 50 basis points increase or decrease in the relevant interest rates will be adopted for sensitivity analysis, when considering the reasonably possible change in interest rates.

	Year ended 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Profit for the year		
50 basis points increase	**(333,117)**	(421,025)
50 basis points decrease	**340,630**	429,329
Equity		
50 basis points increase	**(1,384,387)**	(1,336,688)
50 basis points decrease	**1,457,181**	1,380,547

Currency risk

Currency risk refers to the unfavourable volatilities of the Group's financial condition and cash flows due to the fluctuation of the foreign exchange rates. Except for overseas subsidiaries which hold financial assets that are denominated in foreign currencies different from the relevant group entity's functional currency, the Group only holds a minimal amount of foreign currency denominated investment. The management considers the foreign exchange rate risk of the Group is not material as the proportion of the Group's total asset and liability that the Group's foreign currency assets and liabilities account for is minimal.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.3 Market risk *(Continued)*

Price risk

Price risk is primarily about the unfavorable changes of share price, gold price, financial derivative instruments prices and commodity price that cause financial losses. Quantitatively, price risk the Group facing is mainly the proportionate fluctuation in the Group's profits due to the price fluctuation of the trading financial instrument and the proportionate fluctuation in the Group's equity due to the price fluctuation of the equity instruments at FVTOCI. Other than daily monitoring the investment position, trading and earnings indicators, the Group mainly use risk sensitivity indicators, stress testing indicators in daily risk monitoring.

Sensitivity analysis

The analysis below is performed to show the impact on profit before income tax and other comprehensive income before income tax due to change in the prices of equity securities, funds, derivatives, collective asset management schemes and other trading financial instruments by 10% with all other variables held constant. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax or vice versa.

	Year ended 31 December	
	2020	**2019**
	RMB'000	**RMB'000**
Profit before income tax for the year		
Increase by 10%	**3,079,873**	2,166,067
Decrease by 10%	**(3,079,873)**	(2,166,067)
Other comprehensive income before income tax for the year		
Increase by 10%	**1,093,646**	1,083,287
Decrease by 10%	**(1,093,646)**	(1,083,287)

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.4 Liquidity risk

Liquidity risk refers to securities firms' potential failure to obtain sufficient funds at reasonable cost to repay liabilities in a timely manner as they become due, meet other payment obligations and satisfy capital requirements in the normal course of business. The Group's objectives in liquidity risk management are to establish a sound liquidity risk management system and to effectively identify, measure, monitor and control liquidity risk, to ensure that the Group's liquidity demand can be met at reasonable cost and in a timely manner.

In the aspect of liquidity risk management, during the reporting period, the Company improves the liquidity risk management system and internal management system continuously, and sets up a special position in charge of dynamic monitoring, early-warning, analysis and reporting of the liquidity risk in accordance with the Rules for the Risk Management of Securities Firms (《證券公司全面風險管理規範》) and new measures for the administration of risk control indicators. The Company prudently determines the qualitative principles and quantitative standards of liquidity risk preference at the beginning of each year, and adjusts the relevant liquidity risk control indicators timely in accordance with the market changes and business development in the middle of year. The Company also conducts liquidity pressure testing and emergency drilling regularly, and requires the regulator to report the indicators like liquidity coverage rate and net stable capital rate daily. The above practices can ensure that the Company is able to satisfy the liquidity demand timely at reasonable cost, and will control the liquidity risk within the tolerable scope.

Undiscounted cash flows by contractual maturities of non-derivative financial liabilities

The tables below present the cash flows payable by the Group within the remaining contractual maturities of non-derivative financial liabilities at the end of each respective periods. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate at the end of respective reporting periods. The liquidity risk of derivative financial liabilities of the Group is insignificant and not disclosed in the table below.

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.4 Liquidity risk *(Continued)*

Undiscounted cash flows by contractual maturities of non-derivative financial liabilities (Continued)

As at 31 December 2020

	On Demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	5 years and above RMB'000	Total RMB'000	Carrying amount RMB'000
Borrowings	–	431,894	153,638	–	–	585,532	579,732
Short-term financing bill payables	–	12,015,025	4,356,227	–	–	16,371,252	16,255,486
Due to banks and other financial institutions	–	9,676,205	–	–	–	9,676,205	9,670,114
Account payables to brokerage clients	66,642,671	–	–	–	–	66,642,671	66,642,671
Financial liabilities at fair value through profit or loss	657,570	7,634,219	5,881,807	460,785	–	14,634,381	14,576,073
Other account payables and other payables	2,790,038	–	–	–	–	2,790,038	2,790,038
Financial assets sold under repurchase agreements	–	48,250,607	5,005,402	–	–	53,256,009	52,860,883
Lease liabilities	–	82,385	233,002	590,983	13,796	920,166	856,910
Bond Payables	–	289,000	10,544,904	51,915,969	4,398,400	67,148,273	62,265,473
	70,090,279	78,379,335	26,174,980	52,967,737	4,412,196	232,024,527	226,497,380

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.4 Liquidity risk *(Continued)*

Undiscounted cash flows by contractual maturities of non-derivative financial liabilities (Continued)

As at 31 December 2019

	On Demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	5 years and above RMB'000	Total RMB'000	Carrying amount RMB'000
Borrowings	–	248,072	429,290	–	–	677,362	640,154
Short-term financing bill payables	–	12,963,650	3,252,951	–	–	16,216,601	16,113,200
Due to banks and other financial institutions	–	5,889,728	508,215	–	–	6,397,943	6,384,659
Account payables to brokerage clients	40,179,178	–	–	–	–	40,179,178	40,179,178
Financial liabilities at fair value through profit or loss	–	7,727,555	4,260,249	705,650	–	12,693,454	12,630,961
Other account payables and other payables	2,472,597	–	–	–	–	2,472,597	2,472,597
Financial assets sold under repurchase agreements	–	56,062,636	1,433,197	–	–	57,495,833	57,478,063
Lease liabilities	–	87,967	233,218	721,602	26,603	1,069,390	995,005
Bond Payables	–	3,023,188	29,501,699	39,230,582	4,597,600	76,353,069	67,309,199
	42,651,775	86,002,796	39,618,819	40,657,834	4,624,203	213,555,427	204,203,016

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.5 Capital management

The Group's and the Company's objectives of capital management are:

- To safeguard the Group's and the Company'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 and the Company'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.

In accordance with Administrative Measures for Risk Control Indicators of Securities Firms (Revision 2020) (the "Administrative Measures") issued by CSRC, the Company is required to meet the following standards for risk control indicators on a continual basis:

1. The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
2. The ratio of core net capital divided by the sum of on-balance-sheet and off-balance-sheet assets shall be no less than 8% ("Ratio 2");
3. The ratio of high-quality liquid assets divided by net cash outflow of the next thirty days shall be no less than 100% ("Ratio 3");
4. The ratio of available stable capital divided by required stable capital shall be no less than 100% ("Ratio 4");
5. The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 5");
6. The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 6");
7. The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 7");
8. The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 8"); and
9. The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 9").

63. FINANCIAL RISK MANAGEMENT *(Continued)*

63.5 Capital management *(Continued)*

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

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.

64. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of the financial assets and financial liabilities that are not measured on a recurring basis

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated by the active market quotation or determined in accordance with discounted cash flow method.

The main parameters used in discounted cash flow method for financial instruments held by the Group that are not measured on a recurring basis include bond interest rates, foreign exchange rates and counterparty credit spreads.

The table below summarises the carrying amounts and expected fair values with obvious variances of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair values.

	As at 31 December			
	2020		2019	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Financial assets				
Debt instruments measured at amortised cost	**6,243,897**	**6,242,305**	7,193,554	7,191,385
Financial liabilities				
Bond payables				
– Corporate bonds	**28,280,531**	**28,446,997**	26,202,985	26,462,646
– Subordinated bonds	**17,414,768**	**17,412,691**	27,070,475	27,069,056
– Income certificates	**6,113,681**	**5,943,530**	4,149,811	4,098,397
– Offshore bonds	**10,456,493**	**10,694,234**	9,885,928	9,960,236
Total	**62,265,473**	**62,497,452**	67,309,199	67,590,335

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are not measured on a recurring basis *(Continued)*

As at 31 December 2020

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Debt instruments measured at amortised cost	**1,692,810**	**4,549,495**	**–**	**6,242,305**
Financial liabilities				
Bond payables	**45,859,688**	**16,637,764**	**–**	**62,497,452**

As at 31 December 2019

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Debt instruments measured at amortised cost	3,321,933	3,869,452	–	7,191,385
Financial liabilities				
Bond payables	53,531,702	14,058,633	–	67,590,335

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of respective group entities or counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's statements of financial position approximate their fair values.

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Some of the financial assets and financial liabilities are measured at fair value at the end of the year of 2020 and 2019. The following tables give information about how the fair values of these financial assets and financial liabilities are determined including their fair value hierarchy, valuation technique(s) and key input(s) used.

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
1) **Debt instruments at FVTOCI**						
Debt securities						
– Traded on stock exchanges	**27,054,265**	36,821,013	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on inter-bank market	**35,591,710**	28,074,550	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
	62,645,975	64,895,563				

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
2) Equity instruments at FVTOCI						
Equity securities						
– Traded on stock exchanges	**2,454,100**	1,993,631	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on National Equities Exchange and Quotations	**42,752**	141,978	Level 2	Recent transaction prices.	N/A	N/A
– Traded on National Equities Exchange and Quotations	**87,008**	148,292	Level 3	Calculated based on pricing/yield such as price-to earnings (P/E) of comparable companies with an adjustment of discount for lack of marketability.	P/E multiples P/S multiples Discount for lack of marketability.	The higher the discount, the lower the fair value. The higher the multiples, the higher the fair value.
– Private equity investments	**175,837**	189,985	Level 3	Calculated based on pricing/yield such as price-to earnings (P/E) of comparable companies with an adjustment of discount for lack of marketability.	P/E multiples P/B multiples P/S multiples Discount for lack of marketability.	The higher the discount, the lower the fair value. The higher the multiples, the higher the fair value.

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
2) Equity instruments at FVTOCI *(Continued)*						
Equity securities *(Continued)*						
– Restricted shares	**33,780**	80,087	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by option pricing model. The key input is historical volatility of the share prices of the securities.	Discount for lack of marketability.	The higher the discount, the lower the fair value.
Perpetual instruments						
– Traded on stock exchanges	**1,743,286**	1,946,648	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on inter-bank market	**1,270,593**	1,317,389	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of perpetual instruments as the key parameter.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
2) Equity instruments at FVTOCI *(Continued)*						
Other investment						
– Investment in a special account managed by CSFCL	**5,129,102**	5,014,863	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment and adjustment of related expenses.	N/A	N/A
	10,936,458	10,832,873				
3) Financial assets at FVTPL						
Debt securities						
– Traded on stock exchanges	**16,088,428**	19,926,770	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on inter-bank market	**10,888,803**	10,648,420	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
3) **Financial assets at FVTPL** *(Continued)*						
Equity securities						
– Traded on stock exchanges	**4,858,187**	4,164,112	Level 1	Quoted bid price in an active market.	N/A	N/A
– Traded on National Equities Exchange and Quotations	**112,731**	533,640	Level 2	Recent transaction prices.	N/A	N/A
– Traded on National Equities Exchange and Quotations	**184,611**	68,838	Level 3	Calculated based on pricing/yield such as price-to earnings (P/E) of comparable companies with an adjustment of discount for lack of marketability.	P/E multiples P/B multiples P/S multiples Discount for lack of marketability.	The higher the discount, the lower the fair value. The higher the multiples, the higher the fair value.
– Private equity investments	**3,008,083**	2,617,415	Level 3	Calculated based on pricing/yield such as price-to earnings (P/E) of comparable companies with an adjustment of discount for lack of marketability.	P/E multiples P/B multiples P/S multiples Discount for lack of marketability.	The higher the discount, the lower the fair value. The higher the multiples, the higher the fair value.

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
3) **Financial assets at FVTPL** *(Continued)*						
Equity securities *(Continued)*						
– Restricted shares	**676,306**	741,581	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by option pricing model. The key input is historical volatility of the share prices of the securities.	Discount for lack of marketability.	The higher the discount, the lower the fair value.
Funds						
– Traded on stock exchanges	**1,905,890**	1,670,636	Level 1	Quoted bid price in an active market.	N/A	N/A
– Other funds	**9,501,764**	7,929,167	Level 2	Based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
3) **Financial assets at FVTPL** *(Continued)*						
Other investments						
– Collective assets management schemes issued by financial institutions	**18,371,377**	11,018,349	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
Other investments						
– Other assets management schemes	**23,397**	260,593	Level 3	The fair value is determined with reference to the net asset value of the underlying investments with an adjustment of discount for the credit risk of counterparty.	Discount rate.	The higher the discount, the lower the fair value.
– Perpetual instruments traded on stock exchanges	**4,656,818**	5,829,426	Level 1	Quoted bid price in an active market.	N/A	N/A
– Perpetual instruments traded on inter-bank market	**2,424,722**	1,492,146	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter.	N/A	N/A
	72,701,117	66,901,093				

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
4) Financial liabilities at FVTPL						
Debt securities						
– Traded on inter-bank market	**(2,254,363)**	(4,124,612)	Level 2	Discounted cash flows. Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key inputs.	N/A	N/A
Gold borrowings	**(9,906,000)**	(7,514,640)	Level 1	Quoted bid price in an active market.	N/A	N/A
Others	**(684,641)**	(705,650)	Level 2	Transaction price of its underlying assets.	N/A	N/A
Others	**(468,543)**	–	Level 2	Discounted cash flows. Future cash flows are estimated based on the return of underlying gold in terms of quoted prices from futures exchange and the prices agreed in the agreements between the company and the counterparty.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
4) Financial liabilities at FVTPL *(Continued)*						
Debt securities *(Continued)*						
– Interests attributable to other holders of consolidated structured entities	**(819,690)**	(286,059)	Level 2	Shares of the net value of the products, determined with reference to the net asset value of the products, calculated by observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.	N/A	N/A
Interests attributable to other holders of consolidated structured entities	**(442,836)**	–	Level 3	Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/ yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio and adjustments of related expenses.	P/E multiples Discount for lack of marketability.	The higher the discount, the lower the fair value. The higher the multiples, the higher the fair value.
	(14,576,073)	(12,630,961)				

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments						
Interest rate swaps – assets	**1,728**	1,703	Level 2	Discounted cash flows. Future cash flows are estimated based in forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Interest rate swaps – liabilities	**(11,355)**	–	Level 2	Discounted cash flows. Future cash flows are estimated based in forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Stock index futures – assets	**332**	–	Level 1	Quoted bid price in an active market.	N/A	N/A
Stock index futures – liabilities	**(302)**	–	Level 1	Quoted bid price in an active market.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Commodity futures – assets	**–**	24,017	Level 2	Recent transaction prices.	N/A	N/A
Total return swaps – assets	**6,901**	720	Level 2	Calculated based on the difference between the equity return of underlying securities based on quoted prices in an active market and the fixed income agreed in the swap agreements between the company and the counterparty.	N/A	N/A
Total return swaps – liabilities	**(3,098)**	(5,510)	Level 2	Calculated based on the difference between the yield of underlying securities based on quoted prices in an active market and the fixed income agreed in the swap agreements between the company and the counterparty.	N/A	N/A
Stock options – assets	**70,875**	22,051	Level 2	Recent transaction prices.	N/A	N/A
Stock options – liabilities	**(58,197)**	(49,637)	Level 2	Recent transaction prices.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Commodity options – assets	**12,473**	16,189	Level 2	Recent transaction prices.	N/A	N/A
Commodity options – liabilities	**(1,372)**	(10,278)	Level 2	Recent transaction prices.	N/A	N/A
Derivatives embedded in income certificates – liabilities	**(35)**	(3,480)	Level 2	Calculated based on contracted interest rates with reference to the market prices of underlying assets.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Commodity swaps – assets	**–**	500,644	Level 2	Calculated based on the quoted price of the underlying gold.	N/A	N/A
Commodity swaps – liabilities	**(49,029)**	–	Level 2	Calculated based on the quoted price of the underlying gold.	N/A	N/A
Gold forwards – liabilities	**(36,224)**	(5,378)	Level 2	Calculated based on the quoted price of the underlying gold.	N/A	N/A
Currency swaps – assets	**–**	6,899	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contracted exchange rate.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Currency swaps – liabilities	**(15,002)**	(4,175)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contracted exchange rate.	N/A	N/A
Credit default swap – assets	**651**	1,102	Level 2	Discounted cash flows. Future cash flows are estimated based on contracted interest rates with reference to credit default risk of underlying assets, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Credit default swap – liabilities	**(3,151)**	(5,314)	Level 2	Discounted cash flows. Future cash flows are estimated based on contracted interest rates with reference to credit default risk of underlying assets, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Gold option arrangements – assets	**12,853**	35,777	Level 2	Discounted cash flows. Future cash flows represents the different exercise prices of gold option purchased and sold under the arrangement and discounted by observable yield curve.	N/A	N/A
Gold option arrangements – liabilities	**(268,564)**	(2,555,328)	Level 2	Discounted cash flows. Future cash flows represents the different exercise prices of gold option purchased and sold under the arrangement and discounted by observable yield curve.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Equity linked derivatives – assets	**250**	–	Level 2	Calculated based on the difference between the quoted prices of underlying equity securities from stock exchanges in the PRC and the fixed income agreed in the agreements between the company and the counterparty.	N/A	N/A
Equity linked derivatives – liabilities	**(17,120)**	(4,275)	Level 2	Calculated based on the difference between the quoted prices of underlying equity securities from stock exchanges in the PRC and the fixed income agreed in the agreements between the company and the counterparty.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Foreign exchange risk forward – assets	**49,739**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contracted forward rate.	N/A	N/A
Foreign exchange risk forward – liabilities	**(41,466)**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contracted forward rate.	N/A	N/A
Foreign exchange futures – assets	**47**	–	Level 2	Recent transaction prices.	N/A	N/A

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/financial liabilities	Fair value as at 31 December 2020 RMB'000	Fair value as at 31 December 2019 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
5) Derivative financial instruments *(Continued)*						
Interest rate swaps options – assets	**27**	–	Level 2	Discounted cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates.	N/A	N/A
Interest rate swaps options – liabilities	**(42)**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable interest rates at the end of the reporting period) and the contracted interest rate.	N/A	N/A
	(349,081)	(2,034,273)				

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

As at 31 December 2020

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets:				
Debt instruments at FVTOCI				
– Debt securities	27,054,265	35,591,710	–	62,645,975
Equity instruments at FVTOCI				
– Equity securities	2,454,100	42,752	296,625	2,793,477
– Perpetual instruments	1,743,286	1,270,593	–	3,013,879
– Other investment	–	5,129,102	–	5,129,102
Financial assets at FVTPL				
– Debt securities	16,088,428	10,888,803	–	26,977,231
– Equity securities	4,858,187	112,731	3,869,000	8,839,918
– Funds	1,905,890	9,501,764	–	11,407,654
– Others	4,656,818	20,796,099	23,397	25,476,314
Derivative financial assets	332	155,544	–	155,876
Total	58,761,306	83,489,098	4,189,022	146,439,426
Financial liabilities:				
Financial liabilities at FVTPL	9,906,000	4,227,237	442,836	14,576,073
Derivative financial liabilities	302	504,655	–	504,957
Total	9,906,302	4,731,892	442,836	15,081,030

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

As at 31 December 2019

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets:				
Debt instruments at FVTOCI				
– Debt securities	36,821,013	28,074,550	–	64,895,563
Equity instruments at FVTOCI				
– Equity securities	1,993,631	141,978	418,364	2,553,973
– Perpetual instruments	1,946,648	1,317,389	–	3,264,037
– Other investment	–	5,014,863	–	5,014,863
Financial assets at FVTPL				
– Debt securities	19,926,770	10,648,420	–	30,575,190
– Equity securities	4,164,112	533,640	3,427,834	8,125,586
– Funds	1,670,636	7,929,167	–	9,599,803
– Other investments	5,829,426	12,510,495	260,593	18,600,514
Derivative financial assets	–	609,102	–	609,102
Total	72,352,236	66,779,604	4,106,791	143,238,631
Financial liabilities:				
Financial liabilities at FVTPL	7,514,640	5,116,321	–	12,630,961
Derivative financial liabilities	–	2,643,375	–	2,643,375
Total	7,514,640	7,759,696	–	15,274,336

There were no transfers between instruments in Level 1 and Level 2 during the relevant year.

64. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

The following table represents the changes in Level 3 financial instruments for the relevant year.

Equity instruments at FVTOCI

	Year ended 31 December	
	2020 RMB'000	**2019 RMB'000**
At the beginning of the year	**418,364**	632,882
Changes in fair value recognised in other comprehensive income	**(133,465)**	(39,829)
Additions	**39,411**	–
Transfer in level 3 *(Note a)*	**145,840**	175,708
Transfer out of level 3 *(Note b)*	**(137,062)**	(301,258)
Disposals	**(36,463)**	(49,139)
At the end of the year	**296,625**	418,364
Total losses for assets held at the end of the year – unrealised losses recognised in other comprehensive income	**(48,060)**	(128,744)

64. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial assets at FVTPL

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At the beginning of the year	**3,688,427**	4,149,793
Changes in fair value recognised in profit or loss	**(183,913)**	222,014
Purchases	**1,880,152**	1,548,992
Transfer in level 3 *(Note a)*	**420,434**	317,727
Transfer out of level 3 *(Note b)*	**(1,420,857)**	(1,595,240)
Disposals	**(491,846)**	(954,859)
At the end of the year	**3,892,397**	3,688,427
Total losses for assets held at the end of the year – unrealised losses recognised in profit or loss	**(193,349)**	(85,063)

Note a: These mainly included the equity securities traded on the NEEQ with decreased turnover rates, and fair value hierarchy of these financial instruments transferred from level 2 to level 3.

Note b: These mainly included the equity security suspended on the NEEQ for a certain period before and equity securities traded on stock exchanges with lock-up periods.

The fair value of equity security suspended before was determined using valuation model. It was transferred from Level 3 to Level 2 when it was resumed and traded on the NEEQ, in which case, the fair value was determined based on recent transaction price.

The equity securities traded on stock exchanges with lock-up periods were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.

65. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Financial liabilities at FTVPL RMB'000	Bond payables and short-term financing bill payables RMB'000	Derivative financial assets and liabilities RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
At 1 January 2020	640,154	–	83,422,399	2,519,551	995,005	80	87,577,189
Financing cash flows	(79,173)	499,956	(7,624,332)	(2,297,226)	(335,862)	(1,053,723)	(10,890,360)
Interest expenses	42,176	–	3,175,761	–	34,976	–	3,252,913
New lease	–	–	–	–	165,081	–	165,081
Dividends declared	–	–	–	–	–	1,137,011	1,137,011
Net investment losses	–	–	–	81,204	–	–	81,204
Fair value adjustments	–	(31,413)	–	(11,594)	–	–	(43,007)
Foreign exchange	(23,425)	–	(452,869)	–	(2,290)	–	(478,584)
At 31 December 2020	579,732	468,543	78,520,959	291,935	856,910	83,368	80,801,447

65. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	Borrowings RMB'000	Bond payables and short-term financing bill payables RMB'000	Derivative financial assets and liabilities RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Total RMB'000
At 31 December 2018	1,653,162	69,460,574	887,026	–	80	72,000,842
Adjustment upon application of IFRS 16	–	–	–	815,943	–	815,943
At 1 January 2019	1,653,162	69,460,574	887,026	815,943	80	72,816,785
Financing cash flows	(1,070,119)	10,660,454	1,521,616	(290,977)	(722,452)	10,098,522
Interest expenses	57,111	3,193,316	–	34,742	–	3,285,169
New lease	–	–	–	435,090	–	435,090
Dividends declared	–	–	–	–	722,452	722,452
Net investment losses	–	–	83,795	–	–	83,795
Fair value adjustments	–	–	27,114	–	–	27,114
Foreign exchange	–	108,055	–	207	–	108,262
At 31 December 2019	640,154	83,422,399	2,519,551	995,005	80	87,577,189

66. OTHER SIGNIFICANT EVENT

On 13 July, 2020, the first extraordinary general meeting of shareholders (the "Shareholder") approved the resolution as to the Company's Employee Stock Ownership Scheme (the "Scheme") and authorised the Board of Directors to implement the Scheme.

The Company engaged China Universal as the asset manager of the Scheme accordingly. The Company signed two contracts of asset management schemes respectively, on behalf of the Scheme, with China Universal which are China Universal – Orient Securities No.1 Employee Stock Ownership Scheme Single Asset Management Scheme and China Universal – Orient Securities No.2 Employee Stock Ownership Scheme Single Asset Management Scheme in July 2020 (collectively referred to as the "Asset management scheme"). According to the announced Scheme, the funds of the Scheme shall be paid by the employees with their lawful remunerations, self-raised funds and other sources as permitted under the laws and regulations. The Company shall not provide advances, guarantees, loans and other financial assistance to the holders of the Scheme. The Asset management scheme should directly purchase the Company's H-shares in the secondary market through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, the assets of the Scheme is independent from the Company's assets. As of 31 December 2020, the Scheme has held 65,906,800 H shares of the Company by purchasing in the secondary market through the Asset management scheme, accounting for approximately 0.94% of the Company's total share capital.

67. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

68. SUBSEQUENT EVENTS

Issuance of short-term financing bills and corporate bonds

On 27 January 2021, the Company has issued a corporate bond with par value of RMB4 billion. The bond bears an interest rate of 3.6% with a maturity period of 3 year.

On 8 March 2021, the Company has issued a subordinated bond with par value of RMB2.5 billion. The bond bears an interest rate of 3.95% with a maturity period of 3 year.

Proposed profit distribution

Pursuant to the Board resolution held on 30 March 2021, it is proposed cash dividends of RMB2.50 be distributed for every 10 shares (tax included) based on the Company's existing share capital of 6.99 billion shares. This proposed distribution of cash dividends is subject to the approval by the Shareholders' meetings.