



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Stock Code 股份代號 : 1788.HK

ANNUAL REPORT

2020 年報

EXPAND
PAND
拓展ING
突破 OUR
HORIZONS

「誠信」為本
INTEGRITY

「責任」為榮
RESPONSIBILITY

感受「親和」
AMICABILITY

**CORE
VALUES**
核心價值

堅持「創新」
INNOVATION

秉承「專業」
PROFESSIONALISM

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Corporate Profile

Based in Hong Kong, serving the world

As one of the world's leading international financial centers, Hong Kong is not only the preferred location for financial services, but also the location of many large financial institutions. Hong Kong is located in the heart of Asia, closely integrated with Mainland China and connected to all parts of the world. A sound legal system, a simple and low tax system, free access to funds, a comprehensive range of financial products and services, and a large number of financial talents are the long-term competitiveness of Hong Kong as a financial center.

Guotai Junan International Holdings Limited. ("Guotai Junan International" or "Company"; stock code: 1788.HK) was established in Hong Kong in 1995. In 2010, it became the first Chinese securities company approved by the China Securities Regulatory Commission to list its shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") through an initial public offering ("IPO(s)"). The company is based in Hong Kong and promotes the development of Southeast Asia through Singapore and Vietnam, becoming a bridge connecting quality Chinese and global enterprises with the capital market. By providing a series of innovative and pragmatic financial products and services, the Company meets the investment and financing needs of high-net-worth individual customers, corporate issuers and financial institutions from Mainland China, Hong Kong and overseas, assisting them with various market opportunities in different market stages, to realize the preservation and appreciation of their assets.

An integrated financial service provider with diversified businesses

In recent years, as the company's diversified development strategy has been fully implemented, it has successfully transformed from a "brokerage oriented" securities company to a large "integrated financial service provider" with diversified businesses. The company's core business now includes seven categories of brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments, which covers three dimensions including individual finance (wealth management), institutional finance (institutional investor services and corporate finance service) and investment management.

Risk management being the edge

The company firmly believes that risk management is the primary core competitive edge of securities companies. Through an effective risk management system, the Company has penetrated its risk management culture and rules into various business lines, thereby striving for ideal risk-adjusted investment returns to shareholders and investors. As of the end of 2020, the Company has been rated "Baa2/Prime-2" and "BBB+/A-2" by Moody's and Standard & Poor's respectively. The outlook is "stable" and its credit rating is among the leading Chinese peers in Hong Kong.

Strong controlling shareholder

Guotai Junan Securities Co., Ltd. (the "parent company") (stock code: 601211.SS/2611.HK), the controlling shareholder of the Company, is a long-term, continuous and comprehensive leading integrated financial service provider in the Chinese securities industry. With the strong brand advantage of the parent company, extensive customer base and abundant capital support, we play an important role in Guotai Junan's international development strategy and open the way for its international development.

Now, the Company's professional team boasts a deep knowledge and understanding of the capital market, and has established a good reputation. With our effective risk management system and a wide range of financial services and innovative products, we will stick to the promise of "integrity, responsibility, affinity, professionalism and innovation" and strive to provide customers with quality services.

Awards

PRODUCT AND SERVICE

CHINA ASSET MANAGEMENT ASSOCIATION OF HONG KONG (CAMAHK) AND BLOOMBERG 2020 Offshore China Fund Awards

- Private Fund: Greater China Fixed Income (1 year)
- Private Fund: Greater China Fixed Income (3 year)
- Best ETF Participating Dealer

- December 2020

REFINITIV STARMINE

2020 Analyst Awards for Asia, Hong Kong and Mainland China Regions

Mr. Noah Hudson from research department achieved:

- 2nd runner-up in the Overall Analyst Awards category of Top Earnings Estimators (Hong Kong and Mainland China Region)
- 4th in the Overall Analyst Awards category of Top Earnings Estimators (Asia Region)
- 1st runner-up in the Top Earnings Estimator award for the Consumer Goods & Services industry (Asia Region)
- 2nd in the Top Earnings Estimator award for the Consumer Discretionary industry in the Industry Analyst Awards category (Hong Kong and Mainland China Region)

Mr. Richard Cao from research department achieved:

- 1st place in the Top Earnings Estimator award for the Financials industry in the Industry Analyst Awards category (Hong Kong and China Region)
- 2nd runner-up in the Top Earnings Estimator award for the Banks industry in the Industry Analyst Awards category (Asia Region)

- November 2020

THE ASSET

Triple A Private Capital Awards

- Best Bank for Investment Solutions, Equity
- Best Structured Investment and Financing Solutions, Financing – SWAP Transaction Restructuring for Financing Purpose, Hong Kong

- October 2020

INTERNATIONAL BUSINESS MAGAZINE

- Best Asset Management Company Hong Kong 2020
- Best Investment Bank Hong Kong 2020

- July 2020

SINA FINANCE

Hong Kong Financial Institutions Awards 2020:

- The Best IPO Advisors

- July 2020

BRANDING AND CORPORATE GOVERNANCE

SRP

- Best International House (offshore)

- December 2020

THE ASSET

ESG Corporate Awards 2020:

- Gold Award

- November 2020

GELONGHUI

Greater China Best Listed Companies 2020

- Best Investor Relations Team

- November 2020

GLOBAL BANKING & FINANCE REVIEW

- Best Securities Brokerage Hong Kong 2020
- Best Financial Services Group Hong Kong 2020
- Best Corporate Governance Company Hong Kong 2020

- October 2020

ASIA RISK MAGAZINE

- House of the Year, Hong Kong

- September 2020

IFENG.COM

- The Most Competitive Wealth Management Platform

- September 2020

BLOOMBERG BUSINESSWEEK MAGAZINE

Financial Institution Awards 2020

- Excellence Service Award in Risk Management
- Excellence Service Award in IPO Sponsors
- Excellence Service Award in FICC

- July 2020

SECURITIES TIMES

Jun Ding Award

- Best Full-Service Broker Hong Kong 2020

- May 2020

INTERNATIONAL FINANCE MAGAZINE

- The Best Securities House

- May 2020

CHAIRMAN'S STATEMENT

主席報告書

Dear Shareholders,

2020 was an extraordinary year. Despite immense challenges and difficulties including the outbreak of COVID-19 pandemic, fluctuations in external markets and heightened tension of Sino-US relations, with the great support of the parent company, we adhered to the business philosophy of "growing on risk management basis, creating value through innovations and pursuing high-quality growth", evaluated the situation prudently and responded flexibly. While endeavoring to ensure the health and safety of our staff, we took effective measures to maintain normal and smooth operations and development of our businesses, optimized business mix, income structure and customer base composition successfully, and achieved satisfactory operating results.

I am pleased to inform the shareholders of the Company ("Shareholder(s)") that, in 2020, the Company achieved major breakthroughs in its capital intermediary services focusing on corporate and institutional client services, made significant progress in forging the wealth management platform focusing on high-net-worth individual/family clients, and expedited oversea expansion steps focusing on the Guangdong-Hong Kong-Macau Greater Bay Area, Southeast Asia and other "Belt and Road Initiative" regions. By implementing effective control over market risks, credit risks and liquidity risks, and conspicuously optimizing clientele structure and credit portfolio, the Company hit a record high in terms of operating results for the year and recorded a robust growth of over 70% in net profit, and outperformed the peers in terms of ROE.

Given that the basic earnings per ordinary share of the Company ("Share(s)") increased by 44.4% to HK\$0.169 when compared with that of last year, the board of directors of the Company (the "Board") recommended a final dividend of HK\$0.051 per Share, bringing the total dividend of the year to HK\$0.085 per Share including the interim dividend of HK\$0.034 per Share. The dividend yield amounted to 6.3% based on the closing price of Share on 23 March 2021.

The operating results for 2020 demonstrated robust growth resilience and outstanding risk management capability of Guotai Junan International amidst an extremely complex environment, and indicated that it is an enterprise worthy of customers' entrustment, employees' devotion and investors' faith, as well as an industry leader with strong core competitiveness and promising growth prospect.

Looking forward to 2021, it is expected that the PRC economy will return to its rapid growth trajectory and drive global economic growth, presenting enterprises with significant development opportunities. However, the actual market development will be subject to uncertainties brought by factors including the lasting COVID-19 pandemic, geopolitical clashes and the United States ("US") stock market fluctuations. Through our efforts to strengthen research and analysis and establish base-line principle risk management, we will seize growth opportunities by accelerating the development of new markets, new businesses and new products and proactively promote risk-neutral income growth to improve growth resilience.

We will leverage on the resources and advantages of the parent company as a top tier securities firm in China and seize the opportunities arising from state policy for supporting the development of carrier-level investment bank. Capitalizing on our forward-looking development strategy, integrated management and control system, outstanding risk management capability and effective appraisal and incentive system, and focusing on providing services for corporate and institutional clients and high-net-worth individual clients, the Company (together with its subsidiaries, collectively referred to as the "Group") will accelerate the development of capital intermediary business and wealth management business, and increase investments in fintech sector, so as to inject new energy to drive future business development, effectively increase the risk-adjusted return on capital, and ultimately deliver high quality and sustainable growth to create value for our clients, staff, Shareholders and the society.

Dr. YIM Fung, JP
Chairman

23 March 2021

Financial Highlights

	For the year ended 31 December		Change
	2020 HK\$'000	2019 HK\$'000	
Fee and commission income			
-brokerage	649,471	531,233	22.3%
-corporate finance	591,872	809,047	-26.8%
-asset management	153,508	36,439	321.3%
Income from loans and financing	1,007,655	1,134,972	-11.2%
Gain from financial products, market making and investments	2,470,446	1,733,845	42.5%
Revenue	4,872,952	4,245,536	14.8%
Profit for the year	1,567,772	902,559	73.7%
Profit attributable to ordinary equity holders of the Company	1,562,587	895,303	74.5%
Basic earnings per share (HK cents)	16.9	11.7	44.4%
Diluted earnings per share (HK cents)	16.8	11.7	43.6%
Dividend per share (HK cents)	8.5	6.2	37.1%
Equity per ordinary share (HK\$) (Note)	1.58	1.47	7.5%

Note: Based on 9,598,741,244 shares (2019: 7,678,783,690 shares) as at 31 December 2020, being 9,617,228,644 shares issued and fully paid less 18,487,400 shares held under the Company's share award scheme (2019: 7,715,673,090 shares issued and fully paid less 36,889,400 shares held under the Company's share award scheme).

Fee and Commission 32%

Income: HKD 1,564 million, increased by 10% YOY, record high
Composition: 1) Brokerage, Corporate finance, Asset management; 2) fee from Financial products

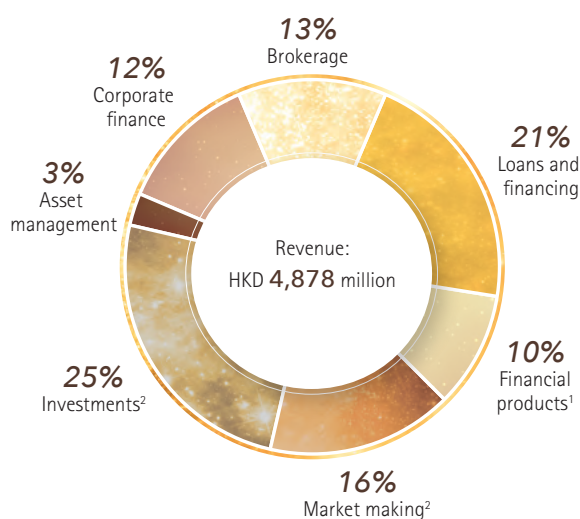
Interest 54%

Income: HKD 2,650 million, increased by 12% YOY
Composition: 1) Interest income from Loans and financing; 2) Interest income from bank balances of Loans and financing; 3) Coupon interest income generated by notes in Financial products; 4) Coupon interest income generated by Market making; 5) Interest income generated by structured financing products from Investments

Trading & Investment 14%

Income: HKD 659 million
Composition: 1) Trading income from Market making; 2) Financial derivatives provided to Wealth management; 3) Income from seed funding from Asset management

REVENUE STRUCTURE 2020



Note 1: Financial products income includes both Fee and Interest income

Note 2: Market making and Investments income includes both Interest and Trading and Investment income

Five Years Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended 31 December				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue and other income	4,878,400	4,250,171	3,029,822	3,134,792	2,521,795
Profit before tax	1,814,679	1,005,443	983,272	1,559,112	1,188,607
Profit for the year	1,567,772	902,559	849,174	1,334,491	1,026,087
Profit attributable to ordinary equity holders of the Company	1,562,587	895,303	796,835	1,228,174	969,139

ASSETS AND LIABILITIES

	As at 31 December				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2015 HK\$'000
Loans and advances to customers	15,604,244	11,715,902	12,275,375	15,583,573	14,538,144
Financial assets at fair value through profit or loss/ other comprehensive income	31,507,050	20,881,154	15,019,421	8,924,271	5,888,774
Financial products	39,512,089	38,110,044	32,842,048	28,246,491	7,424,551
Receivable from reverse repurchase agreements	3,022,800	2,247,913	3,109,006	1,513,177	480,782
Derivative financial instruments	1,261,354	155,652	76,832	110,461	122,001
Cash and cash equivalents	5,508,779	7,150,847	4,105,672	2,212,502	1,964,398
Client trust bank balances	18,707,026	11,181,982	14,319,985	12,348,012	12,400,917
Other current assets	5,936,096	4,421,056	5,675,775	4,475,149	1,671,466
Other non-current assets	661,303	873,607	610,177	546,748	509,712
Total assets	121,720,741	96,738,157	88,034,291	73,960,384	45,000,745
Interest bearing borrowings	(9,739,397)	(11,249,881)	(9,441,083)	(13,781,721)	(8,911,433)
Debt securities in issue	(47,919,872)	(33,499,582)	(25,999,272)	(16,363,891)	(5,823,241)
Financial liabilities at fair value through profit or loss	(6,666,260)	(6,810,580)	(8,731,117)	(9,008,776)	(3,485,520)
Obligations under repurchase agreements	(17,396,163)	(18,199,226)	(13,156,517)	(6,244,957)	(930,958)
Derivative financial instruments	(862,429)	(149,851)	(23,620)	(27,722)	(130,083)
Other liabilities	(23,897,453)	(15,417,250)	(19,488,400)	(17,541,891)	(15,185,676)
Non-controlling interests	(121,048)	(115,863)	(11,567)	(36,546)	(11,951)
Shareholders' fund	15,118,119	11,295,924	11,182,715	10,954,880	10,521,883

MANAGEMENT DISCUSSION AND ANALYSIS

管理層 討論與分析

I. Market Review

The COVID-19 caused unprecedented fluctuations in the global financial market in 2020. Following the historical meltdown of the US stock market in March 2020, the major economies across the world launched large-scale quantitative easing measures and economic stimulus packages, driving the liquidity and sentiment of the financial market to gradually stabilize. During the year, the expectation and performance of the capital market was affected by various factors such as the increasing number of confirmed COVID-19 cases on a global scale, the US presidential election, the secondary listing of the China concept stocks in the Hong Kong stock market and the rollout of mass vaccination programme across the world. The Hang Seng Index ("HSI") closed at 27,231 at the end of 2020, representing a decrease of 3% year-on-year ("YOY") while the average daily turnover of the Hong Kong stock market experienced a YOY increase of 49% to HK\$129,500 million. In 2020, industries that outperformed the HSI were in areas of renewable energy, consumption and technology, etc.

Regarding the debt market, the total amount of bonds issued in Asian (ex-Japan) G3 currencies (US dollar, euro and yen) in 2020 increased by about 3% YOY to US\$348.4 billion according to Bloomberg. On the other hand, the total number of IPOs in Hong Kong primary market in 2020 decreased by 16% YOY to 154, while the amount of funds raised from IPOs in the Hong Kong market rose by 27% YOY to HK\$397.5 billion, setting a record high since 2011. The total amount of funds raised in the Hong Kong market, including IPOs, increased by 64% YOY to HK\$743.7 billion.

II. Business Operation Review

The Group firmly believes that risk management is the core competency of securities companies. Since 2017, the Group took initiatives to make provisions for and divest its risky assets. During the year, the loss allowance of the Company decreased significantly YOY. In addition, the Group maintained global credit ratings at Standard & Poor's BBB+ and Moody's Baa2 long-term issuer rating with the outlook of the Company being "stable", which is not only the leading rating among the Chinese securities houses in Hong Kong and also ranks among the first-tier global investment banks.

To offer quality products and services tailored for high-net-worth individual clients in a better way, the Group completed the internal strategic consolidation of wealth management and retail brokerage business in first half of 2020. Currently, the wealth management platform of the Group is equipped with professional teams specialized in investment consulting, customer service, wealth management for private clients and structured derivatives products, and offers a variety of asset classes not only covering regular investment portfolios such as equity and fixed income products, but also including a basket of investment products such as derivative warrants and callable bull/bear contract (CBBC), customized wealth management products, foreign exchange, futures and private equity, etc. In addition, leveraging on its expertise in the finance products business, the Group consolidated its resources and established the structured solutions and derivatives business team in the third quarter of 2020 to cater to the increasing demands for customized services from corporate and institutional investors and provide flexible and practical investment and financing solutions continuously, so as to help clients to make optimal investment decisions and strategies under different market conditions.

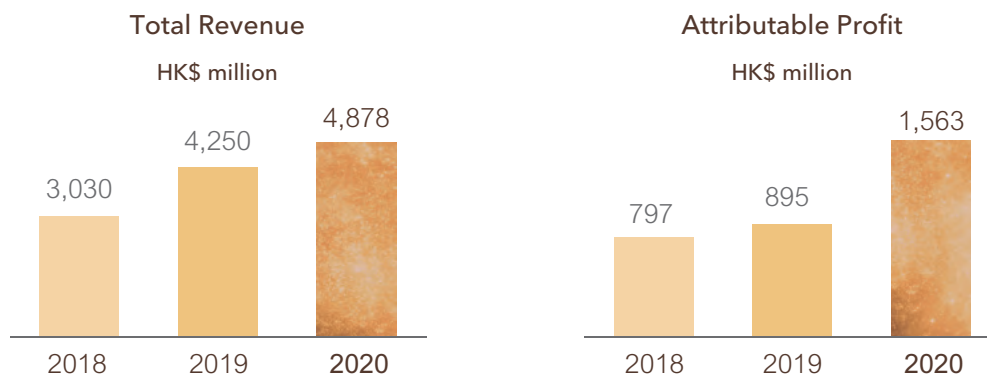
As new economy industries driven by technology innovation started to reshape our lifestyle and led the global financial markets in 2020, the Group established a professional team in 2020 for equity investments, to support the development of quality new economy enterprises and lay a foundation for offering differentiated and a wider range of products and investment channels to wealth management clients. During the year, the Group participated in a number of private equity projects covering various new economy industries, including companies in new energy battery asset management, recycling platform for electronic devices, artificial intelligence chips, automated driving technology and other sectors, the substance and prospects of which are highly welcomed by wealth management clients.

The Group has good reputation and brand credibility with its diversified products and professional services. In 2020, the Company obtained more than 30 awards from both international and local media, not only covering wealth management, corporate finance, fixed income, structured financial derivatives, asset management and research services, but also the general management areas such as risk management, corporate governance and information disclosure which are also highly acclaimed, demonstrating the Company's strength and advantages as a leading financial service platform.

III. Results Review

For the year ended 31 December 2020, the Group has recorded a very strong result and robust performance, summarized as follows:

- Revenue and other income (total revenue) reached approximately HK\$4,878 million (2019: HK\$4,250 million), which represented an increase of 15% YOY, setting a new high since its establishment;
- The Group recorded a profit attributable to ordinary equity holders of the Company ("Attributable Profit") of approximately HK\$1,563 million (2019: HK\$895 million), which represented a significant YOY increase of 75%, setting a new high since its establishment;
- In terms of the nature of revenue, fee and commission income rose by 10% YOY to HK\$1,564 million (accounting for 32% of total revenue), interest and coupon income rose by 12% YOY to HK\$2,650 million (accounting for 54% of total revenue), while trading income rose by 42% YOY to HK\$659 million (accounting for 14% of total revenue);
- In terms of revenue from different business lines, the Group's total revenue growth mainly came from: 1) brokerage income increased by 22% YOY to HK\$649 million; 2) asset management income surged by 321% YOY to HK\$154 million; and 3) financial products, market making and investments income increased 42% YOY to HK\$2,470 million;
- In terms of segment revenue, the Group's total revenue growth mainly came from: 1) individual finance (wealth management) income increased by 27% YOY to HK\$1,449 million; and 2) institutional finance (including both institutional investor services and corporate finance services) income increased by 7% YOY to HK\$2,779 million. Overall, income from individual finance and institutional finance accounted for 30% and 57% of total revenue respectively. Please refer to "(II) Segment Revenue" for details of segment revenue;
- The Company's loss allowance decreased by 60% YOY to HK\$364 million as a result of prudent risk management and the significant improvement in assets quality; and
- Return on shareholder's equity ("ROE", means Attributable Profit during the year divided by average equity attributable to holders of the ordinary shares during the year) was 11.8%, representing a YOY increase of 3.7 percentage points.



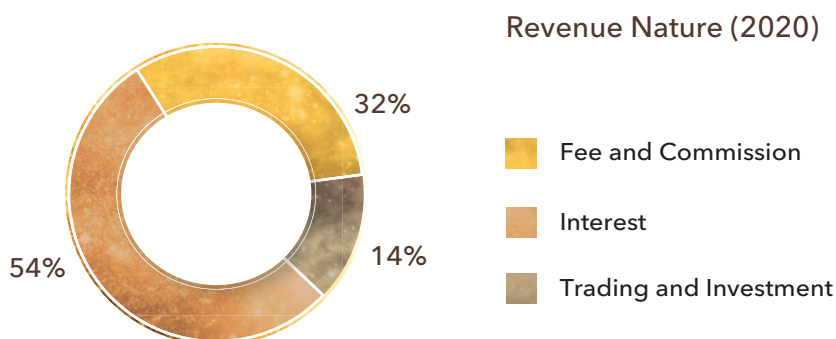
(I) Revenue Structure: Fee and commission income and interest income accounted for nearly 90% of total revenue

In recent years, the Group has diversified its businesses and covered brokerage, wealth management, corporate finance, asset management, financial products, market making and investments, and fee and commission along with interest income accounted for nearly 90% of the total revenue, which has largely enhanced the Group's financial stability and resilience in the volatile market.

In 2020, the Group recorded total revenue of HK\$4,878 million, up by 15% YOY, where:

- Fee and commission income amounted to HK\$1,564 million (accounting for 32% of total revenue), up by 10% YOY, mainly attributable to the increase in revenue from the brokerage, asset management and financial products businesses;
- Interest income amounted to HK\$2,650 million (accounting for 54% of total revenue), up by 12% YOY, mainly attributable to the increase in revenue from market making and investment businesses; and
- Trading and investment income, recorded by mark-to-market, amounted to HK\$659 million (accounting for 14% of total revenue), up by 42% YOY, mainly attributable to the YOY increase in the investment income from the financial derivatives instruments provided to wealth management clients as well as seed funding of asset management business.

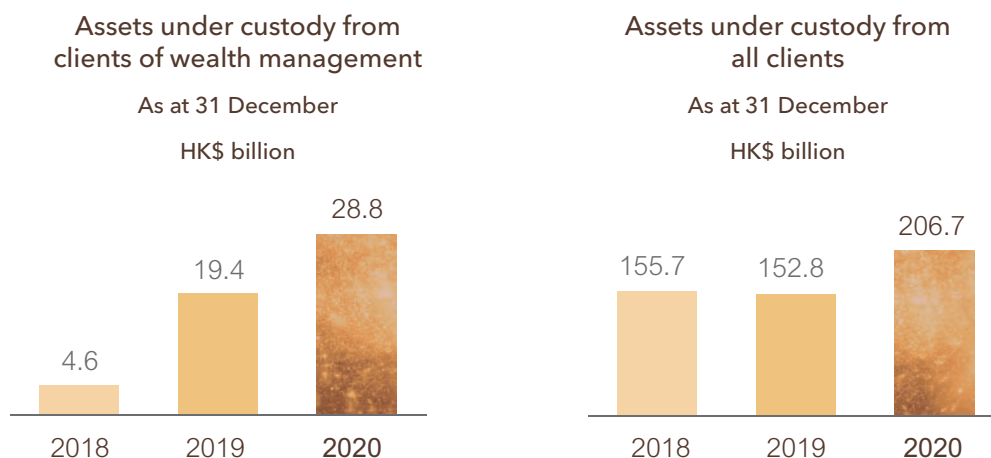
Business	Revenue Nature	For the year ended 31 December			
		2020		2019	
		HK\$'000	%	HK\$'000	%
Brokerage	Fee and commission	649,471	13.3%	531,233	12.5%
Corporate finance	Fee and commission	591,872	12.1%	809,047	19.1%
Asset management	Fee and commission	153,508	3.2%	36,439	0.9%
Loans and financing	Interest	1,007,655	20.7%	1,134,972	26.7%
Financial products	Fee and commission; Interest	464,927	9.5%	418,447	9.8%
Market making	Interest; Trading and investment	768,200	15.8%	649,252	15.3%
Investments	Interest; Trading and investment	1,237,319	25.4%	666,146	15.7%
Revenue		4,872,952	100.0%	4,245,536	100.0%
Other income	Other	5,448	–	4,635	–
Total revenue		4,878,400	–	4,250,171	–



1. Brokerage (Fee and Commission)

The Group provides comprehensive brokerage services across multiple securities markets around the globe to wealth management and institutional clients.

In 2020, the Group's income from brokerage services increased by 22% YOY to HK\$649 million (2019: HK\$531 million). As at 31 December 2020, the market share of the Group's brokerage business in the Hong Kong market recorded an increase as compared with that as at the end of last year. Although HSI dropped by 3%, the assets under custody of the wealth management platform of the Company recorded a steady increase of 48% to HK\$28.8 billion, while the assets under custody of all clients recorded an increase of 35% YOY to HK\$206.7 billion.



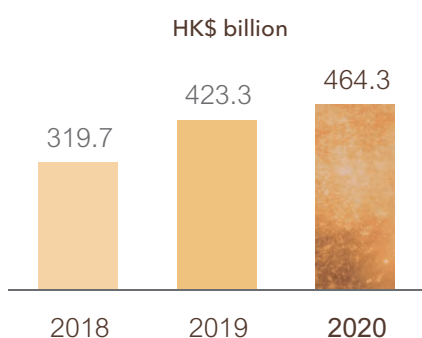
2. Corporate Finance (Fee and Commission)

The Group provides professional services in debt capital market ("DCM"), equity capital market ("ECM") and consultancy and financial advisory to corporate clients and issuers. In 2020, corporate finance revenue fell by 27% YOY to HK\$592 million. The decrease was mainly due to delayed financing itinerary of target issuers of the Group caused by the pandemic.

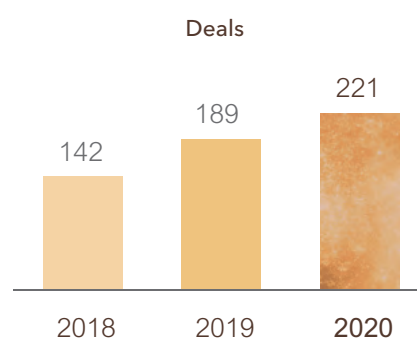
DCM

In 2020, due to the fact that the business environment was affected by COVID-19 and the policy change on certain industries, we witnessed a slowdown in bond issuance for financing by corporate clients. The Group's income from underwriting fees in DCM reduced by 22% YOY to HK\$462 million (2019: HK\$594 million). However, with our extensive market experiences and high-standard professional services, the Group continued to maintain its leading position in Chinese-issued US dollar-denominated bond market. In 2020, our team assisted corporate clients in raising funds of nearly HK\$464.3 billion (2019: HK\$423.3 billion) in the bond market, and completed a total of 221 bond underwriting and related projects (2019: 189). The Group ranked second in the Bloomberg's Asia (ex-Japan) G3 Currency Corporate High-Yield Bond Underwritten League Table (彭博亞洲地區(除日本外)G3貨幣企業高收益債券承銷排行榜) in terms of number of bond issuances underwritten.

Total fundraising amount (DCM)



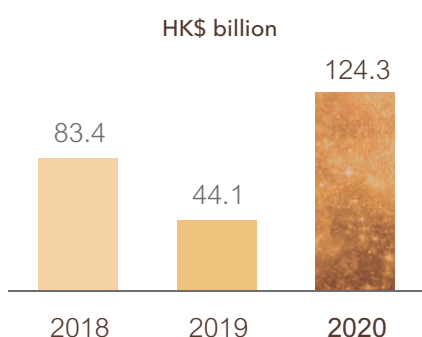
Number of deals completed (DCM)



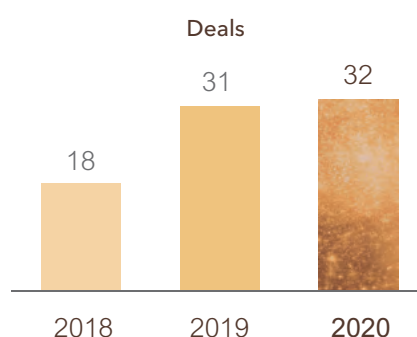
ECM, consultancy and financial advisory

In 2020, due to the progress of IPOs of our corporate clients being delayed by COVID-19, the Group's income from ECM decreased by 38% YOY to HK\$85.1 million (2019: HK\$136.0 million). In addition, the Group's consultancy and financial advisory fee income decreased by 42% YOY to HK\$45.1 million (2019: HK\$78.3 million). The Group completed a total of 32 equity underwriting deals (2019: 31) in the Hong Kong stock market, and assisted corporations in raising funds of HK\$124.3 billion in aggregate, up by 182% YOY, including JD.com (9618.HK), JD Health (6618.HK), China Bohai Bank (9668.HK), GDS (9698.HK) and other large-scale IPO projects in the Hong Kong stock market. During the year, the team completed a total of four IPO sponsor deals (2019: eight), including Zhongguancun Science-Tech Leasing (1601.HK), and Financial Street Property (1502.HK) and etc.

Total fundraising amount (ECM)



Numbers of deals completed (ECM)

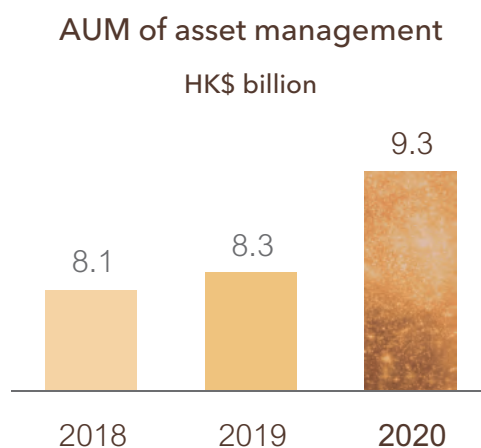


Management Discussion and Analysis

3. Asset Management (Fee and Commission)

The Group provides a full range of asset management services to various types of clients, under which, the Group will strive to achieve ideal risk-adjusted return on investment for clients, according to their risk appetite and return needs.

Relying on good judgment of global capital market trends and sound risk management capabilities, the management fee and performance fee income in 2020 from the Group's asset management increased significantly by 3.2 times to HK\$154 million (2019: HK\$36.44 million). In spite of the fluctuant market, the asset management team of the Group remained committed to realizing long-term stable appreciation of the assets of the clients, and Guotai Junan Asia High Income Bond Fund, under the Group's management, won the 1st place in the category, namely "Private Funds – Greater China Fixed Income (both 1 year and 3 years)" (私募基金類 – 大中華固定收益(1年)及(3年)) in Offshore China Fund Awards 2020 jointly organised by China Asset Management Association of Hong Kong and Bloomberg. As at 31 December 2020, the total assets under management ("AUM") of the Group rose by 12% YOY to approximately HK\$9.3 billion (2019: HK\$8.3 billion), of which, the sizes of the fixed income funds and equity funds reached approximately HK\$4.9 billion and HK\$4.4 billion, respectively.



4. Loans and Financing (Interest Income)

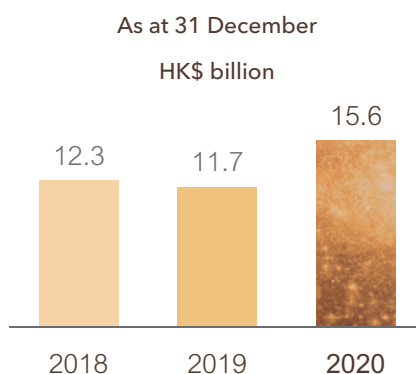
The Group's loans and financing income mainly came from services to clients, such as margin financing and IPO financing.

In 2020, income from loans and financing decreased by 11% YOY to HK\$1,008 million, which was mainly due to:

- The YOY decline in Hong Kong Interbank Offered Rate under the global low interest rate environment; and
- In recent years, the quality of collaterals for loans and financing businesses has continued to rise, and the effective interest rate has been adjusted downwards according to its risk level.

As at 31 December 2020, the balance of loans and advances to the customers by the Group increased by 33% YOY to HK\$15.6 billion. Client trust bank balances amounted to HK\$18.7 billion. In 2020, the Group expanded its quality high-net-worth client base. Meanwhile, driven by the active trading activities in the Hong Kong stock market and robust financing demands from the clients in 2020, the Group continued to optimize the loans and financing business structure, leading to steady increase in the proportion of loans with large and mid-cap stocks and US dollar-denominated bonds as collaterals and continuous improvement in the quality of assets and earnings.

Balances of loans and advances to customers



- Financial Products (Fee and Commission, Interest Income)
The Group provides diversified financial products and solutions to institutional and wealth management clients, income from which includes 1) fee and commissions from business such as holding financial products on behalf of clients; 2) coupon income from various types of notes.

In 2020, overall revenue from financial products increased by 11% YOY to HK\$465 million, mainly due to the reason that the handling fees from provision of financial products to institutional clients increased by 299% YOY to HK\$169 million.

- Market Making (Interest Income, Trading and Investment Income)
The Group provides bond market making services to institutional clients to support the development of its DCM underwriting business in the long run. In 2020, the Group's bond market making income increased by 18% YOY to HK\$768 million, mainly due to the interest income from bond market making that increased by 24% YOY to HK\$819 million. On the other hand, trading and investment income (recorded by mark-to-market) related to bond market making recorded a loss of HK\$51 million, mainly due to the fluctuations in the US dollar bond market caused by the pandemic in 2020.

- Investments (Interest Income, Trading and Investment Income)
The Group's investment business income derived from seed funding in asset management, the financial derivatives provided to wealth management clients as well as structured financing products.

In 2020, the Group's total investment income was HK\$1,237 million (2019: HK\$666 million). The increase was mainly due to the substantial increase in interest income from structured financing products by 161% to HK\$529 million. Trading income (recorded by mark-to-market) was HK\$708 million, which was mainly from asset management seed funding and financial derivatives issued to wealth management clients, accounting for 15% of the Group's total revenue.

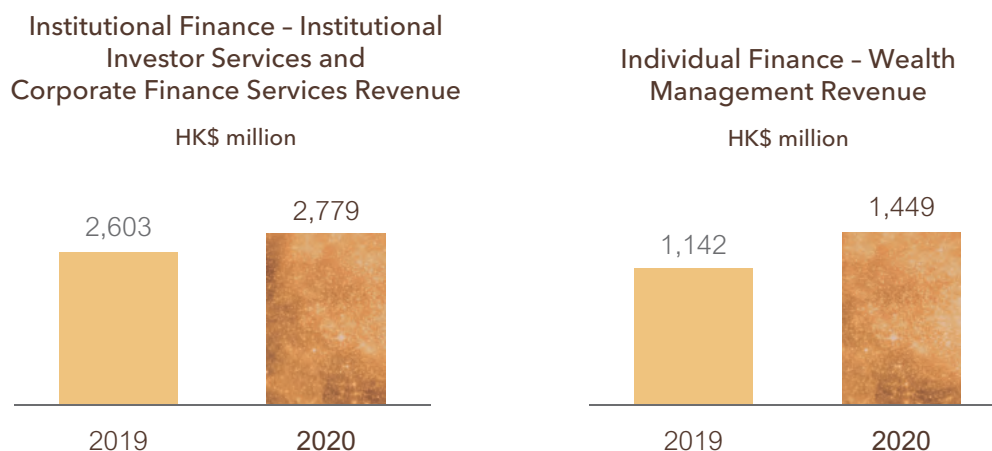
(II) Segment Revenue: Jointly driven by institutional finance and individual finance

In recent years, the Group has successfully transformed from a “brokerage-oriented” securities company at early stages to a large “integrated financial service provider” with diversified businesses. At the same time, starting from the needs of clients, the Group has built the dual engines of institutional finance and individual finance (wealth management) business as well as based itself on strong risk management capabilities to create a quality profit model. In 2020, the Group’s income from institutional finance in capital intermediary businesses (including corporate financing services and institutional investor services) has steadily increased by 7% YOY to HK\$2,779 million, accounting for 57% of total revenue. Individual finance – wealth management income increased by 27% YOY to HK\$1,449 million, accounting for 30% of the Group’s total revenue.

	2020		2019		Change
	HK\$'000	%	HK\$'000	%	
Institutional finance					
– institutional investor services	2,168,488	45%	1,739,590	41%	25%
– corporate finance services	610,481	12%	863,394	20%	-29%
Individual finance					
– wealth management	1,449,216	30%	1,142,323	27%	27%
Investment management	644,767	13%	500,229	12%	29%
Total	4,872,952	100%	4,245,536	100%	15%

The Group believes that the evolution to a large “integrated financial service provider” has brought diversified business incomes and a balanced risk portfolio to the Group, which will continuously strengthen the stability and growth potential of Group’s earnings. To provide clear presentation on strategic development direction, the Group has re-presented its segment revenue as follows:

- Revenue from institutional investor services mainly arises from: 1) financial products (institutions); 2) market making; 3) brokerage (institutions); and 4) loans and financing (institutions);
- Revenue from corporate finance services mainly arises from: 1) DCM, ECM and consultancy and financial advisory services; 2) brokerage services provided to corporate finance clients;
- Revenue from wealth management mainly arises from: 1) brokerage (wealth management); 2) loans and financing (wealth management); and 3) financial products (wealth management); and
- Revenue from investment management mainly arises from: 1) asset management; and 2) proprietary investment.



(III) Cost Structure

	2020		2019		Change
	HK\$'000	%	HK\$'000	%	
Staff costs	1,148,710	38%	842,912	26%	36%
Commission to account executives	188,382	6%	124,278	4%	52%
Depreciation	68,859	2%	65,078	2%	6%
Loss allowance provision	363,565	12%	908,714	28%	-60%
Other operating expenses	463,949	15%	424,452	13%	9%
Finance costs	830,256	27%	879,294	27%	-6%
Total costs	3,063,721	100%	3,244,728	100%	-6%

Total costs of the Group in 2020 decreased by 6% YOY to HK\$3,064 million, which was mainly benefitted from the combined effects of multiple decreases in loss allowance and finance costs, etc., where during the year:

- Staff costs (including salaries, bonuses and allowances, share-based compensation expense and pension scheme contributions) increased by 36% YOY to HK\$1,149 million. As the Attributable Profit of the Group during the year increased YOY, staff costs were adjusted accordingly;
- Commission to account executives increased by 52% YOY to HK\$188 million, mainly due to the increase in the income of securities transaction commissions;
- Loss allowance amount decreased by 60% YOY to HK\$364 million. The loss allowance of the Group during the year was primarily derived from the high-risk financing business in and prior to 2017. The diversity and liquidity of the collateral from clients of the financing business were enhanced significantly as compared to previous years, by virtue of unwavering optimization of the financing business structure by the Group over the past few years. In 2019, the Group prospectively increased the loss allowance for high-risk loan assets, thereby strengthening the Company's capacity in credit risk control against fluctuations in the financial markets during the year; and

Management Discussion and Analysis

- Finance costs (including bank loans, debt securities in issue, securities borrowing and lending, repurchase agreements and other financial expenses) fell by 6% to HK\$830 million, which was primarily attributable to the corresponding decrease in Hong Kong Interbank Offered Rate resulting from the further implementation of the loose monetary policy, and downward adjustment to interest rate and maintaining of low interest rate by the US Federal Reserve during the year to support economic recovery.

IV. Financial Position

As at 31 December 2020, total assets of the Group reached HK\$121.7 billion, representing an increase of 26% YOY, while the total liabilities of the Group was HK\$106.5 billion, representing an increase of 25% YOY. As at 31 December 2020, total equity amounted to HK\$15.2 billion, up by 34% YOY, of which, the Attributable Profit was HK\$15.12 billion, up by 34% YOY.

As at 31 December 2020, the Group's asset and liability structure mainly consists of the followings: 1) regarding assets, the financial assets from the financial products held on behalf of the clients reached HK\$39.51 billion, accounting for 32% of the total assets; other financial assets (mainly market making bonds) were HK\$31.51 billion, accounting for 26% of the total assets; the trust bank balances held on behalf of the clients amounted to HK\$18.71 billion, accounting for 15% of the total assets; and loans and advances to customers were HK\$15.60 billion, accounting for 13% of the total assets; 2) regarding liabilities, financial liabilities at fair value through profit or loss were HK\$39.24 billion, accounting for 37% of the total liabilities; obligations under repurchase agreements reached HK\$17.40 billion, accounting for 16% of the total liabilities; and interest bearing bank borrowings were HK\$9.72 billion, accounting for 9% of the total liabilities.

The Group's assets are of sound liquidity and reasonably structured. In addition, due to the stringent risk management measures, the Group has made corresponding impairment allowance for assets which show any indication of impairment, as a result of which, the assets are of high quality.

As at 31 December 2020, the leverage ratio (defined as total assets less accounts payable to clients divided by total equity) was 6.81 times (2019: 7.46 times), and, excluding the financial assets from the financial products held on behalf of the clients, was 4.22 times (2019: 4.12 times). The gearing ratio (defined as the sum of interest bearing borrowings and debt securities in issue at amortised cost divided by total equity) was 1.64 times (2019: 1.57 times).

The Group's current ratio was 1.10 times (2019: 1.12 times).

Current Assets

As at 31 December 2020, the Group's current assets were HK\$104.08 billion, increasing by 20% YOY, which was mainly attributable to the increase of HK\$4.8 billion in loans to clients and the increase of HK\$7.5 billion in client trust bank balances driven by the growth of the wealth management business. In particular, the bank balances of the Group as at 31 December 2020 were HK\$5.51 billion (2019: HK\$7.22 billion). For the year ended 31 December 2020, net cash outflow of the Group was HK\$1.71 billion (2019: inflow of HK\$3.11 billion).

Non-current Assets

As at 31 December 2020, the non-current assets of the Group were HK\$17.64 billion, up by 82% YOY, primarily due to the increase of HK\$9.1 billion in non-current financial assets at fair value through profit or loss.

Current Liabilities

As at 31 December 2020, the current liabilities of the Group were HK\$94.61 billion, increasing by 22% YOY, which was mainly attributable to the increase of HK\$6.3 billion in payables by clients and the increase of HK\$10.3 billion in debt securities in issue.

Non-current Liabilities

As at 31 December 2020, the non-current liabilities of the Group were HK\$11.87 billion, up by 54% YOY, primarily due to the increase of HK\$4.2 billion in non-current debt securities in issue.

The Company, through its subsidiaries, maintained a US\$15,000 million Guaranteed Structured Note Programme under which unlisted notes denominated in any currency as determined by the issuer may be issued from time to time. On 16 July 2020, the Company also successfully renewed the Medium Term Note Programme of up to HK\$15,000 million (or the equivalent in other currencies at the date of issue), pursuant to which both listed and unlisted notes may be issued. On 31 December 2020, the structured notes and medium term notes issued and outstanding amounted to US\$3,800 million (31 December 2019: US\$3,500 million) and HK\$9,800 million (31 December 2019: HK\$5,800 million), respectively. On 18 February 2021, the Company has increased the size of the Medium Term Note Programme from HK\$15,000 million to HK\$25,000 million.

On 3 March 2021, the Company issued USD400 million 2% medium term note due 2026 under the Medium Term Note Programme.

Taking into account the un-utilized facilities from various financial institutions and sufficient un-issued limit of the above-mentioned note programmes, we believe our operating cash flow is adequate and sufficient to finance our recurring working capital requirements and to meet any investment opportunities that may arise in the future.

Save as disclosed above, there were no other debt instruments issued by the Group for the year ended 31 December 2020.

Capital Structure

On 17 March 2020, the Rights Issue (as defined hereafter) was completed and a total of 1,919,219,266 Shares were allotted and issued by the Company. The gross proceeds raised from the Rights Issue (as defined hereafter) was approximately HK\$2,783 million.

During the year ended 31 December 2020, the Company bought back and cancelled a total of 20,000,000 Shares at an aggregate consideration of approximately HK\$19,903,454.35 (inclusive all expenses) on the Stock Exchange at the prices ranging from HK\$0.92 to HK\$1.05 per Share.

During the year, a total of 2,336,288 Shares were allotted and issued by the Company in respect of share options exercised under the share option scheme of the Company (the "Share Option Scheme").

As at 31 December 2020, there were 9,617,228,644 Shares in issue. Save as disclosed above, there was no other movement in the number of issued Shares during the year ended 31 December 2020.

Management Discussion and Analysis

The Group monitors its capital structure from time to time to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N) for its licensed subsidiaries and to support the development of new business. All licensed corporations within the Group have complied with their respective liquid capital requirements during the year and up to the date of this report.

Material Acquisitions and Disposals

For the year ended 31 December 2020, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

Significant Investments Held

The Group did not hold any significant investment with a value greater than 5% of its total assets as at 31 December 2020.

Charges on the Group's Assets

No asset of the Group was subject to any charge as at 31 December 2020 and 2019, respectively.

Capital Commitments, Other Commitments and Contingent Liabilities

Details of capital commitments and other commitments of the Group are set out in note 36 to the financial statements.

The Group did not have any contingent liabilities as at 31 December 2020.

V. Prospects

Entering into 2021, with the introduction of COVID-19 vaccines, it is expected that the global economy will gradually return to the recovery track. Low interest rate and sufficient liquidity may become the "New Norm" for the major Western economies, but the rising potential risks such as US dollar depreciation, governmental debts and corporate debts could subject the global market to uncertainties.

As one of the major economies to achieve economic growth in 2020, and supported by its moderately loose monetary policy and proactive fiscal policy, China is expected to expedite economic recovery and become the core growth engine for the global economy. The year 2021 unveils the implementation of the nation's "Dual Circulation" new development strategy, which aims to stabilise economic growth by focusing on developing a domestic circulation economy, boosting domestic consumption and increasing investments. As it is expected that the trend of the China concept stocks returning to the Hong Kong market for secondary listing will continue, the participants in the Hong Kong capital market will have more opportunities to invest in an increasing number of listed companies that are engaged in new economy, and owing to the further implementation of the stock connect mechanism, the investment sentiment and interest will be further revived. During the process, investors will seek more quality investment channels and wealth management platforms and explore various development opportunities to participate in the development of the Chinese economy.

In 2021, the Group will continue to step up efforts in implementing operational strategies to promote effectiveness:

- Leveraging fintech in the securities trading platform to provide better trading experience to clients;
- Taking proactive initiatives to optimise wealth management services, enhance products and services as well as investment channels for clients and strengthen the interconnectivity among wealth management and private equity, asset management, corporate finance and other businesses, continuing to create one-stop financial services for clients;
- Stepping up efforts to develop financial institutions and corporate clients and leveraging on the core competencies of financial products and trading system to provide clients with differentiated and customized products and services; and
- Enhancing cooperation with parent company to explore new opportunities in the cross-border financial market.

Over the mid-to-long run, the Group will take the Belt and Road Initiative as an opportunity to expedite its pace in exploring the Southeast Asian markets, and further facilitate the business development in Southeast Asia through its subsidiaries in Singapore and Vietnam. The Group determines to be the professional partner for domestic clients who invest globally and for overseas clients who invest in China.

The Group has been implementing a solid and steady operational strategy. As always, the Company will continue to improve its risk management measures and strengthen its execution, as well as consolidate and enhance its outstanding risk management capabilities through timely identification, measurement, hedging and mitigation of risks, so as to lay a solid foundation for further business development. The Group always aims to increase the risk-adjusted return on net asset with steady and solid compound growth to reward our investors for their continuous supports.

Employees and Remuneration Policies

Staff is an integral part of the success of the Company. Competitive remuneration packages are offered to employees by reference to prevailing market rate and individual merits. As at 31 December 2020, we had 591 employees in total (excluding our self-employed account executives). Salaries are reviewed on an annual basis and discretionary bonus is paid on an annual basis with reference to the Group's performance and individual performance. Other benefits offered by the Group include mandatory provident fund scheme and medical and dental insurance. Details of the remuneration of employees are set out in note 6 to the financial statements in this report.

We adhere to fostering a working environment with opportunities for learning and career development for our employees, and the Group provides employees with a comprehensive range of staff training scheme, including financial knowledge, compliance and leadership management, so as to help them achieve both their personal and professional development goals.

RISK MANAGEMENT REPORT

風險 管理報告

Major Risks Faced by the Company and Risk Mitigation Measures

In the first quarter of 2020, the global economy has been greatly impacted by the global outbreak of COVID-19 pandemic and the tension between China and the US, with a steep decline in stock and bond indices. The stock and bond indices rebounded after falling to a low level in March. In summarizing the HSI performance in 2020, the highest was 29,174 points in mid-January with the lowest of 21,139 points in mid-March, and the HSI closed at 27,231 points as at 31 December, with a year-on-year drop of 958 points or 3.4%.

The Group strictly managed its business risks and implemented its risks management measures during the year. Due to the prudent risk management and effective asset quality improvement, the Company successfully overcame the market crisis in March with effective risk management controls, whilst the risks taken by us were within the risk appetite of the Group, and a satisfying increase in profits was achieved. In 2021, lack of effective containment of the pandemic worldwide and the ongoing tension between China and the US exposed the market to a certain pressure. The Group will continue to adopt a prudent approach towards the market, as well as strengthen the risk management system.

Risk Management Structure

Our Company has established an organizational risk management hierarchy. The Board, at the top of the organizational risk management hierarchy, is responsible for overseeing the firm-wide risk management framework and risk management policy. The Board has established and delegated the Risk Committee to assist in the implementation of risk management framework, review and approve the Group's risk management strategies, risk appetite, risk tolerance and material risk limits. The Risk Committee holds meetings at least twice a year to review the effectiveness of the overall risk management framework and strategies and material risk-related issues. The management shall, when necessary, report to the Board from time to time on material risk issues which may affect the Group's performance. The Risk Management Committee, a management-tier committee under the Risk Committee, shall report to the Risk Committee on all potential material risks and changes it identified in business activities as well as actions taken to enhance the risk management process and mitigate relevant risks.

The Risk Management Department is the key department for risk management and responsible for identifying, assessing, monitoring and reporting risks associated with the business activities of the Group. The Risk Management Department measures and quantifies the business risks through the risk management systems and internal risk measurement models, including but not limited to the value at risk (VaR), stress testing, internal rating and sensitivity analysis. The Group develops a limit-focused risk index system that sets top-down risk limits covering various specific risks and businesses to reflect different levels of authorization, risk appetite and risk tolerance of the Company.

Credit Risk

Credit risk occurs when the Group commits to, or enters into, an agreement with any borrower or counterparty. The Group manages credit risk by conducting risk assessment on borrowers or counterparties, which may include, but not limited to, assessing their repayment sources, underlying collaterals, and the expected impact of current and future economy on the borrower or counterparty.

The Group formulates credit risk policies, risk indicators and key risk thresholds, and performs independent risk monitoring and limit management. The Risk Management Department assesses the key credit risk exposure under both normal and stress scenarios, and manages credit risk by establishing and monitoring loan exposure/credit limits, internal credit ratings and the hierarchical indicator system to reflect the different levels of authorization and reporting mechanisms from top to bottom.

The Group established monitoring measures for loan business, including pre-lending limit approval, real-time post-lending monitoring, executing margin calls and forced liquidations, setting single client and single stock collateral loan limit, and conducting regular stress tests, etc. Should the borrowers fail to fulfil their obligations, the business line and control units will firmly carry out the loss recovery actions under the procedures of the Group. Where losses are unlikely to be recovered or provisions for impairment of expected losses are required pursuant to relevant accounting standards, such provisions for impairment would be made in the financial statements of the Group. For details of the analysis of the total book value of margin and term loans based on the Group's internal credit ratings as well as the total value of pledged securities used as collateral for margin loans, please refer to note 16 to financial statements in this report.

Regarding the risk of the counterparties, the Group monitored the margin call process in accordance with the credit terms under the trading master agreement entered into with the counterparties. In addition, the Group assesses counterparty's credit risk through assigning internal credit ratings and set counterparty limits according to counterparty's types, credit ratings and business demand.

Risk Management Report

Listed Fixed Income Securities Credit Rating

The carrying amounts of the listed fixed income securities of financial assets at the end of the year are categorised by rating distribution as follows:

Financial assets held for trading — listed fixed income securities	As at 31 December 2020	
	HK\$'000	%
AAA to A-	2,029,282	13%
BBB+ to BBB-	5,656,672	36%
BB+ to BB-	3,435,952	22%
B+ and below	3,128,325	20%
No rating	1,392,822	9%
Total	15,643,053	100%

Note:

The ratings refer to the credit ratings of the listed fixed income securities or the securities issuers granted by three well-known rating agencies. The ratings are the average ratings granted by three well-known rating agencies (if any); "No Rating" is recorded when no rating has been granted by any of the three rating agencies.

Market Risk

The Group is exposed to market risk, which refers to the risk on the changes of fair value or future cash flows of a financial instrument due to market price fluctuations. Market risk is originated from open positions which are exposed to the volatility of general and specific market movements such as interest rates, foreign exchange rates and securities prices.

In response to this risk, the Risk Committee is responsible for reviewing and approving the overall risk management strategies, risk appetite, risk tolerance, key risk limits and the risk management policy of the Group. The Company sets appropriate risk limits based on the nature of different businesses, such as transaction limits, size limits, VaR limits, concentration limits, sensitivity limits and stop loss limits. The Risk Management Department is responsible for day-to-day identification, measurement, monitoring and control of the overall market risk, and report to the Risk Management Committee and Risk Committee on a regular basis. The Group has established policies and procedures for monitoring and controlling the market risk which is originated from the ordinary and usual course of business. Stress tests are conducted on a regular and case by case basis.

The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate negative fluctuation. Other price risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of change in market price. The Group adopts sensitivity analysis to measure the interest rate risk and other price risk. Please refer to note 42 to the financial statements in this report for details of interest rate sensitivity and price sensitivity analysis.

For the leveraged foreign exchange brokerage business, the Group hedges the majority of the client positions through back-to-back transactions with external counterparties. As the Group adopts a stringent control over its positions, it is considered that foreign exchange risk exposure is manageable.

The Group's principal operations are transacted and recorded in Hong Kong dollar, US dollar and Renminbi. The Group is not exposed to material foreign exchange risk because HK dollar is pegged with US dollar. The Group also conducts appropriate hedging activities when it is exposed to material exchange risk in RMB. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The foreign exchange risk is daily managed and monitored by the Treasury Department and Finance Department. As a result, it is considered that foreign exchange risk exposure is manageable.

Operational Risk

Operational risk refers to losses resulting from inadequate or ineffective internal processes, personnel and systems, or from other events. Since operational risk is embodied in every activity within the Group, the Group relies on all employees to maintain an effective internal control environment and manage operational risk within their respective roles. Operational risk must be managed by all employees as part of our day-to-day activities.

The Risk Management Committee, the management-tier committee, is responsible for defining the group-wide operational risk strategy, approving and periodically reviewing the corporate Operational Risk Management Framework, and ensuring the operational risks are managed properly. Each business line and supporting function is responsible for identifying, assessing, monitoring, controlling, mitigating and reporting operational risk specifically from its business, products and activities under the Group's Operational Risk Framework. The Risk Management Department assists the management in discharging their responsibilities of understanding and managing operational risk and ensuring the consistent application of operational risk policies, processes and procedures throughout the Group.

Liquidity Risk

Liquidity risk is originated from the Company's inability to meet contractual or contingent financial obligations when they fall due. Such risk also involves all operations and activities of the Company. Hence, Asset and Liability Committee is designated to oversee liquidity risk and the Risk Management Department, Finance Department and Treasury Department are designated to perform daily monitoring and control of liquidity position.

The Group has asset and liability management measures in place in managing its liquidity through its diversified sources of funding (both short-term and long-term), such as bank loans, rights issue, placement, debt issuance and medium term note program, etc.

The Group's licensed subsidiaries are subject to specific statutory liquidity requirements as prescribed in the Securities and Futures (Financial Resources) Rules (Cap.571N of the Laws of Hong Kong). The Group has put in place a monitoring system to ensure that it maintains sufficient liquidity to fund its financial obligations. As a safeguard measure, the Group has also maintained stand-by banking facilities to meet any emergent operational needs.

Model Risk

Model refers to a quantitative method, system or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. The use of models invariably presents model risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to organization's reputation. As models were increasingly complex and widely used, we were also exposed to more significant model risks amid business development and risk management.

Risk Management Report

We were fully aware of the importance of model risk and had developed a corporate model management framework. We specified the responsibilities of each department in our three-line defense management mechanism, and categorized the models in accordance with the complexity and impact of them. We also strengthened model management step by step, and managed the model life cycle, from the development, validation, use limitation and update, through a series of internal control measures such as approval, review and testing.

Legal and Compliance Risks

Legal risk includes the financial and reputational impacts on the Company which is originated from (1) defective contracts, documents or deal structures which may lead to contractual or legal claims against the Group; (2) the inability or failure to manage litigation or other dispute proceedings effectively; and (3) legal consequences of compliance risk. These risks may also be caused by change of laws.

Compliance risk refers to the risk of impairment of our integrity. It is originated from failure to comply with our values and laws and regulations relating to compliance risk as well as standards relating to specific financial services provided by the business units, which may damage our reputation and lead to legal or regulatory sanctions and/or financial losses.

The Group manages legal and compliance risks through a comprehensive set of control systems and procedures to deal with external and internal risks. Business and operational departments are responsible for proactive identification and management of legal and compliance risks within the Group. Legal Department and Compliance Department are responsible for setting policies and procedures for the Company and providing independent supervision on and guidance to business departments. The Risk Committee is the primary body to oversee the legal and compliance risks, while Legal Department and Compliance Departments prepare reports on key risks regularly for the Risk Committee's and the Board's review.

Concentration Risk

Concentrations may arise with respect to specific risk exposures, industries, countries, geographic regions, products, asset classes, and any other category that falls within the Group's definition of concentration risk. The Group's concentration risk management covers all businesses with risk exposures, including margin financing, financial products, corporate finance, asset management, and sales and trading.

The concentration risk management is one of the key concerns as the Group's businesses and products have become much more sophisticated and diversified. The Risk Management Department monitors the key and relevant concentration risk regularly and reports the material ones to the Risk Committee. Risk appetite and tolerance are set for relevant and material concentrations and concentration risk is identified, measured, monitored and controlled continuously and effectively.

Strategic Risk

Strategic risk refers to factors which may affect the development direction, corporate culture, competitiveness or corporate efficiency of an enterprise as a whole. Such risk is embedded in every operating unit while other key types of risk may also affect strategic risk. We manage strategic risk by the following principles: (1) proactively consider strategic risk during the strategic planning process; (2) set strategies within the context of our overall risk appetite; and (3) monitor the performance of our strategic plan and analyze the yearly progress.

Our strategic plan, capital plan, financial operating plan and risk appetite are reviewed and approved annually by the Board. Major strategic actions, such as capital activities, material acquisitions and disposals must be reviewed and approved by the Board.

Reputational Risk

Reputational risk refers to negative public opinions or comments in relation to the Company's operations, management and other behaviors or external events, which cause/may cause damage of, and have adverse impact on, the Company's reputation and brand image ultimately.

The Group continues to proactively optimize its policies, systems and process of reputational risk management by adhering to the principles of comprehensiveness, transparency, prospectiveness and effectiveness. By inclusion of reputational risk management into its comprehensive risk management system, the Company ensures preventive approach and contingency plan of reputational risk are in place. The Company applies accurate identification, prudent assessment, dynamic monitoring, prompt responses to and full controls of reputational risk in terms of operating management, with an aim to prevent any incidents that may affect the reputation of the Company.

Unknown Risk

Unknown risk refers to a situation where we are unable to identify or not even aware of certain risks which we are exposed to. Such risks are generally referred to as "unknown unknowns" and the Company needs to continuously review and examine its risk identification and assessment ability, and cultivate a robust risk culture (i.e. managing risk is everyone's duty) and encourage discussions and recommendations for improvement of risk management.

CORPORATE GOVERNANCE 企業管治報告 REPORT

The Company is committed to maintaining a high standard of corporate governance. The directors of Company (the "Director(s)") strongly believe that good corporate governance is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value. The Company adopted all principles and code provisions of the Corporate Governance Code set out in Appendix 14 (the "CG Code") to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as its own code of corporate governance. Throughout the year 2020, the Company has complied with all principles and code provisions of the CG Code, except for code provision A.2.1 and code provision E.1.2, details of which are set out in the paragraphs headed "Chairman and Chief Executive Officer" and "Communication with Shareholders" in this Corporate Governance Report, respectively.

Looking ahead, we will keep our corporate governance practices under continual review to ensure consistent application, make updates and improvements following the developments of the CG Code.

Board of Directors

The Board currently comprises four executive directors (the "Executive Director(s)", being Dr. YIM Fung (the "Chairman"), Mr. WONG Tung Ching, Ms. QI Haiying and Mr. LI Guangjie, two non-executive directors (the "Non-executive Director(s)", being Dr. XIE Lebin and Mr. LIU Yiyong and four independent non-executive directors (the "Independent Non-executive Director(s)", being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer. There is a balanced composition of executive and non-executive Directors (including independent non-executive Directors) with a strong independent element on the Board, non-executive Directors constitute more than half of the Board and independent non-executive Directors constitute not less than one-third.

The Company has received from each Independent Non-executive Director a confirmation of his independence pursuant to the criterion set out in Rule 3.13 of the Listing Rules and considers that all Independent Non-executive Directors are independent.

Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung, our Independent Non-executive Directors, have served the Board for more than nine years. The Board considers that they have continued to exercise independent judgment on the matters of the Company and there is no evidence that the length of tenure is having adverse impact on their independence. The Board therefore considers that Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung remain independent, notwithstanding the length of their tenure.

None of the Directors has any financial, business, family or other material/relevant relationship with each other. Brief biographical particulars of the Directors are set out from pages 103 to 106 of this annual report.

Responsibilities and Delegation

The Board, under the leadership of Chairman, is accountable to Shareholders and the Company as a whole, and primarily responsible for formulating overall strategic plans and key policies of the Group, supervising business and financial performance, and ensuring effective corporate governance practices with appropriate risk and control measures in place so as to enhance Shareholders' value. The Board has delegated certain of the functions to its committees, while the duties of managing daily operations of the Group are vested in Executive Directors and senior management. Matters such as approval of financial statements, declaration of dividend, capital restructure and issuance of securities, merger and acquisitions, major investments, connected transactions, appointment and removal of directors and auditors, remuneration policies, etc. are specifically reserved to the Board.

The Company has arranged Directors' & Officers' Liability Insurance for its directors and officers in respect of possible legal proceedings and other claims against them arising from their office and execution of their powers, duties and responsibilities. The directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

Appointment and Re-election of Directors

All Directors, including Non-executive Directors, have a specific term of appointment which is not more than three years. Each of the Directors has entered into a service agreement or a letter of appointment with the Company and shall be subject to retirement by rotation for re-election at the annual general meeting of the Company (the "AGM") at least once every three years. In accordance with the articles of association of the Company (the "Articles of Association"), one-third of the Directors (if the number is not three or a multiple of three, then the number nearest to one-third) shall retire from office at each AGM and be eligible for re-election by Shareholders. The retiring Directors should be those who have been the longest in the office since their last re-election. In addition, any director appointed either to fill a casual vacancy or as an addition to the Board shall hold the office only until the next following AGM and shall then be eligible for re-election by Shareholders.

Corporate Governance Report

Chairman and Chief Executive Officer

Dr. YIM Fung has been performing both of the roles of the Chairman and the chief executive officer of the Company (the "Chief Executive Officer") since 24 August 2012. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Directors believe that Dr. YIM can provide strong and consistent leadership in the development and execution of the Group's business strategies which is beneficial to the Group. Notwithstanding the roles of the Chairman and the Chief Executive Officer are vested in the same individual, all major decisions are either made by the Board or in consultation with the Board and the senior management of the Company. As there are four Independent Non-executive Directors in the Board, the Directors consider that there is sufficient balance of power and the current arrangement maintains a competitive position of the Company.

Board Meetings

The Board meets at least four times a year and at about quarterly interval. Notice of at least 14 days is given for a regular Board meeting so as to give all Directors an opportunity to attend. Agenda accompanying board papers are circulated to all Directors normally a week before the meeting and in any event not less than 3 days before the meeting. Draft and final version of minutes of each Board meeting are circulated to Directors for their comment and record respectively.

All Board members have separate and independent access to management, and are provided with full and timely information about the Group for them to perform their duties and responsibilities. Besides, all Board members are provided with monthly management updates and accounts which contain periodic financials with summaries of key events, outlook and business related matters of the Group. All Directors are entitled to seek independent professional advice on performing their duties at the Company's expense.

Attendance Record at Board Meetings, Board Committee Meetings and General Meetings

The number of meetings of the Board, the Board committees and the general meeting held in 2020 and the attendance record of each Director at the meetings is set out below:

	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Risk Committee Meeting	AGM
No. of meetings held	4	4	1	1	2	1
Executive Directors						
Dr. YIM Fung	4/4	–	1/1	–	2/2	0/1
Mr. WONG Tung Ching	4/4	–	–	–	–	1/1
Ms. QI Haiying	4/4	–	–	–	2/2	1/1
Mr. LI Guangjie	4/4	–	–	–	–	1/1
Non-executive Directors						
Dr. XIE Lebin	3/4	–	–	1/1	–	1/1
Mr. LIU Yiyong	4/4	–	–	–	2/2	1/1
Independent Non-executive Directors						
Dr. FU Tingmei	4/4	4/4	–	1/1	2/2	1/1
Dr. SONG Ming	3/4	4/4	1/1	1/1	2/2	1/1
Mr. TSANG Yiu Keung	4/4	4/4	1/1	1/1	2/2	1/1
Professor CHAN Ka Keung Ceajer	4/4	4/4	1/1	1/1	2/2	1/1

In addition to the above-mentioned meetings, the Chairman of the Board also had a meeting with the Independent Non-executive Directors without the Executive Directors presence during the year.

Directors' Training and Professional Development

Each newly appointed Director will be provided with a comprehensive and tailored induction training which covers, among others, information about the Group's operations and business, the roles and responsibilities of the Board and its key committees, the Company's governance structure and practices, and relevant rules and regulations. On an ongoing basis, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also updates the Directors from time to time on the development of the Listing Rules and other applicable laws, rules and regulations, news on corporate governance issues and development trend of corporate governance, in order to enhance their awareness of good corporate governance practices. During the year, the Company has arranged an in-house training for the Directors on regulatory matters and breach and sanction cases relating to listed companies and directors.

A summary of the training record received from each Director for the year ended 31 December 2020 is set out below:

Name of Director	Type of training	
	Reading materials ⁽¹⁾	Attending seminars/workshops/forums/conferences ⁽²⁾
<i>Executive Directors</i>		
Dr. YIM Fung	✓	✓
Mr. WONG Tung Ching	✓	✓
Ms. QI Haiying	✓	✓
Mr. LI Guangjie	✓	✓
<i>Non-executive Directors</i>		
Dr. XIE Lebin	✓	✓
Mr. LIU Yiyong	✓	✓
<i>Independent Non-executive Directors</i>		
Dr. FU Tingmei	✓	✓
Dr. SONG Ming	✓	✓
Mr. TSANG Yiu Keung	✓	✓
Professor CHAN Ka Keung Ceajer	✓	✓

Notes:

- (1) Reading materials relevant to the industry, regulatory updates and monthly management reports, etc.
- (2) Attending seminars/workshops/forums/conferences relevant to the industry, business and directors' duties.

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for, and has reviewed and performed during the year, the corporate governance duties, including:

- (a) to develop and review the Company's policies and practice on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practice on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual which applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in this report.

Board Committees

Under the Board, there are Board committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Risk Committee as well as a functional committee, namely Environmental, Social, and Governance ("ESG") Committee. All these committees perform their distinct roles in accordance with their respective terms of reference.

Nomination Committee

The Nomination Committee comprises four Directors, including one Executive Director, being Dr. YIM Fung and three Independent Non-executive Directors, being Dr. SONG Ming (chairman), Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

Under its terms of reference, the duties of the Nomination Committee include, but not limited to, setting out the nomination procedures and the process and criteria to select and recommend candidates for directorship, reviewing the structure and size and composition of the Board, assessing the independence of independent non-executive directors, and making recommendations to the Board on the selection of individuals nominated for directorships. The full terms of reference of the Nomination Committee are available on the websites of both the Company and the Stock Exchange.

The meeting attendance of each member of the Nomination Committee is set out in the paragraph headed "Attendance Record at Board Meetings, Board Committee Meetings and General Meetings" of this report.

During the year, the Nomination Committee reviewed the structure, size and composition of the Board and opined that it has the skills, experience and diversity perspective appropriate to the requirements of the Company's business. The Nomination Committee also reviewed and recommended to the Board in relation to the re-election of the retiring Directors at the AGM held in 2020 as well as assessed the independency of the Independent Non-executive Directors.

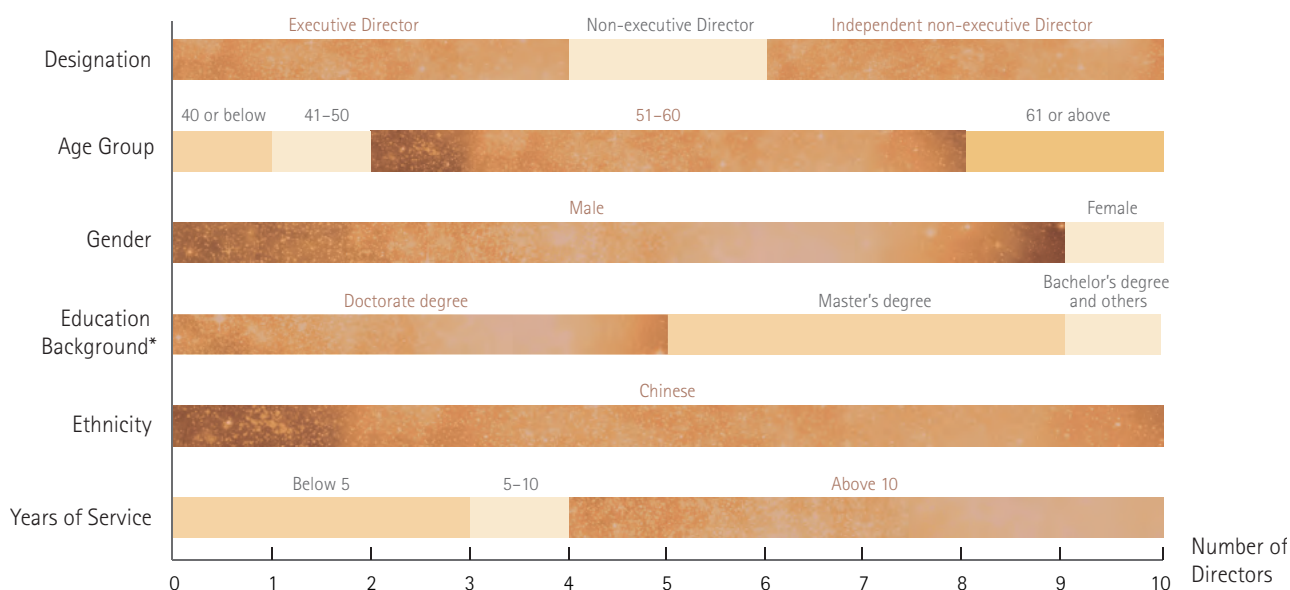
Nomination Policy

The Board has adopted the nomination policy, with a view to give an adequate consideration on a balanced composition of the Board, the policy sets out the ways to identify potential candidates, selection criteria, selection process and appointment or re-appointment procedures with regard to the nomination and appointment of directors. The selection criteria in assessing the suitability of potential candidates includes, but not limited to, their professionalism and personal ethics, board experience, expertise, time commitment, measurable objectives set out in the board diversity policy. The Nomination Committee may use any process it considers appropriate for evaluating and shortlisting candidates, which may include, personal interviews, background checks, written submission by the candidates and third party references.

The selection process for each of their appointments shall be evaluated using a substantially similar process and shall be fair and transparent. The Nomination Committee is responsible for reviewing this policy to ensure the effectiveness of this policy.

Board Diversity

The Board has adopted the board diversity policy, which is available on the Company's website. The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company seeks to achieve board diversity with a number of aspects includes, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity of the Board. The Nomination Committee is responsible for reviewing this policy to ensure the effectiveness of this policy. During the year, the Nomination Committee has reviewed the board diversity based on these aspects and considered that it has a balanced diversity. The diversity aspects of the Board are analysed as follows:



* Including Economics, Engineering, Business and Administration, International Trade, Finance, Law, Mathematics, Accounting and Taxation

Remuneration Committee

The Remuneration Committee comprises five Directors, including four Independent Non-executive Directors, being Dr. FU Tingmei (chairman), Dr. SONG Ming, Mr. TSANG Yiu Keung, Professor CHAN Ka Keung Ceajer and one Non-executive Director, being Dr. XIE Lebin.

The Company adopted the model whereby the Remuneration Committee is responsible for determining, with delegated responsibility, the remuneration package of individual executive director and senior management according to the terms of its terms of reference. Under its terms of reference, the duties of the Remuneration Committee also include, but not limited to, making recommendation to the Board on the remuneration matters for non-executive directors, setting up of formal and transparent procedure for developing remuneration policy. The full terms of reference of the Remuneration Committee are available on the websites of both the Company and the Stock Exchange.

Corporate Governance Report

No Director or any of his/her associates is allowed to determine his/her own remuneration. In determining the remuneration of Executive Directors and senior management, the Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and their responsibilities, employment conditions, desirability of performance-based remuneration and the performance of the Company as well as the individual Executive Director or senior management.

The meeting attendance of each member of the Remuneration Committee is set out in the paragraph headed "Attendance Record at Board Meetings, Board Committee Meetings and General Meetings" of this report.

During the year, the Remuneration Committee assessed the performance of Executive Directors, reviewed and approved the proposal for 2020 remuneration of Executive Directors and senior management.

The remuneration of senior management by band for the year ended 31 December 2020 is set out below:

Remuneration Bands	Number of individuals
HK\$11,000,000 or below	3
HK\$11,000,001 to HK\$15,000,000	2

The particulars regarding Directors' and chief executives' emoluments are set out in note 37 to the financial statements.

Audit Committee

The Audit Committee comprises four Independent Non-executive Directors, namely Mr. TSANG Yiu Keung (chairman), Dr. FU Tingmei, Dr. SONG Ming and Professor CHAN Ka Keung Ceajer, all of them are equipped with commercial and financial skills and experiences required for understanding of accounting information. The chairman of the Audit Committee has professional accounting qualification.

Under its terms of reference, the duties of the Audit Committee include, but not limited to, making recommendations on the appointment of external auditor and monitoring the independence and objectivity of external audit, overseeing the integrity of financial information and financial reporting system, supervising the internal control system and internal audit functions and ensuring such functions are adequately resourced. The full terms of reference of the Audit Committee are available on the websites of both the Company and the Stock Exchange.

The meeting attendance of each member of the Audit Committee is set out in the paragraph headed "Attendance Record at Board Meetings, Board Committee Meetings and General Meetings" of this report.

The major work performed by the Audit Committee during the year included:

- (a) reviewed the 2019 annual results (including annual financial statements, annual report and final results announcement) and 2020 interim results (including interim financial statements, interim report and interim results announcement) and recommended the same to the Board for approval;
- (b) reviewed reports submitted by external auditors on their statutory audit of the 2019 annual financial statements and their review of the 2020 interim financial statements, and made recommendations on the control matters in relation to accounting, internal audit, financial reporting functions;

- (c) reviewed the external auditor's statutory audit plan for 2020, reporting obligations and the terms of engagement;
- (d) reviewed the independence and objectivity of the external auditor, the scope and nature of audit and non-audit services and audit-related and non-audit fees;
- (e) reviewed the representation letters submitted by each departments on its effectiveness of internal control functions;
- (f) reviewed reports submitted by internal auditor on the efficiency of internal control system of the Group, including the audit findings and recommendations, and the implementation status of audit-related recommendations;
- (g) reviewed the adequacy on staffing and resources of the internal audit function and the internal audit plan for 2021;
- (h) reviewed the adequacy on staffing and resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function; and
- (i) reviewed the continuing connected transactions undertaken by the Group and the letter on continuing connected transactions issued by the external auditor.

Internal Control

The Board acknowledges its responsibility of overseeing the Group's systems on risk management and internal control and reviews their effectiveness through meetings of the Risk Committee and the Audit Committee at least twice a year and at least three times a year respectively. To facilitate the effective and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound internal control system which is also indispensable for mitigating the Group's risk exposures. The Group's system of internal control is designed to provide a reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Group is committed to the identification, monitoring and management of risks associated with business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound risk management system and periodic review of the Group's performance by the Audit Committee and the Risk Committee.

Internal Audit

The Company has an independent internal audit team, which plays an important role in providing objective assurance to the Board that a sound internal control system is maintained and operated by management. The head of the internal audit team directly reports to the Audit Committee on audit matters. By adopting a risk-based approach to evaluate risk level on control environment, the internal audit team makes their audit schedules annually in consultation with, but independent of, the management, and the audit plan is submitted to the Audit Committee for approval. The head of the internal audit team shall periodically present audit reports and express opinion to the Audit Committee on the internal control of the audit units. The annual audit work plan covers major activities and processes of the Group's operating business. Moreover, special reviews shall be conducted on request of the Audit Committee or the management.

Corporate Governance Report

The Audit Committee has reviewed the adequacy of resources, qualifications and experience of staff of the internal audit functions, and their training programmes and budget, and considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities, and the performance of the internal audit functions for the year under review was efficient.

External Auditor

Following the retirement of Ernst & Young as the auditor of the Company at the AGM held on 21 May 2020, KPMG, Certified Public Accountants, was appointed as the new auditor of the Company by the Shareholders. During the year ended 31 December 2020, the remunerations paid/payable by the Group to the external auditors are set out as follows:

Services rendered	Fees paid/payable			Total HK\$'000
	KPMG HK\$'000	Ernst & Young HK\$'000	Other external auditor HK\$'000	
Audit services	2,092	189	44	2,325
Interim review	1,008	—	—	1,008
Tax and other consultancy services	2,119	897	—	3,016
	5,219	1,086	44	6,349

Risk Committee

The Risk Committee comprises seven Directors, including two Executive Directors, being Dr. YIM Fung and Ms. QI Haiying, and four Independent Non-executive Directors, being Professor CHAN Ka Keung Ceajer (chairman), Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung, and one Non-executive Director, being Mr. LIU Yiyong. On 20 March 2020, Dr. YIM Fung was redesignated as member from chairman of the Risk Committee while Professor CHAN Ka Keung Ceajer was redesignated as chairman from member of the Risk Committee.

Under its terms of reference, the duties of the Risk Committee include, but not limited to, overseeing management in design, implementation and monitoring of risk management system and ensuring it has an effective system, advising the Board on the Group's overall risk appetite and principles, approving the Group's risk policies and risk tolerance, and reviewing major investigation findings on risk management matters as well as significant risk control failing or weakness where identified.

The meeting attendance of each member of the Risk Committee is set out in the paragraph headed "Attendance Record at Board meetings, Board Committee Meetings and General Meetings" of this report.

During the year, the Risk Committee has discussed with the management to ensure that the management has performed its duty to have effective risk management system, including the changes, since last review, the nature and extent of significant risks faced by the Group and its ability to respond to the changes.

Risk Management

The Board has overall responsibility of evaluating and determining the risk appetite and risk tolerance that the Group is willing to take in achieving its strategic objectives, maintaining a sound risk management system and reviewing its effectiveness on regular basis.

The Risk Committee has approved the amendments of the risk framework of the Group this year, which sets out the risk culture and governance, defining the risk appetite and risk limit, key risk types and overall risk management process. The risk framework serves as an outline of the Group's overall risk management system and process, which facilitates the Board to identify and assess the nature and extent of significant risks, the Group's ability to respond to changes in its business and the external environment, as well as the scope and quality of management's ongoing risk monitoring and related internal control measures.

The Group's risk management framework is embodied by the three-tier system, the Risk Committee, which delegated by the Board, being the first-tier level, whereas the Risk Management Committee, the Asset and Liability Committee, the Investment Committee, the Corporate Finance and Equity Capital Markets Committee, and the Credit Committee, consist of management members from frontline and internal control functions, being the second-tier level, along with the third-tier level under the Risk Management Committee, i.e. Risk Management Department, other risk control departments and working groups, which manage day-to-day specific risks, shall report to the Risk Committee through the chief risk officer of the Company on all significant risks, material changes and the associated mitigating actions to enhance the accountability and quality of risk management process. For details, please refer to the section headed "Risk Management Report" in this annual report.

Review of Risk Management and Internal Control Effectiveness

For the year ended 31 December 2020, the Board has conducted reviews of the effectiveness of the Group's risk management and internal control systems through two meetings of the Risk Committee and three meetings of the Audit Committee respectively, covering all material controls, including financial, operational and compliance controls, and is of the view that the Group's risk management and internal control systems are effective and adequate to safeguard the interests of Shareholders and the Company as a whole.

ESG Committee

The ESG Committee was established by the Board as a functional committee on 14 December 2020. The ESG Committee comprises six members, including one Independent Non-executive Director, being Dr. FU Tingmei (chairman), one Executive Director, being Mr. LI Guangjie, together with other senior management and heads of relevant functions. The ESG Committee shall assist the Board in overseeing matters relating to sustainability development and ESG of the Group, covering governance, policies, objectives and strategy, performance and reporting, and report to the Board regularly. For details of ESG of the Group, please refer to the "2020 ESG Report" to be issued by the Company.

Whistleblowing

The Company has its internal complaint handling policy sets out in the compliance manual which provides employees with reporting channels and guidance to raise concerns about possible improprieties in any matter related to the Company.

Handling and Dissemination of Inside Information

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO"), the Group has a policy on disclosure of inside information with various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the Directors and relevant employees, and disseminating information to specific persons on a need-to-know basis. In all cases, great care must be taken to ensure that no inside information will be disclosed to selected outsiders.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") sets out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. On specific enquiry made by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year of 2020.

Company Secretary

The Company Secretary, Ms. FENG Zheng Yao Helen was appointed by the Board. She is an employee of the Company and responsible for facilitating the Board's processes and communications among Board members, Shareholders and management. She has confirmed her compliance with the requirements of at least 15 hours of relevant professional training under Rule 3.29 of the Listing Rules during the year of 2020.

Communication with Shareholders

The Board recognises the importance of effective communication with Shareholders and maintains an on-going dialogue to ensure Shareholders are provided with timely information about the Company. Shareholders are encouraged active participation in communication with the Company and exercise their Shareholders' rights in an informed manner.

We also encourage two-way communications with both Shareholders and investors through social media platforms such as WeChat, LinkedIn, Facebook as well as YouTube, while the Company's general meetings remain the most traditional platform for face-to-face communication between the Board and Shareholders. Separate resolutions are proposed on each motion at the general meetings.

In respect of code provision E.1.2, Dr. YIM Fung, the Chairman, was not able to attend the AGM held on 21 May 2020 due to other business commitment. Mr. LI Guangjie, the Executive Director, chaired the AGM and, together with the chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee and other Directors, were present to answer the Shareholders' questions.

The Company endeavors to disclose all material information to public in a timely manner. The Company maintains a corporate website (www.gtjai.com) where important information about its activities such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for public's access. The Company has adopted its investor relations policy which sets out the communication methods to accelerate its relationship with investors, media and the public.

Dividend Policy

The Company endeavors to reward Shareholders with stable dividend income whilst retain adequate reserves for its future development. We aim to distribute to Shareholders with regular dividends semi-annually with a certain percentage of Attributable Profit and may be supplemented by special dividends from special income. The Board considers that it would be appropriate to target a payout ratio between 30% and 50%, and subject to the economic conditions as well as the Company's position. From 2017 to 2020, the annual dividend payments amounted to 51% to 57% of Attributable Profit.

Constitutional Documents

There was no change to the constitutional documents of the Company during the year 2020.

Directors' Responsibilities on Financial Statements

The Directors acknowledge their responsibilities of supervising the preparation of financial statements of each financial period which shall consistently adopt suitable accounting policies and to comply with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants and to reflect the financial position, the results and cash flow of the Company during the year in a true and fair manner.

Shareholders' Rights

Subject to applicable laws and regulations, including but not limited to, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO"), the Listing Rules, and the Articles of Association as amended from time to time, Shareholder(s) may call general meeting, put forward proposals at AGM and direct enquiries to the Board in accordance with the following procedures:

Convening an Extraordinary General Meeting by Shareholders

Shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of the paid up capital of the Company may request the Directors to convene an extraordinary general meeting pursuant to Section 566 to 568 of the CO.

In accordance with sections 566 of the CO, the Directors are required to call a general meeting if the Company has received requests to do so from Shareholder(s) representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meeting. Such requests must state the general nature of the business to be dealt with at the meeting; and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such requests may be sent to the Company and attention to the Board or the Company Secretary in hard copy form (by depositing at the registered office of the Company at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong) or in electronic form (by fax: 2509-0030); and must be authenticated by the person or persons making it. In accordance with Section 567 of the CO, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the CO and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Putting Forward Proposals at AGM

To put forward a resolution at AGM, Shareholder(s) is/are requested to follow the requirements and procedures set out in Section 615 and 616 of the CO.

Section 615 of the CO provides that the Company must give notice of a resolution if it has received requested to do so from (a) the Shareholder(s) representing at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or (b) at least 50 Shareholders who have the rights to vote on the resolution at the AGM to which the requests relate.

Corporate Governance Report

Such requests (a) may be sent to the Company and attention to the Board or the Company Secretary in hard copy form (by depositing at the registered office of the Company at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong) or in electronic form (by fax: 2509-0030); (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) 6 weeks before the AGM to which the requests relate; or (ii) if later, the time at which notice is given of that meeting. Section 616 of the CO provides that the Company that is required under Section 615 of the CO to give notice of a resolution must send a copy of it at the Company's own expense to each Shareholder entitled to receive notice of the AGM (a) in the same manner as the notice of the meeting; and (b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

The procedures for Shareholders to propose a person for election as a Director can be found on the website of the Company at www.gtjai.com.

Procedures for Directing Shareholders' Enquiries to the Board

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at the contact details below:

Registered office: 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong

Email: comsec@gtjas.com.hk

Tel: (852) 2509-9118

Fax: (852) 2509-0030

Share Registration Related Matters

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, Shareholders can contact the Share Registrar, at the contact details below:

Name: Computershare Hong Kong Investor Services Limited

Address: Shops 1712-1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong

Website: <https://www.computershare.com/hk/zh/contact-us>

Tel: (852) 2862-8555

Fax: (852) 2865-0990

Biographies of the Directors and Senior Management

Executive Directors

Dr. YIM Fung, JP, aged 58, the Chairman since August 2012 and an Executive Director and the Chief Executive Officer since March 2010. He was the vice-chairman of the Company during the period from March 2010 to August 2012. Dr. YIM is concurrently a member of the Risk Committee and the Nomination Committee of the Company. Dr. YIM is a director of various subsidiaries of the Company, including Vietnam Investment Securities Company (stock code: IVS.HN), which is listed on the Hanoi Stock Exchange in Vietnam. In addition, He is also a director, and a director and the general manager of the controlling shareholders of the Company, namely Guotai Junan Holdings Limited and Guotai Junan Financial Holdings Limited, respectively, and a director of its subsidiary. Dr. YIM joined the Group in 1993. He has over 29 years experience in the securities industry. Dr. YIM is a Senior Economist and holds a doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences and a bachelor's degree in Environmental Engineering from the Tsinghua University. Dr. YIM was an independent non-executive director of Shenzhen International Holdings Limited (stock code: 152.HK) during the period from 2017 to 15 May 2020 and Beijing Urban Construction Design & Development Group Co., Limited (stock code: 1599.HK) during the period from 2013 to 30 December 2019. At present, he is a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a director and vice chairman of the Hong Kong Chinese Enterprises Association, the honorary life president of Chinese Securities Association of Hong Kong, a deputy director of International Strategy Committee of Securities Association of China, a director and standing committee member of the Chinese General Chamber of Commerce Hong Kong and the life president of Tsinghua Alumni Association of Hong Kong.

Mr. WONG Tung Ching, aged 49, an Executive Director since March 2010 and the Deputy Chief Executive Officer of the Company since December 2013. He is responsible for overall business and management of corporate finance, equity capital markets and institutional business of the Group. Mr. WONG is also a director of various subsidiaries of the Company. Mr. WONG joined the Group in 2000. He obtained a master's degree in Business Administration from the University of Lincolnshire & Humberside (now known as the University of Lincoln) in 2001 and a higher diploma in International Trading from the Shenzhen University in 1992.

Ms. QI Haiying, aged 39, an Executive Director and the Deputy Chief Executive Officer of the Company since March 2015 and is responsible for the overall operation of the fixed income, principal investment, structured solutions and derivatives, asset management businesses as well as Singapore business of the Group. Ms. QI is concurrently a member of the Risk Committee of the Company and a director of various subsidiaries of the Company. Between 2004 and 2012, Ms. QI worked for Shenzhen Supervision Bureau of the China Securities Regulatory Commission and was responsible for regulatory supervision of securities companies and listed companies. In 2012, Ms. QI joined Guotai Junan Securities Co., Ltd. (stock code: 2611.HK; 601211.SS), the parent company, and held the positions as deputy general manager in Compliance Department and Strategic Management Department respectively and subsequently joined the Group in March 2015. Ms. QI holds a master's degree in Financial Economics from the London School of Economics and Political Science (LSE) and a bachelor's degree in International Economics and Trade from the University of International Business and Economics (UIBE) in China.

At present, Ms. QI is a member of the 13th committee of All-China Youth Federation, a member of the 3rd committee of All-China Financial Youth Federation, a director and vice president of Chinese Securities Association of Hong Kong Company Limited, a director and vice president of Chinese Asset Management Association of Hong Kong, a member of the Chinese Financial Association of Hong Kong and a committee member of the Tianjin Youth Federation.

Biographies of the Directors and Senior Management

Mr. LI Guangjie, aged 52, an Executive Director since March 2010 and the Chief Financial Officer of the Company since December 2017. He is currently a member of the ESG Committee of the Company. In addition, Mr. LI is also a director of various subsidiaries of the Company including as a director and the chairman of Vietnam Investment Securities Company (stock code: IVS.HN), which is listed on the Hanoi Stock Exchange in Vietnam. Mr. LI joined the Group in 2001. Mr. LI used to work for Shenzhen Jinpeng Certified Public Accountants as the deputy head of appraisal department. He has over 29 years experience in accounting, audit, taxation and asset appraisal. Mr. LI holds a master's degree in Economics from the Central University of Finance and Economics and a bachelor's degree in Economics from the Shenzhen University. He is an Economist and a member of the Chinese Institute of Certified Public Accountants and the Chinese Certified Tax Agents Association.

Non-executive Directors

Dr. XIE Lebin, aged 53, a Non-executive Director since June 2017. Dr. XIE is concurrently a member of Remuneration Committee of the Company. At present, Dr. XIE is also the chairman and the secretary of party committee of Investment Banking Business Unit, and a director of executive committee of Guotai Junan Securities Co., Ltd. (stock code: 2611.HK/601211.SS) ("Guotai Junan Securities"), the parent company and a director of the controlling shareholders of the Company, namely Guotai Junan Holdings Limited and Guotai Junan Financial Holdings Limited and its various subsidiaries. Dr. XIE used to work at the Investment Banking Department of Wanguo Securities Co., Ltd. from 1993 to 1995 and served as an executive director of the Investment Banking Department of J&A Securities Co., Ltd from 1995 to 1999, respectively. He held various positions at Guotai Junan Securities since 1999, including as a deputy general manager of the Shanghai Investigation and Auditing Department, a deputy general manager, an executive deputy general manager and the general manager of the Investigation and Auditing Headquarters, the deputy chief financial officer and the general manager of the Planning and Finance Department, the chief financial officer, the chief operating officer and the chief risk officer, respectively.

Dr. XIE obtained a doctorate degree and a master's degree in Economics from the East China Normal University in Shanghai in 2010 and 1993 respectively, and a bachelor's degree in Economics from the Shanghai Fisheries University (currently known as the Shanghai Ocean University) in 1990. Dr. XIE was accredited the International Certified Internal Auditors' Certificate by the International Institute of Internal Auditors in 2009.

Mr. LIU Yiyong, aged 57, a Non-executive Director since June 2017. Mr. LIU is also a member of Risk Committee of the Company. At present, Mr. LIU is the general manager of the Internal Review (Investment Banking) Department of Guotai Junan Securities Co., Ltd (stock code: 2611.HK/601211.SS) ("Guotai Junan Securities"), the parent company. Mr. LIU served as a senior staff member of the Securities Supervisory Division of Shenzhen Branch of the People's Bank of China from 1994 to 1997, a principal staff member of the Non-bank Financial Institutions Department of Shenzhen Branch of the People's Bank of China from 1997 to 1998, a principal staff member of the Institutions Inspection Office of Shenzhen Supervision Bureau of China Securities Regulatory Commission from 1998 to 2002, and a staff member of the Market Division II of China Foreign Exchange Trade System from 2006 to 2009, respectively. Since 2009, Mr. LIU held various positions at Guotai Junan Securities, including a deputy general manager, an executive deputy general manager and the general manager of the Compliance Department, respectively.

Mr. LIU studied in the Graduate School of the People's Bank of China from 1991 to 1994 and obtained a master's degree in Economics. Mr. LIU subsequently obtained a master's degree in Public Administration from the Columbia University in 2003.

Independent Non-executive Directors

Dr. FU Tingmei, aged 54, an Independent Non-executive Director since June 2010. Dr. FU is currently the chairman of the Remuneration Committee as well as a member of the Audit Committee and the Risk Committee of the Company. He is also the chairman of the Environmental, Social and Governance Committee of the Company. Dr. FU has extensive experiences in investment, finance, law and business management. Between 1992 and 2003, he conducted many corporate finance transactions in several investment banking firms based in Hong Kong, including serving as a director of Peregrine Capital Limited, and a deputy managing director and subsequently a managing director of BNP Paribas Peregrine Capital Limited. Dr. FU is currently engaged in private investment business. Presently, he is also an independent non-executive director of Postal Savings Bank of China Co., Ltd (stock code: 1658.HK), China Resources Pharmaceutical Group Limited (stock code: 3320.HK) and COFCO Joycome Foods Limited (formerly known as COFCO Meat Holdings Limited) (stock code: 1610.HK). He was an independent non-executive director of CPMC Holdings Limited (stock code: 906.HK) during the period from 2008 to 2 July 2019 and Beijing Enterprises Holdings Limited (stock code: 392.HK). Dr. FU graduated from the University of London with a doctorate degree and a master's degree in Law in 1993 and 1989, respectively.

Dr. SONG Ming, aged 59, an Independent Non-executive Director since June 2010. Dr. SONG is also the chairman of the Nomination Committee and a member of the Audit Committee, the Remuneration Committee and the Risk Committee of the Company. Dr. SONG has over 26 years experience in research of banking regulations and management, financial market, and macroeconomics. Dr. SONG is currently the dean of the School of Economics and Management at the Wuhan University. He is also an independent non-executive director of The United Laboratories International Holdings Limited (stock code: 3933.HK), Great Wall Pan Asia Holdings Limited (formerly known as Armada Holdings Limited) (stock code: 583.HK), and an independent director of Tande Co., Ltd (stock code: 600665.SS), respectively. In addition, he was an independent non-executive director of Wuzhou International Holdings Limited (previous stock code: 1369.HK) during the period from 2013 to 20 December 2020, the listing of its shares on the Stock Exchange was cancelled on 8 December 2020. Dr. SONG holds a doctorate degree in Economics from the Ohio State University, a master's degree of Science in Mathematics from the Huazhong University of Science and Technology and a bachelor's degree of Science in Mathematics from the Zhejiang University.

Mr. TSANG Yiu Keung, aged 67, an Independent Non-executive Director since 2010. Mr. TSANG is also the chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Risk Committee of the Company. Mr. TSANG joined KPMG in 1975 and retired as a senior banking partner in 2003. At present, Mr. TSANG is an independent non-executive director of L. K. Technology Holdings Limited (stock code: 558.HK). Mr. TSANG was an independent non-executive director of China CITIC Bank International Limited, a licensed bank in Hong Kong, and CITIC International Financial Holdings Limited, from 2004 to 2017. Mr. TSANG holds a higher diploma in Accountancy from the Hong Kong Polytechnic University. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators.

Biographies of the Directors and Senior Management

Professor CHAN Ka Keung Ceajer, *GBS, SBS, JP*, aged 64, an Independent Non-executive Director since August 2018. Professor CHAN is concurrently the chairman of the Risk Committee and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. At present, he is also an adjunct professor and the senior advisor to the dean of the Business School of the Hong Kong University of Science and Technology ("HKUST"). He was appointed as the secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from 2007 to 2017. Prior to that, he was the dean of the HKUST Business School. Before joining the HKUST in 1993, Professor CHAN taught for nine years at the Ohio State University in the United States. Professor CHAN was a non-executive director of MTR Corporation Limited (stock code: 66.HK). He is currently an independent non-executive director of Langham Hospitality Investments and Langham Hospitality Investments Limited (stock code: 1270.HK) and China Overseas Land & Investment Ltd. (stock code: 688.HK). He is also a chairman of WeLab Bank Limited (formerly known as WeLab Digital Limited), a senior advisor of WeLab Holdings Limited, an independent non-executive director of CMB International Capital Corporation Limited and Greater Bay Area Homeland Investments Limited, a non-executive director of The Hong Kong Mortgage Corporation Limited and Trivium Holdings Limited and a member of the Competition Commission of Hong Kong.

Professor CHAN holds a bachelor's degree in Economics from the Wesleyan University and followed by M.B.A. and Ph.D. in Finance from the University of Chicago. He has expertise in asset pricing analysis, trading strategy evaluation and market efficiency and has published numerous articles on these topics.

Senior Management

Mr. LAI Changhua, aged 54, the Chief Risk Officer of the Company since December 2017 and responsible for overall risk management of the Group (including compliance and legal matters). He joined the Group in October 2015. Before that, Mr. LAI held a management role in the risk management departments of several international investment banks, with over 20 years' experience in financial markets and risk management. Mr. LAI holds a master's degree in Economics from the Nankai University, a master's degree in Business Administration from the Western Sydney University, and a bachelor's degree in Engineering from the Sichuan University. He is also a certified FRM (Financial Risk Manager) and PRM (Professional Risk Manager).

REPORT OF THE DIRECTORS

董事會報告

The Directors have pleasure in presenting to Shareholders this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Principal Activities and Business Review

The Company is an investment holding company and its subsidiaries are principally engaged in wealth management, brokerage, corporate finance, asset management, loans and financing, financial products and market making and investments. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of the business review as required by Schedule 5 of the CO, including a description of the principal risks and uncertainties facing the Group, important events affecting the Group that have occurred since the end of this financial year and an indication of likely future development in the Group's business are set out in the sections of "Chairman's Statement", "Management Discussion and Analysis", "Risk Management Report" and "Notes to the Financial Statements" in this annual report.

Results and Dividends

The results of the Group for the year ended 31 December 2020 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 136 of this annual report.

Report of the Directors

The Board recommended the payment of a final dividend of HK\$0.051 per Share for the year ended 31 December 2020 (2019: a final dividend of HK\$0.020 per Share), subject to the approval by Shareholders at the forthcoming AGM, and will be payable on Wednesday, 16 June 2021 to Shareholders whose names appear on the register of members of the company on Monday, 31 May 2021. Together with an interim dividend of HK\$0.034 per Share which was paid on 10 September 2020, the total dividends for the year ended 31 December 2020 will amount to HK\$0.085 per Share (2019: HK\$0.062 per Share). Details of the dividend amount are set out in note 10 to the financial statements of this annual report.

Segment Information

Detailed segment information of the Group's revenue and segment results is showed in note 4 to the financial statements of this annual report.

Summary of Financial Information

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extract from the audited financial statements as appropriate, is set out on page 69 of this annual report. This summary is not part of the audited financial statements.

Distributable Reserves

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the CO, amounted to HK\$86,021,000. Details of movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on pages 140 to 141.

Donations

During the year, the Group made charitable donations amounting to HK\$80,000.

Particular of Subsidiaries

Particulars of the Company's subsidiaries are set out in note 1 to the financial statements of this annual report.

Shares/Debentures Issued

Details of movements in share capital of the Company and the number of Shares in issue during the year are set out in note 31 to the financial statements of this annual report.

On 17 March 2020, a total of 1,919,219,266 Shares were allotted and issued by the Company pursuant to the Rights Issue (as defined hereafter). Details are set out in this report under the section headed "Rights Issue".

During the year, a total of 2,336,288 Shares were allotted and issued by the Company in respect of share options exercised under the Share Option Scheme. Details are set out in this report under the section headed "Share Option Scheme".

Details of issued debentures of the Company during the year are set out in note 27 to the financial statements and the section headed "Financial Position" under "Management Discussion and Analysis" of this annual report.

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

During the year, the Company bought back a total of 20,000,000 Shares on the Stock Exchange at an aggregate consideration of HK\$19,903,454.35 (inclusive all expenses). All these Shares were cancelled during the period correspondingly.

Details of the Shares bought back during the year are as follow:

Month	Number of Shares bought back	Price paid per Share		Aggregate consideration (inclusive transaction costs)
		Highest	Lowest	
		HK\$	HK\$	HK\$
April 2020	4,313,000	1.05	0.97	4,389,318.18
May 2020	14,511,000	1.01	0.92	14,297,386.25
June 2020	1,176,000	0.99	0.94	1,146,549.92

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020 other than acting as an agent for the trustee of the share award scheme of the Company (the "Share Award Scheme").

Rights Issue

In order to support the Group's long term development, considering that capital raising will not increase financing costs, while it could strengthen its financial position, on 14 January 2020, the Company announced a proposal for rights issue of rights shares at the subscription price of HK\$1.45 each on the basis of one rights share for every three existing Shares on the record date of 7 February 2020 (the "Rights Issue") with underwriting arrangement by underwriters, namely China Tonghai Securities Limited ("China Tonghai") and Guotai Junan Securities (Hong Kong) Limited. On 17 March 2020, the Rights Issue was completed and based on the subscription results of the Rights Issue and the underwriting arrangement, 1,919,219,266 Shares in total were allotted and issued by the Company (of which 1,764,943,555 Shares were allotted and issued to Shareholders who had validly accepted their right shares and 154,275,711 Shares were allotted and issued to China Tonghai, respectively). The net proceeds raised from the Rights Issue was approximately HK\$2,780 million, equivalent to a net subscription price per rights share of approximately HK\$1.448. The closing price of HK\$1.49 per Share was quoted on the Stock Exchange on 14 January 2020, being the last trading day before the terms of the Rights Issue were fixed.

Use of Proceeds

The following table sets forth the information in relation to the use of the net proceeds raised from the Rights Issue as disclosed in the prospectus of the Company dated 24 February 2020 (the "Prospectus"):

Breakdown of intended use of net proceeds raised from the Rights Issue	Intended used and actual used of net proceeds during the period from the completion of Rights Issue up to 31 December 2020
Loans and advances to customers	HK\$918.15 million
Market making and investment in debt securities	HK\$918.15 million
Debt repayment	HK\$417.34 million
General working capital*	HK\$278.22 million
IT infrastructure and regional expansion in Southeast Asia	HK\$247.70 million

* Includes expenses on professional advisory services, trading and back office system enhancement, regulatory compliance and risk control upgrading and general administrative expenses, etc.

The net proceeds raised from the Rights Issue that have been fully utilized according to the intentions as previously disclosed in the Prospectus.

Major Customers and Suppliers

During the year, both the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total sales and purchases respectively.

Directors

The list of the Directors is set out under the section of "Corporate Information" on page 124 of this annual report.

In accordance with Article 99(A) of the Articles of Association, Dr. XIE Lebin, Mr. LIU Yiyong, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer will retire by rotation at the forthcoming AGM, all of them being eligible, and offer themselves for re-election.

Directors' and Senior Management Biographies

Biographical details of the Directors and senior management of the Company are set out on pages 103 to 106 of this report.

Emoluments of Directors and Chief Executives and the Five Highest Paid Employees

Details of the Directors' and chief executives' emoluments and the five highest paid employees of the Group are set out in notes 37 and 40 to the financial statements respectively.

Directors of Subsidiaries

The names of directors who have served on the boards of the subsidiaries of the Company for the year ended 31 December 2020 and up to the date of this annual report are set out below:

(in alphabetical order)

CHAN Ka Wah*	NG Chi To Graham	WONG Anthony
CHAN Lap Tak Jeffrey**	NG Pui Nee	WONG Chung Mun
CHIU Simon Siu Hung	NGUYỄN Thanh Tú	WONG George Ka Kui
DAI Bo	OEI Su Chi Ian*	WONG Tung Ching
DUANMU Zhenyu	ONG Wei Hiam	YANG Yanhua
LAI Changhua	QI Haiying	YAU Deirdre*
LAI Kai Hung	SHAO Yu Long*	YEUNG Tze Fung
LEE Ming Chuan Eric	SIN Hau Yi	YIM Fung
LI Guangjie	TAY Shu Wei Yvonne	ZHANG Gaobo
LO Kwong Shun Wilson	WANG Junhong*	ZHANG Jinhui

* no longer the director(s) of the subsidiaries of the Company as at 31 December 2020.

** no longer the director(s) of the subsidiaries of the Company as at the date of this Annual Report.

Change of Information of Directors

Dr. SONG Ming resigned as an independent non-executive director of Wuzhou International Holdings Limited (previous stock code: 1369.HK) with effect from 20 December 2020.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since last published report.

Directors' Service Contracts

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transaction, Arrangement and Contract

None of the Directors or his/her connected entity had a material interest, whether directly or indirectly, in any transactions, arrangements, or contracts of significance in relation to the business of the Group where were entered into by the Group and subsisting during, or at the end of, the year.

Directors' Interest in Competing Businesses

None of the Directors and their associates had any interest in an entity whose business competes or is likely compete, either directly or indirectly, with the Group's business during the year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of business of the Company or its subsidiaries were entered into or existed during the year.

Directors' and Chief Executives' Interest in the Shares and Underlying Shares of the Company or Any Associated Corporation

As at 31 December 2020, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the Shares and underlying shares of the Company

Name of Directors	Capacity	Number of Shares	Number of awarded Shares (Note 1)	Number of underlying shares in relation to share options	Total	Percentage of Shares in issue (Note 2)
YIM Fung	Personal interest	68,546,955	—	2,300,000	70,846,955	0.74%
WONG Tung Ching	Personal interest	13,942,564	272,000	2,300,000	16,514,564	0.17%
QI Haiying	Personal interest	5,533,000	479,000	2,300,000	8,312,000	0.09%
LI Guangjie	Personal interest	9,965,970	310,000	2,300,000	12,575,970	0.13%
FU Tingmei	Personal interest	1,512,096	—	—	1,512,096	0.02%
SONG Ming	Personal interest	1,512,096	—	—	1,512,096	0.02%
TSANG Yiu Keung	Personal interest	1,512,096	—	—	1,512,096	0.02%

Notes:

- The awarded Shares were unvested and held by the trustee of the Share Award Scheme. Details are set out in paragraph headed "Share Award Scheme" under this section and note 34 to the financial statements.
- The percentage was calculated based on 9,617,228,644 Shares in issue on 31 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Shared-based Compensation Scheme

The Company operates two equity-settled share-based compensation schemes including the Share Option Scheme and the Share Award Scheme. Details of which are set out in the paragraphs below.

Share Option Scheme

The Company adopted the Share Option Scheme on 19 June 2010. The purpose of the Share Option Scheme is to provide the people working for the interests of the Group with an opportunity to obtain equity interest in the Company, thus linking their interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

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

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

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

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

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

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

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

Report of the Directors

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

Movements of the share options under the Share Option Scheme for the year ended 31 December 2020 are set out as follows, details of which are set out in note 32 of the financial statements:

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

Notes:

- The number of outstanding share options and the exercise price may be subject to adjustment in case of reorganization of the capital structure of the Company. Pursuant to the announcements dated 29 September 2014 and 9 July 2015, the Company adjusted respectively the number of outstanding share options and the exercise price with reference to the terms of the Share Option Scheme and the supplementary guidance attached to the letter of the Stock Exchange relating to share option scheme dated 5 September 2005.
- In respect of the share options granted on 24 April 2012, one-third of the share options has been vested evenly on 10 June 2012, 10 June 2013 and 10 June 2014 and exercisable until 9 June 2021.

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

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

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

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

Share Award Scheme

The Company adopted the Share Award Scheme on 27 October 2011 (as amended on 30 October 2014 and 25 November 2015 subsequently) and shall be valid until 26 October 2021 unless otherwise terminated by the Board.

The purpose of the Share Award Scheme are (i) to recognise the contributions by certain employees and directors of any member of the Group and to give incentives in order to retain them for the continuing operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The maximum number of Shares which can be awarded under the Share Award Scheme is 10% of the Shares in issue as at the adoption date (i.e. 164,000,000 Shares), and the maximum number of the Shares which may be awarded to a grantee in the 12-month period up to and including the date of award shall not in aggregate exceed 1% of the Shares in issue as at the adoption date (i.e. 16,400,000 Shares).

When a grantee has satisfied all vesting conditions, which might include performance, operating and financial targets and other criteria, as determined by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the trustee shall then transfer respective awarded Shares to that employee or director at no cost. There is no minimum period for which an awarded Share must be held before it can be vested.

No payment to purchase Shares shall be made, and no instruction to acquire Shares shall be given, to the trustee of the Share Award Scheme where any Director is in possession of inside information in relation to the Company or where dealing in securities by Directors are prohibited under any codes or rules and applicable laws from time to time.

Before the Shares are transferred to the grantee, the voting rights and powers of any Shares held by the trustee shall be exercised by the trustee who shall abstain from voting.

As at the date of this annual report, the Company had awarded in aggregate of 161,491,000 Shares since 27 October 2011 and the total number of Shares available for award under the Share Award Scheme amounting to 2,509,000 Shares, representing approximately 0.03% of the Shares in issue.

During the year, no Shares were awarded, 3,143,000 Shares were adjusted and/or lapsed and 18,402,000 Shares were vested. As at 31 December 2020, 9,400,000 Shares were unvested. Movements of the outstanding awarded Shares under the Share Award Scheme for the year ended 31 December 2020 are set out as follow, details of which are set out in note 33 to the financial statements.

Report of the Directors

Name of participants	Number of Shares				At 31 December 2020	Date of award	Vesting date
	At 1 January 2020	Awarded during the year	Vested during the year	Adjusted/ Lapsed during the year			
<i>Directors</i>							
YIM Fung	544,000	–	–	(544,000)	–	13/04/2018	30/11/2020
	472,000	–	–	(472,000)	–	16/04/2019	30/11/2020
	472,000	–	–	(472,000)	–	16/04/2019	30/11/2021
WONG Tung Ching	549,000	–	(271,000)	(278,000)	–	13/04/2018	30/11/2020
	272,000	–	(272,000)	–	–	16/04/2019	30/11/2020
	272,000	–	–	–	272,000	16/04/2019	30/11/2021
QI Haiying	492,000	–	(492,000)	–	–	13/04/2018	30/11/2020
	479,000	–	(479,000)	–	–	16/04/2019	30/11/2020
	479,000	–	–	–	479,000	16/04/2019	30/11/2021
LI Guangjie	358,000	–	(219,000)	(139,000)	–	13/04/2018	30/11/2020
	311,000	–	(311,000)	–	–	16/04/2019	30/11/2020
	310,000	–	–	–	310,000	16/04/2019	30/11/2021
Sub-total	5,010,000	–	(2,044,000)	(1,905,000)	1,061,000		
<i>Employees (in aggregate)</i>							
	7,721,000	–	(7,268,000)*	(453,000)	–	13/04/2018	30/11/2020
	9,133,000	–	(8,761,000)*	(372,000)	–	16/04/2019	30/11/2020
	9,081,000	–	(329,000)*	(413,000)	8,339,000	16/04/2019	30/11/2021
Sub-total	25,935,000	–	(16,358,000)	(1,238,000)	8,339,000		
Total	30,945,000	–	(18,402,000)	(3,143,000)	9,400,000		

* Special vesting of a total of 783,000 awarded Shares during the year in accordance with the terms of the Share Award Scheme.

Equity-linked Agreements

Save as the Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

Directors' Rights to Acquire Shares or Debentures

Save as the Share Option Scheme and the Share Award Scheme disclosed above, for the year ended 31 December 2020, none of the Company or any of its subsidiaries was a party to any arrangement to enable Directors to acquire benefits by means of acquisition of Shares in, or debt securities (including debentures) of, the Company or its associated corporations and none of the Directors, their spouses or children under the age of 18 had any rights to subscribe for equity or debt securities of the Company or its associated corporations, or had exercised any such rights.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to any Director or chief executive of the Company, as at 31 December 2020, the following persons (not being a Director) who had interests or short positions in the Shares or underlying shares of the Company which had been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of Shares (Long positions)	Percentage of Shares in issue (Note 2)
Guotai Junan Holdings Limited	Beneficial owner	7,044,877,066	73.25%
Guotai Junan Financial Holdings Limited ^(Note 1)	Interested in controlled corporation	7,044,877,066	73.25%
Guotai Junan Securities Co., Ltd. ^(Note 1)	Interested in controlled corporation	7,044,877,066	73.25%

Notes:

- Guotai Junan Holdings Limited is a wholly-owned subsidiary of Guotai Junan Financial Holdings Limited, which in turn is a wholly-owned subsidiary of Guotai Junan Securities Co., Ltd. and accordingly, Guotai Junan Financial Holdings Limited and Guotai Junan Securities Co., Ltd. are deemed to be interested in these 7,044,877,066 Shares.
- The percentage was calculated based on 9,617,228,644 Shares in issue on 31 December 2020.

Save as disclosed above, as at 31 December 2020, the Company has not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Continuing Connected Transactions

On 19 March 2018, the Company entered into a master agreement ("2018 Master Agreement") with Guotai Junan Securities Co., Ltd. ("GTJA"), pursuant to which the Company and GTJA agreed that each of them may, and may procure the Company (and its members, collectively referred to as the "Group") and GTJA (and its members, collectively referred to as the "GTJA Group") respectively, to provide 1) brokerage services, 2) investment management and advisory services, 3) consulting services, 4) corporate finance services to, and to engage in 5) investment and finance transactions with, each other for a term of 3 years from 1 January 2018 to 31 December 2020. As GTJA is the ultimate controlling

Report of the Directors

shareholder of the Company and therefore is a connected person of the Company, the transactions contemplated under the 2018 Master Agreement constituted continuing connected transactions of the Company and were expected to be of a recurrent nature and may occur on a regular and continuous basis in the ordinary and usual course of business of the Group. The transactions contemplated under the 2018 Master Agreement were subject to reporting, announcement, annual review and independent Shareholders' approval requirement as part of the applicable percentage ratios exceeded 5% under the Listing Rules. The 2018 Master Agreement and the transactions contemplated thereunder were approved by the independent Shareholders on 16 April 2018. For further details, please refer to the circular dated 26 March 2018. The annual caps in respect of the income attributable to the Group arising from corporate finance services provided to GTJA Group hereof were revised by the 2019 Supplemental Agreement (as described hereunder below).

The Group and GTJA Group shall, from time to time during the term of the 2018 Master Agreement, enter into separate operational agreements in respect of the provision of any services or any transactions, provided that such operational agreements and their terms shall be subject to and shall not exceed the terms of the 2018 Master Agreement.

The annual caps in respect of continuing connected transactions contemplated under the 2018 Master Agreement for three years ended 31 December 2018, 2019 and 2020 are shown as below:

	For year ended 31 December		
	2018 HK\$ million	2019 HK\$ million	2020 HK\$ million
Annual caps in respect of income attributable to the Group arising from:			
1 Brokerage services provided to GTJA Group	19	26	35
2 Investment management and advisory services provided to GTJA Group	2	3	4
3 Consulting services provided to GTJA Group	2	2	2
4 Corporate finance services provided to GTJA Group	17	19*	21*
Total	40	50	62
Annual caps in respect of expenses incurred by the Group arising from:			
1 Brokerage services provided by GTJA Group	20	23	25
2 Investment management and advisory services provided by GTJA Group	18	34	59
3 Consulting services provided by GTJA Group	29	38	51
4 Corporate finance services provided by GTJA Group	32	38	45
Total	99	133	180

* These annual caps were revised by the 2019 Supplemental Agreement.

	For year ended 31 December		
	2018 HK\$ billion	2019 HK\$ billion	2020 HK\$ billion
Annual caps in respect of principal-to-principal investment and finance transactions between the Group and GTJA Group:			
1 Bonds traded	2.7	3.6	4.1
2 Structured products sold by the Group	3.9	5.9	10.6
3 Structured products purchased by the Group	1.6	1.6	1.6
Total	8.2	11.1	16.3

On 22 July 2019, the Company entered into a supplemental agreement ("2019 Supplemental Agreement") with GTJA to revise the annual caps in respect of the income attributable to the Group arising from corporate finance services provided to GTJA Group for the two years ended on 31 December 2019 and 2020 as set out in the 2018 Master Agreement, due to the increasing demand for cross-border financial services and corporate finance advisory services including the participation in GTJA's share placement completed on 17 April 2019, the aggregate income attributable to the Group arising from the corporate finance services provided by the Group to GTJA Group for the first five months in 2019 represented an utilization rate of approximately 97.9% of the approved annual cap of that year as set out in the 2018 Master Agreement. Based on the historical transaction figures and the business developing trend, it was estimated that the said income was likely exceed the approved annual caps as set out in the 2018 Master Agreement. As GTJA is the ultimate controlling shareholder of the Company and therefore is a connected person of the Company, the transactions contemplated under the 2019 Supplemental Agreement constituted continuing connected transactions of the Company and were expected to be of a recurrent nature and may occur on a regular and continuous basis in the ordinary and usual course of business of the Group. The transactions contemplated under the 2019 Supplemental Agreement were subject to reporting, announcement, annual review and independent Shareholders' approval requirement as the Company proposed to revise the annual caps for continuing connected transactions and with one of the applicable percentage ratios exceeded 5% under the Listing Rules. The 2019 Supplemental Agreement and the transactions contemplated thereunder were approved by the independent Shareholders on 3 September 2019. For further details, please refer to the circular dated 16 August 2019.

The revised annual caps in respect of continuing connected transactions contemplated under the 2019 Supplemental Agreement for the two years ended on 31 December 2019 and 2020 are shown as below:

	For year ended 31 December	
	2019 HK\$ million	2020 HK\$ million
Annual caps in respect of income attributable to the Group arising from corporate finance services provided to GTJA Group		
Approved annual caps as set out in the 2018 Master Agreement	19	21
Revised annual caps	133	233

Report of the Directors

On 2 December 2020, the Company and GTJA entered into a master agreement (the "New Master Agreement"), pursuant to which both parties conditionally agreed that each of them will, and will procure the Group and the GTJA Group respectively, to provide 1) brokerage services, 2) investment management and advisory services, 3) consulting services, 4) corporate finance services to, and to engage in 5) investment and finance transactions with, the other for a term of three years from 1 January 2021 to 31 December 2023. As GTJA is the ultimate controlling shareholder of the Company and therefore is a connected person of the Company, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company and are expected to be of a recurrent nature and may occur on a regular and continuous basis in the ordinary and usual course of business of the Group. The transactions contemplated under the New Master Agreement are subject to reporting, announcement, annual review and independent Shareholders' approval requirement as part of the applicable percentage ratios exceeds 5% under the Listing Rules. The New Master Agreement and the transactions contemplated thereunder have been approved by the independent Shareholders on 20 January 2021. For further details, please refer to the circular dated 5 January 2021.

The Group and GTJA Group shall, from time to time during the term of the New Master Agreement, enter into separate operational agreements in respect of the provision of any services and transactions, provided that such operational agreements and their terms shall be subject to and shall not exceed the terms of the New Master Agreement.

The annual caps in respect of continuing connected transactions contemplated under the New Master Agreement for three years ending 31 December 2021, 2022 and 2023 are shown as below:

	For the year ending 31 December		
	2021	2022	2023
	HK\$ million	HK\$ million	HK\$ million
Category 1 Transactions			
(a) Income (to be) received by the Group for services provided to the GTJA Group	226	274	329
(b) Expenses (to be) incurred by the Group for services provided by the GTJA Group	160	187	219
	HK\$ billion	HK\$ billion	HK\$ billion
Category 2 Transactions			
Transaction amount attributable to principal-to-principal transactions between the Group and the GTJA Group	64.1	73.7	83.3

Details of the related party transactions undertaken by the Group in the normal course of business are set out in note 41 to the financial statements, some of those transactions constituted non-exempted continuing connected transactions under the Listing Rules, for which the Company has complied with applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules in above.

The Independent Non-executive Directors have reviewed and confirmed that the aforesaid continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

According to the Group's policy on pricing and internal control measures for continuing connected transactions, the relevant business units are required to consult and obtain pre-approvals from the relevant departments for each continuing connected transaction (except for brokerage transactions with standard brokerage rate applied). Each of the legal, compliance, risk management, finance departments and office of the board of the Company is assigned to review each of the continuing connected transactions from their respective expertise with reference to comparable transactions with independent third parties. The Group regularly monitors transactions between the Group and the GTJA Group as to whether such transactions fall within the scope of the 2018 Master Agreement, the 2019 Supplemental Agreement and the New Master Agreement (as the case may be), whether the relevant annual caps have nearly been fully utilised, and issues reminders to the responsible business units where necessary. The Group also conducts sampling inspections based on the audit plan so as to ensure the appropriateness and effectiveness of its internal control procedures.

The Directors engaged the auditor of the Company to report on the aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("HKSAE 3000") and with reference to Practice Note 740 "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("PN740") issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has reported to the Directors in accordance with HKSAE 3000 and with reference to PN740 that the transactions (i) had been approved by the Board; (ii) were in accordance with the pricing policies of the Company; (iii) had been entered into in accordance with the relevant agreements governing such transactions; and (iv) had not exceeded the relevant annual caps.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 21 August 2017, the Company (as guarantor) and Guotai Junan (Hong Kong) Limited ("GJHK"), a wholly-owned subsidiary of the Company (as borrower), entered into a facility agreement with a group of financial institutions (as lenders) (the "1st Facility Agreement") in respect of a HK dollar/US dollar dual currency revolving loan facility in an aggregate amount equal to HK\$8,000 million for a term of 3 years.

On 21 August 2020, the Company (as guarantor) and GJHK (as borrower), entered into several committed facility agreements with certain banks in Hong Kong (as lenders) (the "2nd Facility Agreement(s)") in relation to the committed revolving facilities with an aggregate amount of up to HK\$2,150,000,000 with final repayment date falling 36 months after the date of respective 2nd Facility Agreement(s) and an aggregate amount of up to HK\$1,350,000,000 with the final repayment date falling 24 months after the date of respective 2nd Facility Agreement(s).

On 25 September 2020, the Company (as guarantor) and GJHK (as borrower) entered into a committed facility agreement with a bank in Hong Kong (as lender) (the "3rd Facility Agreement", together with the 1st Facility Agreement and the 2nd Facility Agreements collectively referred to as the "Facility Agreements") in relation to the committed revolving facility with an amount of up to HK\$500,000,000 with the final repayment date falling 24 months after the date of the 3rd Facility Agreement.

Report of the Directors

Under the Facility Agreements, it will be an event of default if Guotai Junan Securities Co., Ltd., the controlling shareholder of the Company, is not, or ceases (directly or indirectly) to be the single largest legal and beneficial holder of shares in the Company or does not, or cease to, control the Company. In case of the occurrence of an event of default, the lender(s) may, by notice to borrower, (i) cancel all or part of the commitment(s); and/or (ii) declare all or part of the loan(s), together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreements be immediately due and payable; and/or (iii) declare that all or part of the loan(s) become payable on demand.

For the year ended 31 December 2020, the 1st Facility Agreement had been expired and all advances made under which had been fully repaid.

Permitted Indemnity

Subject to the CO and under the Articles of Association, every Director is entitled to be indemnified out of the assets of the Company against all losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in connection with his or her duties, powers or office. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors and officers.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total number of issued Shares was held by the public throughout the year ended 31 December 2020 and up to the date of this report.

Corporate Governance

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 90 to 102 of this report.

Compliance with Laws and Regulations

The major laws and regulations that have a significant impact on the Group's business include the CO, the SFO, the Anti-money Laundering and Counter-terrorist Financing (Financial Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong) and the Listing Rules. Throughout the year of 2020 and as at the date of this report, as far as the Board and management are aware, there was no material breach of, or non-compliance with, the applicable laws and regulations by the Group that has a significant impact on its businesses and operations.

Environmental, Social and Corporate Responsibility

The Group is committed to discharging its corporate social responsibility and enhancing its ability on environmental, social and governance issues. In order to preserve our environment, we have consistently implemented different measures in day-to-day business and we are granted with, among the others, the “Green Office and Eco-Healthy Workplace” label.

The participation of stakeholders is essential for the development of the Group. The Group has attached great importance to the expectations and needs of various stakeholders and strengthened the existing communication mechanism. We have engaged an independent consultant to collect advices from our stakeholders both internally and externally by way of online survey. During the year, the ESG Committee was established to assist the Board in overseeing matters relating to sustainability development and ESG of the Group. For details, please refer to the “2020 ESG Report” to be issued by the Company.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by KPMG, Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance who will retire, being eligible, and offer itself for the re-appointment at the AGM to be held on 24 May 2021.

By order of the Board
YIM Fung, JP
Chairman

Hong Kong, 23 March 2021

Corporate Information

Board of Directors

Executive Directors

Dr. YIM Fung (*Chairman*)
Mr. WONG Tung Ching
Ms. QI Haiying
Mr. LI Guangjie

Non-executive Directors

Dr. XIE Lebin
Mr. LIU Yiyong

Independent Non-executive Directors

Dr. FU Tingmei
Dr. SONG Ming
Mr. TSANG Yiu Keung
Professor CHAN Ka Keung Ceajer

Members of Audit Committee

Mr. TSANG Yiu Keung (*chairman*)
Dr. FU Tingmei
Dr. SONG Ming
Professor CHAN Ka Keung Ceajer

Members of Remuneration Committee

Dr. FU Tingmei (*chairman*)
Dr. SONG Ming
Mr. TSANG Yiu Keung
Dr. XIE Lebin
Professor CHAN Ka Keung Ceajer

Members of Nomination Committee

Dr. SONG Ming (*chairman*)
Dr. YIM Fung
Mr. TSANG Yiu Keung
Professor CHAN Ka Keung Ceajer

Members of Risk Committee

Professor CHAN Ka Keung Ceajer
(*Redesignated as chairman from member on 20 March 2020*)
Dr. YIM Fung
(*Redesignated as member from chairman on 20 March 2020*)
Ms. QI Haiying
Dr. FU Tingmei
Dr. SONG Ming
Mr. TSANG Yiu Keung
Mr. LIU Yiyong

Member of ESG Committee*

Dr. FU Tingmei (*chairman*)
Mr. LI Guangjie
Mr. LAI Changhua
Mr. NG Chi To Graham
Mr. WONG George Ka Kui
Ms. FENG Zheng Yao Helen

Company Secretary

Ms. FENG Zheng Yao Helen

Registered Office

27/F, Low Block
Grand Millennium Plaza
No. 181 Queen's Road Central
Hong Kong

Auditors

KPMG
Certified Public Accountants

Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
No. 183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Company's Website

www.gtjai.com

Investor Relations Contact

enquiry@gtjas.com.hk

* It was established on 14 December 2020 by the Board.

The background features a light beige color with a faint, semi-transparent overlay of financial data, including bar charts and line graphs. A thin, dark diagonal line runs from the top-left towards the bottom-right, bisecting the page. The text is centered and rendered in a bold, sans-serif font with a golden-yellow gradient and a subtle glow effect.

FINANCIAL STATEMENT

財務報表

Independent Auditor's Report

獨立核數師報告



TO THE MEMBERS OF
GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Guotai Junan International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 136 to 292, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *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.

致國泰君安國際控股有限公司成員

(於香港註冊成立的有限公司)

意見

我們已審計列載於第136頁至第292頁的國泰君安國際控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於2020年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於2020年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independent Auditor's Report

獨立核數師報告

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下處理的，我們不對這些事項提供單獨的意見。

Expected credit loss assessment for loans and advances to customers 給予客戶的貸款及墊款的預期信用損失評估	
Refer to notes 16 to the consolidated financial statements and the accounting policies on pages 149-186. 請參閱綜合財務報表附註16及第149至186頁內會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 該事項在我們的審計中是如何應對的
<p>As at 31 December 2020, the gross carrying amount of loans and advances to customers and its related expected credit loss ("ECL") allowance amounted to HK\$17,440 million and HK\$1,836 million respectively. The net carrying amount of HK\$15,604 million represented 13% of the Group's total assets.</p> <p>於2020年12月31日，給予客戶的貸款及墊款的賬面總值及其相關預期信用損失（「預期信用損失」）撥備分別為17,440百萬港元及1,836百萬港元。賬面淨值15,604百萬港元佔貴集團總資產13%。</p> <p>The Group uses the ECL model to determine the loss allowance for loans and advances to customers. The Group classifies loans and advances to customers measured at amortised cost into three loss stages. A financial asset is classified as stage one when its credit risk has not increased significantly since its initial recognition; otherwise it is classified as stage two or stage three. Stage three applies when a financial asset is credit-impaired. The loss allowance for stage one financial assets is measured at an amount equal to a 12-month ECL. The loss allowance for stage two and stage three financial assets is measured at an amount equal to a lifetime ECL.</p> <p>貴集團採用預期信用損失模型釐定給予客戶的貸款及墊款虧損撥備。貴集團將按攤銷成本計量的給予客戶的貸款及墊款歸入三個虧損階段。當信貸風險自初始確認以來並無顯著增加，則金融資產歸入第一階段，否則歸入第二或第三階段。第三階段適用於信貸減值的金融資產。第一階段金融資產的虧損撥備乃按相等於12個月預期信用損失的金額計量。第二及第三階段金融資產虧損撥備乃按相等於全期預期信用損失的金額計量。</p>	<p>Our audit procedures for the ECL assessment for loans and advances to customers included the following: 我們對給予客戶的貸款及墊款的預期信用損失評估所作審計程序包括下列各項：</p> <ul style="list-style-type: none"> understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the credit risk management of loans and advances to customers and the ECL assessment. For the key systems used for the processing of transactions in relation to loans and advances to customers, we involved our information technology specialists to assess the design, implementation and operating effectiveness of a selection of key internal controls over access to these systems and controls over data and change management; 了解及評估給予客戶的貸款及墊款的信貸風險管理的關鍵內部控制及預期信用損失評估的設計、執行及運作成效。對於用於處理給予客戶的貸款及墊款相關的交易的關鍵系統，我們委派我們的資訊科技專家評估針對該等系統使用權限及數據控制及變動管理的經挑選關鍵內部控制的設計、執行及運行成效； understanding and assessing the appropriateness of the established policies and procedures for the ECL assessment including the staging criteria, application of assumptions and inputs into the model; 了解及評估所制定的預期信用損失評估政策及程序的合適度，包括階段標準、假設運用及模型輸入數據；

Independent Auditor's Report

獨立核數師報告

Key audit matters (continued)

關鍵審計事項(續)

<p>Expected credit loss assessment for loans and advances to customers 給予客戶的貸款及墊款的預期信用損失評估</p>	
<p>Refer to notes 16 to the consolidated financial statements and the accounting policies on pages 149-186. 請參閱綜合財務報表附註16及第149至186頁內會計政策。</p>	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 該事項在我們的審計中是如何應對的
<p>The determination of the loss allowance is subject to a number of key parameters and assumptions, including the classification of loss stages, estimates of probability of default, loss given default, exposures at default and the discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the estimation of those parameters and the application of the assumptions.</p> <p>釐定虧損撥備須考慮多項參數及假設，包括虧損階段歸類、估計違約可能性、違約虧損率、違約風險及貼現率、就前瞻性資料及其他調整因素所作調整。於估計該等參數及應用有關假設時，涉及管理層判斷。</p> <p>In particular, the determination of the loss allowance is heavily dependent on the macroeconomic environment and the Group's internal credit risk management strategy. The loss allowance for loans and advances to customers is determined based on estimates whereby management takes into consideration market data, historical overdue data, historical loss experience and other adjustment factors.</p> <p>尤其是，釐定虧損撥備倚重宏觀經濟環境及貴集團內部信貸風險管理策略。給予客戶的貸款及墊款的虧損撥備乃根據管理層考慮到市場數據、過往逾期數據、過往虧損經驗及其他調整因素後所作估計釐定。</p>	<ul style="list-style-type: none"> • evaluating, with the assistance of our internal risk modelling specialists, the reasonableness and appropriateness of the ECL model and the critical assumptions, inputs and parameters used in the model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments; • 在我們內部風險模型專家的協助下評估預期信用損失模型的合理性及合適度以及模型採用的關鍵假設、輸入數據及參數，包括識別虧損階段、違約概率、違約虧損率、違約風險、貼現率、就前瞻性資料所作調整及其他管理調整； • with the assistance of our internal risk modelling specialists, for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with the market and economic development; • 在我們內部風險模型專家的協助下，對於涉及判斷的關鍵參數，透過從外部來源尋找證據及對比貴集團內部記錄，主要評估輸入參數。我們對比模型所用經濟因素與市場資料以評估其是否符合市場及經濟發展；

Independent Auditor's Report

獨立核數師報告

Key audit matters (continued)

關鍵審計事項(續)

<p>Expected credit loss assessment for loans and advances to customers 給予客戶的貸款及墊款的預期信用損失評估</p>	
<p>Refer to notes 16 to the consolidated financial statements and the accounting policies on pages 149-186. 請參閱綜合財務報表附註16及第149至186頁內會計政策。</p>	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 該事項在我們的審計中是如何應對的
<p>Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and existence and cooperativeness of other creditors. When listed stocks are pledged as collateral, the loan balances to collateral ratio, and the stock holding concentration of the borrower, the industry sector and the operation of the issuer, the liquidity restriction on sales of the stock are taken into account in the assessment. For loans and advances to customers that are categorised as stage three, management performs individual assessment for each borrower by considering credit enhancements provided to the Group.</p> <p>管理層亦行使判斷以根據多項因素釐定違約虧損率程度。該等因素包括可用於收回的補救措施、借款人財務狀況、抵押品可收回金額、索償優先次序及其他債權人是否存在及其合作意向。當上市股票作為抵押品予以質押，貸款結餘抵押品比率及借款人持股集中度、發行人所在行業及經營狀況、銷售該股票的流動性限制等因素會被納入評估。對於歸入第三階段的給予客戶的貸款及墊款，管理層經考慮提供予 貴集團的信貸提升對每名借款人進行個別評估。</p> <p>We identified the ECL assessment for loans and advances to customers as a key audit matter due to its significance to the consolidated financial statements and the significant management estimates and judgements required in the assessment.</p> <p>我們將給予客戶的貸款及墊款的預期信用損失評估識別為關鍵審計事項，乃由於其對綜合財務報表的重要性及於評估中管理層須作出重大估計及判斷。</p>	<ul style="list-style-type: none"> • assessing the value of collateral held for a sample of loans and advances to customers with reference to publicly available market prices; • 抽樣評估就給予客戶的貸款及墊款所持抵押品的價值，當中參考公開可得市場價格； • assessing the existence of collateral by obtaining independent confirmations or statements from brokers or clearing houses for a sample of securities held as collateral per the Group's records; • 根據 貴集團記錄就持作抵押品的證券，透過自經紀人或結算所取得獨立確認或聲明，抽樣評估抵押品的真實存在性； • assessing the existence and quality of collateral, guarantees or other forms of credit support such as remedies for recovery in evaluating the adequacy of ECL allowance made by the Group for material loans and advances to customers classified as Stage 3; and • 於評估 貴集團對歸入第三階段的給予客戶的重大貸款及墊款所作預期信用損失撥備充足性時，評估抵押品、擔保及其他形式信貸支持(如收回補救措施)的真實存在性及素質；及 • evaluating whether the disclosures on ECLs for loans and advances to customers measured at amortised cost meet the disclosure requirements of prevailing accounting standards. • 評估有關按攤銷成本計量的給予客戶的貸款及墊款的預期信用損失披露是否符合現行會計準則披露規定。

Independent Auditor's Report

獨立核數師報告

Key audit matters (continued)

關鍵審計事項(續)

Valuation of Level 3 financial instruments 第三級金融工具估值	
<p>Refer to notes 42 to the consolidated financial statements and the accounting policies on pages 149-186. 請參閱綜合財務報表附註42及第149至186頁內會計政策。</p>	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 該事項在我們的審計中是如何應對的
<p>As at 31 December 2020, the fair value of the Group's financial assets and financial liabilities at level 3 amounted to HK\$8,493 million and HK\$7,836 million, representing 12% and 20% of the Group's financial assets and financial liabilities measured at fair value.</p> <p>於2020年12月31日，貴集團第三級金融資產及金融負債的公平值分別為8,493百萬港元及7,836百萬港元，佔貴集團按公平值計量的金融資產及金融負債的12%及20%。</p> <p>The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require judgement.</p> <p>貴集團金融工具估值乃基於對市場數據及估值模型的綜合考慮而定，其通常需要作出判斷。</p> <p>Some of the inputs used in the valuation models are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of level 3 financial instruments, estimates need to be developed which can involve significant management judgement.</p> <p>估值模型所用若干輸入數據乃自流動市場現時可得數據中取得。倘有關可觀察數據並非現時可得，即屬第三級金融工具之情況，則須作出估計，當中會涉及重大管理層判斷。</p>	<p>Our audit procedures to assess the fair value of level 3 financial instruments included the following:</p> <p>我們評估第三級金融工具公平值的審計程序包括下列各項：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over the valuation of level 3 financial instruments; 評估第三級金融工具估值的關鍵內部控制的設計、執行及運行成效； reading investment agreements for level 3 financial instruments to understand the relevant investments terms and identify any conditions that were relevant to the valuation of these financial instruments; 審閱第三級金融工具投資協議以了解相關投資條款及識別與該等金融工具估值相關的任何條件； engaging our internal valuation specialists to assist us in performing independent valuations of certain level 3 financial instruments where appropriate and compare these valuations with the Group's valuations. This included comparing the valuation derived from the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations. If the valuation is determined based on recent transaction price, we evaluated the appropriateness of management assessment and verified the transaction price with supporting documents; 委派我們內部估值專家協助我們對若干第三級金融工具進行獨立估值(如適用)並將該等估值與貴集團估值進行比較。此包括對比貴集團估值模型所得出估值與我們對當前市場價例的知識、測試公平值計算輸入數據及設立我們自身估值模型進行重估。倘估值乃基於近期交易價格釐定，我們評估管理層評估的合理性及根據支持文件核驗交易價格；

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獨立核數師報告

Key audit matters (continued)

關鍵審計事項(續)

Valuation of Level 3 financial instruments 第三級金融工具估值	
Refer to notes 42 to the consolidated financial statements and the accounting policies on pages 149–186. 請參閱綜合財務報表附註42及第149至186頁內會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 該事項在我們的審計中是如何應對的
<p>We identified assessing the fair value of level 3 financial instruments as a key audit matter because of the degree of complexity involved in valuing these financial instruments and the significant degree of judgement exercised by management in determining the inputs used in the valuation models.</p> <p>我們將評估第三級金融工具公平值識別為關鍵審計事項，蓋因該等金融工具估值較為複雜且釐定估值模型所用輸入數據須管理層作出重大判斷。</p>	<ul style="list-style-type: none"> assessing the appropriateness of the use of the net asset value reports provided by external fund administrators as the fair value of the level 3 financial instruments at reporting date. This included comparing the fair value movements against available market information where appropriate. For the valuation of fund interests we obtained and agreed the latest reported net asset values from the fund managers, our procedures also included obtaining audited financial statements of the funds where applicable and checking the historical accuracy of the reported net asset values; and 評估於報告日期將外部基金管理者所提供資產淨值報告用作第三級金融工具公平值的合理性。此包括將公平值變動與可得市場資料進行比較(如適用)。對於我們取得及認同的基金權益估值、基金管理者提供的最新呈報資產淨值，我們的程序亦包括取得基金的經審核財務報表(如適用)及檢驗所呈報資產淨值的過往準確性；及 assessing the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. 評估綜合財務報表內披露，當中參考現行會計準則規定。

Independent Auditor's Report

獨立核數師報告

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

除綜合財務報表及相關核數師報告外的信息

董事需對其他信息負責。其他信息包括刊載於年度報告內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行職責，監督貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們遵照香港《公司條例》第405條僅對閣下（作為一個整體）作出本報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計於有關情況下適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

Independent Auditor's Report

獨立核數師報告

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

核數師就審計綜合財務報表承擔的責任(續)

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，採取行動消除威脅或應用防範措施。

Independent Auditor's Report

獨立核數師報告

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
23 March 2021

核數師就審計綜合財務報表承擔的責任(續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是陳少東。

畢馬威會計師事務所
執業會計師
香港中環
遮打道10號
太子大廈8樓
2021年3月23日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

Year ended 31 December 2020

截至2020年12月31日止年度

		Notes 附註	2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Revenue	收益	5	4,872,952	4,245,536
Other income	其他收入		5,448	4,635
Revenue and other income	收益及其他收入		4,878,400	4,250,171
Staff costs	員工成本	6	(1,148,710)	(842,912)
Commission to account executives	客戶主任佣金		(188,382)	(124,278)
Depreciation	折舊		(68,859)	(65,078)
Net loss allowance charge	虧損撥備支出淨額		(363,565)	(908,714)
Other operating expenses	其他經營開支		(463,949)	(424,452)
Operating profit	經營溢利		2,644,935	1,884,737
Finance costs	融資成本	7	(830,256)	(879,294)
Profit before tax	除稅前溢利	8	1,814,679	1,005,443
Income tax expense	所得稅開支	9	(246,907)	(102,884)
Profit for the year	年內溢利		1,567,772	902,559
Other comprehensive income for the year, net of tax	年內其他全面收益，扣除稅項			
– Investments at fair value through other comprehensive income (net movement in investment revaluation reserve-recycling)	– 按公平值計入其他全面收益之投資（扣除投資重估儲備變動，可劃轉）		(7,255)	–
– Exchange difference on translation of foreign exchange	– 外匯匯兌差額		(496)	(455)
Total comprehensive income for the year	年內全面收益總額		1,560,021	902,104
Profit for the year attributable to:	應佔年內溢利：			
Owners of the parent:	母公司擁有人：		1,562,587	902,619
– Holders of ordinary shares	– 普通股持有人		1,562,587	895,303
– Holders of other equity instrument	– 其他權益工具持有人		–	7,316
Non-controlling interests	非控股權益		5,185	(60)
			1,567,772	902,559
Total comprehensive income for the year attributable to:	應佔年內全面收益總額：			
Owners of the parent	母公司擁有人		1,554,836	902,164
– Holders of ordinary shares	– 普通股持有人		1,554,836	894,848
– Holders of other equity instrument	– 其他權益工具持有人		–	7,316
Non-controlling interests	非控股權益		5,185	(60)
			1,560,021	902,104
Earnings per share attributable to ordinary equity holders of the parent	母公司普通股股東應佔每股盈利			
– Basic (in HK cents)	– 基本(以港仙計)	11(a)	16.9	11.7
– Diluted (in HK cents)	– 攤薄(以港仙計)	11(b)	16.8	11.7

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2020
於2020年12月31日

			2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	475,924	508,939
Goodwill and other intangible assets	商譽及其他無形資產	13	22,886	22,386
Other assets	其他資產	14	11,613	8,526
Deferred tax assets	遞延稅項資產	15	150,880	267,316
Loans and advances to customers	給予客戶的貸款及墊款	16	—	947,521
Bank deposits	銀行存款	23	—	66,440
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	20	16,976,561	7,862,292
– Financial assets held for trading and investments	– 持作買賣及投資的金融資產		6,805,621	1,594,507
– Financial products	– 金融資產產品		10,170,940	6,267,785
Total non-current assets	非流動資產總額		17,637,864	9,683,420
Current assets	流動資產			
Loans and advances to customers	給予客戶的貸款及墊款	16	15,604,244	10,768,381
Accounts receivable	應收款項	18	5,638,797	4,151,021
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	19	143,744	269,799
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	20	53,937,004	51,128,906
– Financial assets held for trading and investments	– 持作買賣及投資的金融資產		24,595,855	19,286,647
– Financial products	– 金融資產產品		29,341,149	31,842,259
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產	20	105,574	—
Derivative financial instruments	衍生金融工具	21	1,261,354	155,652
Receivable from reverse repurchase agreements	反向回購協議應收款項	22	3,022,800	2,247,913
Tax recoverable	可收回稅項		153,555	236
Client trust bank balances	客戶信託銀行結餘	23	18,707,026	11,181,982
Cash and cash equivalents	現金及現金等價物	23	5,508,779	7,150,847
Total current assets	流動資產總額		104,082,877	87,054,737

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2020
於2020年12月31日

			2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
	Notes 附註			
Current liabilities		流動負債		
Accounts payable	24	應付款項	(22,783,232)	(14,587,372)
Other payables and accrued liabilities	25	其他應付款項及應計負債	(930,801)	(584,126)
Derivative financial instruments	21	衍生金融工具	(862,429)	(149,851)
Interest bearing borrowings	26	計息借款	(9,732,840)	(11,226,513)
Debt securities in issue	27	已發行債務證券	(36,076,779)	(25,819,688)
– At amortised cost		– 按攤銷成本	(13,798,151)	(5,128,330)
– Designated at fair value through profit or loss		– 指定按公平值計入損益	(22,278,628)	(20,691,358)
Financial liabilities at fair value through profit or loss	28	按公平值計入損益的金融負債	(6,666,260)	(6,810,580)
Obligations under repurchase agreements	29	回購協議債項	(17,396,163)	(18,199,226)
Tax payable		應付稅項	(165,492)	(243,323)
Total current liabilities		流動負債總額	(94,613,996)	(77,620,679)
Net current assets		流動資產淨值	9,468,881	9,434,058
Total assets less current liabilities		資產總額減流動負債	27,106,745	19,117,478
Non-current liabilities		非流動負債		
Deferred tax liabilities	15	遞延稅項負債	(17,928)	(2,429)
Interest bearing borrowings	26	計息借款	(6,557)	(23,368)
Debt securities in issue	27	已發行債務證券	(11,843,093)	(7,679,894)
– At amortised cost		– 按攤銷成本	(1,549,563)	(1,555,874)
– Designated at fair value through profit or loss		– 指定按公平值計入損益	(10,293,530)	(6,124,020)
			(11,867,578)	(7,705,691)
Net assets		資產淨值	15,239,167	11,411,787

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2020
於2020年12月31日

			2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Equity	權益			
Share capital	股本	31	10,908,749	8,125,856
Other reserve	其他儲備	35	(1,236,460)	(1,236,460)
Currency translation reserve	貨幣換算儲備		(1,606)	(1,110)
Share-based compensation reserve	以股份為基礎補償儲備		41,606	56,089
– Share option reserve	– 購股權儲備	32	32,521	30,513
– Share award reserve	– 股份獎勵儲備	33	9,085	25,576
Shares held under the share award scheme	按股份獎勵計劃持有的股份	34	(30,672)	(73,058)
Investment revaluation reserve	投資重估儲備		(7,255)	–
Retained profits	保留溢利		5,443,757	4,424,607
Equity attributable to holders of the ordinary shares	普通股股東應佔權益		15,118,119	11,295,924
Non-controlling interests	非控股權益		121,048	115,863
Total equity	權益總額		15,239,167	11,411,787

Dr. YIM Fung
閻峰博士
Director
董事

Mr. LI Guangjie
李光杰先生
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

Year ended 31 December 2020

截至2020年12月31日止年度

		Equity attributable to owners of the parent											
		母公司擁有人應佔權益											
		Share capital	Other reserve	Currency translation reserve	Share option reserve	Share award reserve	Shares held under the share award scheme	Retained profits	Investment revaluation reserve (recycling)	Other equity instrument	Non-controlling interests	Total equity	
		股本	其他儲備	貨幣換算儲備	購股權儲備	股份獎勵儲備	持有的股份	保留溢利	投資重估儲備 (可撥回)	其他權益工具	總計	非控股權益	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
Balance at 1 January 2019	於2019年1月1日的結餘	8,125,856	(1,236,460)	(655)	37,816	28,370	(142,051)	4,019,055	-	350,784	11,182,715	11,567	11,194,282
Total comprehensive income for the year	年內全面收益總額	-	-	(455)	-	-	-	895,303	-	7,316	902,164	(60)	902,104
Acquisition of a subsidiary (note 44)	收購一間附屬公司 (附註44)	-	-	-	-	-	-	-	-	-	-	104,356	104,356
Recognition of equity-settled share-based payments (notes 32 and 33)	確認以權益計算以股份為基礎的付款 (附註32及33)	-	-	-	6,798	57,325	-	-	-	-	64,123	-	64,123
Purchase of shares held under the share award scheme (notes 33 and 34)	購買股份獎勵計劃項下持有的股份 (附註33及34)	-	-	-	-	-	(4,004)	-	-	-	(4,004)	-	(4,004)
Vesting of shares for the share award scheme (notes 33 and 34)	股份獎勵計劃歸屬股份 (附註33及34)	-	-	-	-	(60,119)	72,997	(16,632)	-	-	(3,754)	-	(3,754)
Transfer of share option reserve upon the forfeiture of share options	購股權失效而轉讓購股權儲備	-	-	-	(14,101)	-	-	14,101	-	-	-	-	-
Perpetual securities distribution	永續證券分派	-	-	-	-	-	-	-	-	(9,960)	(9,960)	-	(9,960)
Perpetual securities repurchase/redemption	永續證券購回/贖回	-	-	-	-	-	-	(12,914)	-	(348,140)	(361,054)	-	(361,054)
Final dividend for 2018 (note 10)	支付2018年末期股息 (附註10)	-	-	-	-	-	-	(152,995)	-	-	(152,995)	-	(152,995)
Interim dividend for 2019 (note 10)	支付2019年中期股息 (附註10)	-	-	-	-	-	-	(321,311)	-	-	(321,311)	-	(321,311)
Balance at 31 December 2019 and at 1 January 2020	於2019年12月31日及2020年1月1日的結餘	8,125,856	(1,236,460)	(1,110)	30,513	25,576	(73,058)	4,424,607	-	-	11,295,924	115,863	11,411,787

Consolidated Statement of Changes in Equity

綜合權益變動表

Year ended 31 December 2020

截至2020年12月31日止年度

		Equity attributable to owners of the parent 母公司擁有人應佔權益											
		Share capital 股本	Other reserve 其他儲備	Currency translation reserve 貨幣換算儲備	Share option reserve 購股權儲備	Share award reserve 股份獎勵儲備	Shares held under the share award scheme 股份獎勵計劃項下持有的股份	Investment revaluation reserve (recycling) 投資重估儲備 (可撥回)	Other equity instrument 其他權益工具	Non-controlling interests 非控股權益	Total 總計	Total equity 權益總額	
													HK\$'000 千港元
Balance at 31 December 2019 and at 1 January 2020	於2019年12月31日及2020年1月1日的結餘	8,125,856	(1,236,460)	(1,110)	30,513	25,576	(73,058)	4,424,607	–	–	11,295,924	115,863	11,411,787
Total comprehensive income for the year	年內全面收益總額	–	–	(496)	–	–	–	1,562,587	(7,255)	–	1,554,836	5,185	1,560,021
Shares issued under rights issue (note 31)	根據供股發行股份 (附註31)	2,779,976	–	–	–	–	–	–	–	–	2,779,976	–	2,779,976
Shares repurchased (note 31)	所購回股份 (附註31)	–	–	–	–	–	–	(19,854)	–	–	(19,854)	–	(19,854)
Recognition of equity-settled share-based payments (notes 32 and 33)	確認以權益計算以股份為基礎的付款 (附註32及33)	–	–	–	6,239	19,223	–	–	–	–	25,462	–	25,462
Vesting of shares for the share award scheme (notes 33 and 34)	股份獎勵計劃歸屬股份 (附註33及34)	–	–	–	–	(35,714)	42,386	(9,469)	–	–	(2,797)	–	(2,797)
Shares issued upon exercise of share options under the share option scheme (notes 31 and 32)	購股權計劃項下行使購股權而發行的股份 (附註31及32)	2,917	–	–	(983)	–	–	–	–	–	1,934	–	1,934
Transfer of share option reserve upon the forfeiture of share options	購股權失效而轉讓購股權儲備	–	–	–	(3,248)	–	–	3,248	–	–	–	–	–
Final dividend for 2019 (note 10)	支付2019年末期股息 (附註10)	–	–	–	–	–	–	(191,628)	–	–	(191,628)	–	(191,628)
Interim dividend for 2020 (note 10)	支付2020年中期股息 (附註10)	–	–	–	–	–	–	(325,734)	–	–	(325,734)	–	(325,734)
Balance at 31 December 2020	於2020年12月31日的結餘	10,908,749	(1,236,460)	(1,606)	32,521	9,085	(30,672)	5,443,757	(7,255)	–	15,118,119	121,048	15,239,167

Consolidated Statement of Cash Flows

綜合現金流量表

Year ended 31 December 2020

截至2020年12月31日止年度

		Notes 附註	2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Net cash flows used in operating activities	經營活動所用現金流量淨額	38	(15,072,535)	(3,786,919)
Cash flows from investing activities	投資活動現金流量			
Proceeds from disposal of intangible assets	出售無形資產所得款項		—	2,260
Purchases of intangible assets	購買無形資產		(500)	—
Acquisition of a subsidiary	收購一間附屬公司	44	—	(101,803)
Purchases of property, plant and equipment	購買物業、廠房及設備	12	(35,646)	(28,075)
Net cash flows used in investing activities	投資活動所用現金流量淨額		(36,146)	(127,618)
Cash flows from financing activities	融資活動現金流量			
Net (repayment)/proceeds of bank borrowings	銀行借款(還款)/所得款項淨額		(1,485,274)	1,760,027
Proceeds from issuance of debt securities	發行債務證券所得款項		54,424,395	37,851,469
Repayment of debt securities	償還債務證券		(41,743,699)	(31,866,619)
Repurchase/redemption of perpetual securities	購回/贖回永續證券		—	(361,054)
Net proceeds from issuance of shares upon exercise of share options	因購股權獲行使而發行股份所得款項淨額	32	1,934	—
Distribution on other equity instrument	其他權益工具分派		—	(9,960)
Dividend paid to shareholders	支付股東股息		(517,362)	(478,060)
Purchase of shares held under the share award scheme	購買股份獎勵計劃項下持有的股份	34	—	(4,004)
Principal portion of lease payments	租賃付款的本金部份		(25,403)	(22,023)
Interest portion of lease payments	租賃付款的利息部份		(1,353)	(1,862)
Net proceeds from issuance of shares upon right issue	因供股而發行股份所得款項淨額	31	2,779,976	—
Repurchase of shares	回購股份	31	(19,854)	—
Net cash flows from financing activities	融資活動現金流量淨額		13,413,360	6,867,914
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(1,695,321)	2,953,377
Cash and cash equivalents at beginning of year	年初現金及現金等價物		6,953,890	4,001,198
Effect of foreign exchange rate changes, net	匯率變動的影響淨額		(499)	(441)
Effect of loss allowance on cash and cash equivalents, net	虧損撥備對現金及現金等價物的影響淨額		18	(244)
Cash and cash equivalents at end of year	年末現金及現金等價物		5,258,088	6,953,890

Consolidated Statement of Cash Flows

綜合現金流量表

Year ended 31 December 2020

截至2020年12月31日止年度

			2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Analysis of balances of cash and cash equivalents	現金及現金等價物的結餘分析			
Cash and bank balances	現金及銀行結餘	23	5,178,802	5,857,542
Non-pledged time deposits with original maturity of less than three months when acquired	存放時原到期日不足三個月的未抵押定期存款	23	79,286	1,096,348
Cash and cash equivalents as stated in the consolidated statement of cash flows	綜合現金流量表所列之現金及現金等價物		5,258,088	6,953,890
Non-pledged time deposits with original maturity more than three months but less than one year when acquired	存放時原到期日超過三個月，但不足一年的未抵押定期存款	23	250,691	196,957
Cash and cash equivalents as stated in the consolidated statement of financial position	綜合財務狀況表所列之現金及現金等價物		5,508,779	7,150,847

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

1. Corporate and group information

Guotai Junan International Holdings Limited (the "Company") was incorporated on 8 March 2010 in Hong Kong with limited liability under the Hong Kong Companies Ordinance and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2010. The registered office address of the Company is 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments.

The Company's immediate holding company and ultimate holding company are Guotai Junan Holdings Limited ("GJHL") incorporated in the British Virgin Islands and Guotai Junan Securities Company Limited ("GJSCL") incorporated in the People's Republic of China, respectively.

Particulars of the principal subsidiaries as at 31 December 2020 are as follows:

Company name 公司名稱	Place of incorporation and business 註冊成立及 經營地點	Share capital 股本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guotai Junan (Hong Kong) Limited ("GJHK")	Samoa/Hong Kong	US\$816,300,000	100%	–	Investment holding and provision of general administration and support services to its subsidiaries
國泰君安(香港)有限公司 (「國泰君安香港」)	薩摩亞/香港	816,300,000美元			投資控股及向其附屬公司提供一般管理及支援服務
Guotai Junan International (Singapore) Holdings Pte Limited	Singapore	SG\$9,300,000	100%	–	Investment holding and provision of general administration and support services to its subsidiaries
	新加坡	9,300,000新加坡元			投資控股及向其附屬公司提供一般管理及支援服務

1. 公司及集團資料

國泰君安國際控股有限公司(「本公司」)為於2010年3月8日根據香港公司條例在香港註冊成立之有限公司，本公司的股份於2010年7月8日在香港聯合交易所有限公司(「聯交所」)主板上市。本公司註冊辦事處的地址為香港皇后大道中181號新紀元廣場低座27樓。本公司為投資控股公司，其附屬公司主要從事經紀、企業融資、資產管理、貸款及融資、金融產品、做市及投資業務。

本公司的直接控股公司及最終控股公司分別為於英屬處女群島註冊成立的國泰君安控股有限公司(「國泰君安控股」)及於中華人民共和國註冊成立的國泰君安證券股份有限公司(「國泰君安證券」)。

於2020年12月31日，主要附屬公司的詳情如下：

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

1. Corporate and group information (continued)

1. 公司及集團資料(續)

Company name 公司名稱	Place of incorporation and business 註冊成立及經營地點	Share capital 股本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guotai Junan International Asset Management (Singapore) Pte Limited	Singapore 新加坡	SG\$4,200,000 4,200,000新加坡元	–	100%	Asset management 資產管理
Guotai Junan International Securities (Singapore) Pte Limited	Singapore 新加坡	SG\$3,500,000 3,500,000新加坡元	–	100%	Securities brokerage and other financial services 證券經紀及其他金融服務
Guotai Junan Securities (Hong Kong) Limited	Hong Kong	HK\$7,500,000,000	–	100%	Securities dealing and broking and provision of wealth management services 證券買賣及經紀以及提供財富管理服務
國泰君安證券(香港)有限公司	香港	7,500,000,000港元			
Guotai Junan Futures (Hong Kong) Limited	Hong Kong	HK\$50,000,000	–	100%	Futures dealing and broking
國泰君安期貨(香港)有限公司	香港	50,000,000港元			期貨買賣及經紀
Guotai Junan Finance (Hong Kong) Limited	Hong Kong	HK\$300,000,000	–	100%	Money lending and trading in securities
國泰君安財務(香港)有限公司	香港	300,000,000港元			借貸及證券買賣
Guotai Junan Capital Limited	Hong Kong	HK\$50,000,000	–	100%	Provision of consultancy and financial services
國泰君安融資有限公司	香港	50,000,000港元			提供諮詢及財務服務
Guotai Junan Assets (Asia) Limited	Hong Kong	HK\$50,000,000	–	100%	Asset management
國泰君安資產管理(亞洲)有限公司	香港	50,000,000港元			資產管理
Guotai Junan Fund Management Limited ¹	Hong Kong	HK\$10,000,000	–	50%	Asset management and trading in securities
國泰君安基金管理(亞洲)有限公司 ¹	香港	10,000,000港元			資產管理及證券買賣

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

1. Corporate and group information (continued)

1. 公司及集團資料(續)

Company name 公司名稱	Place of incorporation and business 註冊成立及經營地點	Share capital 股本	Percentage of equity attributable to the Company 本公司應佔股權百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guotai Junan Financial Products Limited 國泰君安金融產品有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	–	100%	Trading in securities 證券買賣
Guotai Junan FX Limited 國泰君安外匯有限公司	Hong Kong 香港	HK\$30,000,000 30,000,000港元	–	100%	Leveraged foreign exchange dealing and broking 槓桿式外匯交易及經紀
Vietnam Investment Securities Company 越南投資證券股份公司	Vietnam 越南	VND693,500 million 693,500,000,000 越南盾	50.97%	–	Securities dealing and broking and margin financing 證券交易、經紀及孖展融資

Note 1: The Group considers that it has the ability to govern the financial and operating policies of the entity as the Group has the power to appoint or remove the majority of the members of its board of directors.

附註1: 由於本集團有權力委任或罷免董事會大多數成員，故本集團認為其有能力監管該實體的財務及營運政策。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表載列董事認為對本年度業績產生主要影響或構成本集團資產淨值主要部分之本公司附屬公司。董事認為，列出其他附屬公司之資料會導致篇幅過於冗長。

These financial statements were approved and authorised for issue by the board of directors on 23 March 2021.

該等財務報表已於2021年3月23日獲董事會批准及授權刊發。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, debt securities in issue designated at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise stated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 編製基準

該等財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(其包括所有適用的香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例編製。除按公平值計入損益的金融資產及金融負債、按公平值計入其他全面收益的金融資產、指定按公平值計入損益的已發行債務證券以及衍生金融工具以公平值計量外，該等財務報表已根據歷史成本慣例編製。

除非另有說明，該等財務報表乃以港元呈列，且所有數值已約整至最接近之千位數。

綜合基準

綜合財務報表載有截至2020年12月31日止年度的本公司及其附屬公司(下文統稱「本集團」)財務報表。附屬公司為本公司直接或間接控制的實體(包括結構性實體)。當本集團承受或享有參與被投資公司業務的可變回報以及能透過對被投資公司的權力(即本集團獲賦予現有能以主導被投資公司相關活動的既存權利)影響該等回報時，即取得控制權。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

2.1 Basis of preparation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Certain comparative figures have been reclassified to conform current year's presentation.

2.1 編製基準(續)

倘本公司直接或間接擁有被投資公司不足構成大多數的投票權或類似權利，則本集團於評估其是否擁有對被投資公司的權力時會考慮一切相關事實及情況，包括：

- (a) 與被投資公司其他投票權持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃與本公司於相同申報期間採納一致的會計政策編製。附屬公司業績自本集團取得控制權當日起綜合入賬，並將一直綜合入賬直至該控制權終止當日。

損益及其他全面收益的各組成部分乃屬本集團母公司擁有人及非控股權益所有，即使此舉將導致非控股權益產生虧絀餘額。有關本集團成員公司間交易之全部集團內公司間資產及負債、權益、收入、開支及現金流量將於綜合入賬時悉數抵銷。

本集團將於有事實及情況顯示上述三個控制要素中的一個或多個出現變動時重估是否控制被投資公司。附屬公司之擁有權變動(並無失去控制權)將計入股權交易。

若干比較數字乃經重新分類以與本年度所呈列者一致。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

2.2 Changes in accounting policies and disclosures

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation.

The HKICPA has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. The Group has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2.3 Summary of significant accounting policies

Fair value measurement

The Group measures its financial assets and financial liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, debt securities in issue designated at fair value through profit or loss and derivative financial instruments, fund investments, debt investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.2 會計政策變動及披露

香港會計師公會刊發本集團當前會計期間內首次生效的若干香港財務報告準則修訂本。

- 香港財務報告準則第3號(修訂本)·業務之定義
- 香港財務報告準則第16號(修訂本)·新冠疫情相關租金優惠

該等最新修訂概無對本財務報告所載本集團當前或過往期間的業績及財務狀況的編製或呈報方式造成重大影響。本集團並無應用任何新訂準則或詮釋。

香港會計師公會已頒佈多項修訂本及一項新準則，於截至2020年12月31日止年度尚未生效且並未於該等財務報表中採納。本集團認為採納該等準則不大可能對綜合財務報表產生重大影響。

2.3 主要會計政策概要

公平值計量

本集團於各報告期末按公平值計量其按公平值計入損益的金融資產及金融負債、按公平值計入其他全面收益的金融資產、指定為按公平值計入損益之已發行債務證券、衍生金融工具、基金投資、債務投資及股本投資。公平值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公平值計量乃基於出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢的資產或負債市場進行的假設而作出。主要或最具優勢市場須為本集團可進入之市場。資產或負債的公平值乃採用市場參與者於資產或負債定價時會採用的假設計量，並假定市場參與者以其最佳經濟利益行事。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

2.3 Summary of significant accounting policies (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3 主要會計政策概要(續)

公平值計量(續)

非金融資產的公平值計量須計及市場參與者透過最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者，以產生經濟效益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公平值的估值方法，以盡量使用相關可觀察參數及盡量減少使用無法觀察參數。

所有於財務報表計量或披露公平值的資產及負債乃基於對公平值計量整體而言屬重大的最低層參數按以下公平值等級分類：

- 第1級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第2級 – 基於對公平值計量而言屬重大的最低層參數為可觀察(直接或間接)的估值方法
- 第3級 – 基於對公平值計量而言屬重大的最低層參數為無法觀察的估值方法

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平值計量整體而言屬重大的最低層參數)確定是否發生不同等級轉移。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

2.3 Summary of significant accounting policies

(continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.3 主要會計政策概要(續)

非金融資產減值

倘有跡象顯示資產出現減值，或須對資產(金融資產除外)進行年度減值測試，則會估計該項資產的可收回金額。資產的可收回金額為該資產或現金產生單位的使用價值與其公平值減出售成本中的較高者，並就個別資產予以釐定，除非該資產並不產生很大程度上獨立於其他資產或資產組別的現金流入，在此情況下，可收回金額乃就該資產所屬現金產生單位予以釐定。

減值虧損僅於資產的賬面值超過其可收回金額時確認。評估使用價值時，估計未來現金流量會以反映現時市場對該資產的貨幣時間價值及特定風險評估的稅前貼現率，貼現至其現值。減值虧損於產生期間內在損益賬中與已減值資產功能一致的支出類別內扣除。

於各報告期結束時須評估是否有跡象顯示過往確認減值虧損不再存在或已減少。如存在該跡象，則會估計可收回金額。過往確認的資產減值虧損僅會於用以釐定該資產可收回金額的估計改變時撥回，惟撥回後的金額不得高於假設過往年度並無就資產確認減值虧損而應已釐定的賬面值(扣除任何折舊)。撥回的減值虧損於所產生期間計入損益賬。

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2.3 Summary of significant accounting policies

(continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	25–40 years
Leasehold improvements	3 years
Office equipment	3 years
Furniture and fixtures	3 years
Motor vehicles	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.3 主要會計政策概要(續)

物業、廠房及設備與折舊

物業、廠房及設備乃以成本減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目成本包括其購買價及使該項資產處於現行運作狀況及運送至其預期使用位置的任何直接應佔成本。

物業、廠房及設備項目投入運作後產生的支出，如維修及保養費用，一般於產生期間自損益賬扣除。在符合確認標準的情況下，用於重大檢測的開支將作為重置該資產，並撥作資本性費用列入該資產的賬面值中。倘物業、廠房及設備的重要部分需不時更換，本集團會將該等部分確認為具特定可使用年期的個別資產，並相應計算折舊。

物業、廠房及設備項目乃按直線法，就其估計可使用年期，撇銷成本至其剩餘價值計算折舊。就此而採用的主要年率如下：

樓宇	二十五至四十年
租賃物業裝修	三年
辦公室設備	三年
傢俬及裝置	三年
汽車	三年

當物業、廠房及設備項目的部分各有不同可使用年期，該項目的成本按合理基準在各部分中分配，而各部分作個別折舊。剩餘價值、可使用年期及折舊方法至少於每個財政年度結束時進行檢討並作出適當調整。

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2.3 Summary of significant accounting policies

(continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	25 to 40 years
Building	1 to 3 years

2.3 主要會計政策概要(續)

物業、廠房及設備與折舊 (續)

物業、廠房及設備項目以及初始確認的任何重大部分於出售或預期使用或出售不再帶來未來經濟效益時終止確認。在終止確認資產年度內於損益賬所確認的出售或報銷盈虧，為有關資產的銷售所得款項淨額與賬面值的差額。

租賃

本集團於合約開始時評估合約是否屬於或包含租賃。倘合約授予權利以代價為交換在某一時期內控制使用已識別資產，則合約屬於或包含租約。

本集團作為承租人

本集團就所有租賃應用單一確認及計量方法，惟短期租賃及低價值資產租賃除外。本集團確認作出租賃付款的租賃負債及使用權資產(即使用相關資產的權利)。

(a) 使用權資產

使用權資產乃於租賃開始日期(即相關資產可供使用日期)確認。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。使用權資產的成本包括已確認之租賃負債金額、已產生之初始直接成本以及於開始日期或之前作出的租賃付款減已收取之任何租賃優惠。使用權資產按直線法就租期與資產的估計可使用年期中的較短者折舊如下：

租賃土地	二十五至 四十年
樓宇	一至三年

Notes to Financial Statements

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2.3 Summary of significant accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's right-of-use assets are included in property, plant and equipment.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

(a) 使用權資產(續)

倘已租賃資產的所有權在租賃期結束時轉移至本集團或成本反映了購買選擇權的行使，則利用資產的估計可使用年期計算折舊。

本集團的使用權資產計入物業、廠房及設備。

(b) 租賃負債

租賃負債於租賃開始日期按租期內將作出的租賃付款現值確認。租賃付款包括固定付款(包括實質固定付款)減任何應收租賃優惠、以指數或利率為基準的可變租賃付款，及預期將根據剩餘價值擔保支付的金額。租賃付款亦包括可合理確認由本集團行使的購買選擇權的行使價及終止租賃的罰款(倘租期反映本集團行使終止權)。並非基於指數或利率而定的可變租賃付款於引發付款的事件或條件出現期間確認為開支。

在計算租賃付款現值時，由於租賃隱含的利率無法立即確定，本集團使用租賃開始日期的遞增借貸利率。開始日期後，增加租賃負債金額以反映利息的累計及減少租賃負債金額以反映已作出租賃付款。此外，倘進行修改、租期變動、租賃付款變動(如因指數或利率變化而導致的未來租賃付款變更)或購買相關資產的選擇權評估變動，則重新計量租賃負債賬面值。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

The Group's lease liabilities are included in interest bearing borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

(b) 租賃負債(續)

本集團的租賃負債乃計入計息銀行借款。

(c) 短期租賃及低價值資產租賃
本集團對其物業及辦公室設備的短期租賃(從開始日期起租期為12個月或以下且不包含購買選擇權的租賃)應用短期租賃確認豁免。本集團對於被視作低價值辦公室設備及手提電腦租賃亦應用低價值資產租賃確認豁免。

短期租賃及低價值資產租賃的租賃付款在租賃期內採用直線法確認作開支。

本集團作為出租人

當本集團作為出租人時，其於租賃開始時(或修改租約時)釐定各租賃是否為經營租賃或融資租賃。

倘屬本集團並未轉移資產擁有權所附帶之絕大部分風險及報酬之租賃，均分類為經營租賃。當合約包含租賃及非租賃組成部分時，本集團以相對獨立的銷售價格為基礎將合約中的代價分配至各組成部分。租金收入於租賃期按直線法入賬並由於其經營性質於綜合損益表內計入收益。磋商及安排經營租賃所產生最初直接成本會加入租賃資產賬面值，並按與租金收入相同之基準於租賃期內確認。或然租金於賺取期間確認為收益。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Leases (continued)

Group as a lessor (continued)

Leases that transfer substantially all the rewards and risks incidental to ownership of an underlying assets to the lessee group, other than legal title, are accounted for as finance leases.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為出租人(續)

將相關資產所有權附帶的絕大部分報酬及風險轉讓予承租人集團的租賃(法定所有權除外)均作為融資租賃入賬。

業務合併及商譽

業務合併採用收購法列賬。轉讓代價按收購日的公平值計量，即本集團所轉讓資產、本集團承擔之所收購公司前擁有人負債與本集團為換取所購公司控制權而發行的股權於收購日的公平值的總和。就各項業務合併而言，本集團選擇是否按公平值或佔所收購公司的可識別資產淨值的比例計量於收購公司的非控股權益(為現所有權權益及授權其持有人在清盤情況下按比例分佔資產淨值)。非控股權益的所有其他組成部分按公平值計量。收購相關成本於產生時支銷。

當本集團收購業務時，會根據合約條款、收購日的經濟環境及有關條件來評估承擔的金融資產及負債，並進行適當的分類及列示。其包括區分被收購方所訂立的主合約中的嵌入式衍生工具。

倘業務合併為分階段實現，之前持有的股權按收購日的公平值重新計量，且產生的任何損益於損益中確認。

收購方將予轉讓的任何或然代價按收購日的公平值確認。分類為資產或負債的或然代價按公平值計量，公平值的變動於損益中確認。分類為權益的或然代價並不重新計量且隨後結算於權益內列賬。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.3 主要會計政策概要(續)

業務合併及商譽(續)

商譽初步按成本計量，即已轉讓代價、就非控股權益確認金額及本集團任何之前於被收購方持有股權的公平值之總額超逾所收購可識別資產淨值及所承擔負債的差額。倘該代價及其他項目的總和低於所收購資產淨值的公平值，其差額(經重估後)將於損益確認為議價購買收益。

首次確認後，商譽按成本減任何累積減值虧損計量。商譽每年進行一次減值測試或倘出現任何事件或情況轉變顯示賬面值可能減值，則須進行更頻密的測試。本集團每年於12月31日進行其商譽減值測試。為進行商譽減值測試，業務合併中所收購的商譽應當自收購日起分攤至本集團預計能自業務合併的協同效應中收益的各現金產生單位或現金產生單位組別，而不論本集團的其他資產或負債是否分攤至該等單位或單位組別。

減值乃透過評估與商譽有關現金產生單位(現金產生單位組別)的可收回金額而釐定。倘現金產生單位(現金產生單位組別)的可收回金額低於賬面值，則確認減值虧損。就商譽確認的減值虧損不會於其後期間撥回。

當商譽分配至現金產生單位(或現金產生單位組別)且該單位內的部分營運被出售，則在確認出售損益時，出售營運相關的商譽也被包括在營運賬面值中。在此情況下出售的商譽乃根據所出售的營運及所保留的現金產生單位部分的相關價值而計量。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies (continued)

Intangible assets (other than goodwill)

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets, representing eligibility rights to trade on or through The Hong Kong Stock Exchange Limited (the "Stock Exchange") and The Hong Kong Futures Exchange Limited, with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Financial assets and liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

2.3 主要會計政策概要(續)

無形資產(商譽除外)

無形資產初始確認時按成本計量。無形資產可分為有特定可使用年期或無特定可使用年期。有特定可使用年期的無形資產其後於可使用經濟年內攤銷，並在有跡象顯示無形資產可能出現減值時進行減值評估。有特定可使用年期的無形資產的攤銷年期及攤銷方法最少於各財政年度末檢討一次。

無特定可使用年期的無形資產包括於香港聯合交易所有限公司(「聯交所」)及香港期貨交易所有限公司或透過其進行買賣的合資格權利，乃個別或按現金產生單位組別按年進行減值測試。該等無形資產無須攤銷。無特定可使用年期的無形資產的可使用年期會每年檢討，以釐定無特定使用年期評估是否仍然適合。如不適用，資產由無特定可使用年期轉至有特定可使用年期作出評估的改變，乃按未來使用基準入賬。

金融資產及負債

初始確認及計量

當實體成為工具合約條文的訂約方時，確認金融資產及金融負債。常規金融資產買賣於交易日(即本集團承諾購買或出售資產之日)確認。

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2.3 Summary of significant accounting policies

(continued)

Financial assets and liabilities (continued)

Initial recognition and measurement (continued)

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.3 主要會計政策概要(續)

金融資產及負債(續)

初始確認及計量(續)

於初始確認時，如屬並非按公平值計入損益的金融資產或金融負債，本集團按公平值加或減收購或發行金融資產或金融負債附帶及直接應佔的交易成本(如費用及佣金)計量金融資產或負債。按公平值計入損益的金融資產及金融負債的交易成本於損益列支。當新產生一項資產時，緊隨初始確認後，就按攤銷成本計量的金融資產及按公平值計入其他全面收益(「按公平值計入其他全面收益」)的債務工具投資確認預期信用損失(「預期信用損失」)撥備，這導致於損益確認會計損失。

當金融資產及負債的公平值有別於初始確認時的交易價格，實體按如下方式確認有關差額：

- (i) 當可識別資產或負債的公平值有活躍市場的報價為依據(即第一級輸入數據)或基於僅採用可觀察市場數據的估值技術時，相關差額確認為收益或虧損。
- (ii) 在所有其他情況下，差額予以遞延，確認首日損益的時間逐項釐定。其可於工具的年期內攤銷，或遞延直至工具的公平值可使用市場可觀察數據釐定，或透過結算變現。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets

(i) Classification and subsequent measurement

The Group's financial assets include accounts receivable, deposits and other receivables, loans and advances to customers, client trust bank balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, receivable from reverse repurchase agreements, derivative financial instruments, other assets and cash and cash equivalent.

The Group has applied HKFRS 9 and classifies its financial assets in the following measurement categories:

- (i) Fair value through profit or loss ("FVTPL");
- (ii) Fair value through other comprehensive income ("FVOCI"); or
- (iii) Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i) the Group's business model for managing the asset; and
- (ii) the cash flows characteristics of the asset.

金融資產及負債(續)

(a) 金融資產

(i) 分類及隨後計量

本集團的金融資產包括應收款項、按金及其他應收款項、給予客戶的貸款及墊款、客戶信託銀行結餘、按公平值計入損益的金融資產、按公平值計入其他全面收益的金融資產、反向回購協議應收款項、衍生金融工具、其他資產以及現金及現金等價物。

本集團已應用香港財務報告準則第9號並按下列計量類別劃分其金融資產：

- (i) 按公平值計入損益(「按公平值計入損益」)；
- (ii) 按公平值計入其他全面收益(「按公平值計入其他全面收益」)；或
- (iii) 攤銷成本。

債務及權益工具的分類規定說明如下：

債務工具

務工具的分類及隨後計量視乎以下而定：

- (i) 本集團管理資產的業務模式；及
- (ii) 資產的現金流量特徵。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

Business model assessment:

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI test:

The Group assesses the contractual terms of instruments to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' ("SPPI"). Financial assets that are consistent with a basic lending arrangement are considered to meet the SPPI criterion. In a 'basic lending arrangement', consideration for the time value of money and credit risk are typically the most significant elements of interest. It may also include consideration for other basic lending risks such as liquidity risks, costs associated with holding the financial assets for a period of time (e.g., servicing or administrative costs) and a profit margin.

金融資產及負債(續)

(a) 金融資產(續)

(i) 分類及隨後計量(續)

債務工具(續)

業務模式評估:

業務模式反映本集團如何管理資產以產生現金流量。亦即，本集團的目標是否僅為自資產收取現金流量或同時收取合約現金流量及出售資產產生的現金流量。如果以上均不適用(例如金融資產持作買賣)，則金融資產劃分為「其他」業務模式的一部分並按公平值計入損益計量。本集團於釐定一組資產的業務模式時考慮的因素包括如何收取該等資產的現金流量、資產表現如何評估及如何向主要管理人員呈報、風險如何評估及管理以及管理者薪酬等方面的過往經驗。

僅為本金及利息付款測試:

本集團評估工具的合約條款以識別合約現金流量是否「僅為未償還本金的本金及利息付款」。與基本借貸安排相符的金融資產被視為符合僅為本金及利息付款標準。在「基本借貸安排」中，貨幣的時間價值及信貸風險通常為利息的最重要的考慮因素。其所考慮的因素亦可能包括其他基本借貸風險，如流動性風險、持有金融資產一段期間的相關成本(例如服務或行政成本)及利潤率。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

- (i) Classification and subsequent measurement (continued)
Debt instruments (continued)
SPPI test: (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured as described in note 2.3(a)(ii). Interest income from these financial assets is included in 'Market making – debt securities and exchange traded funds' and 'Investments – fixed income securities, funds, derivatives and equity investments' using the effective interest rate method.

金融資產及負債(續)

(a) 金融資產(續)

- (i) 分類及隨後計量(續)
債務工具 (續)
僅為本金及利息付款
測試：(續)

附帶嵌入式衍生工具的金融資產於釐定其現金流量是否僅為本金及利息付款時整體予以考慮。

基於該等因素，本集團將其債務工具劃分為下列三個計量類別：

攤銷成本：持作收取合約現金流量的資產，倘該等現金流量僅為本金及利息付款，且未指定為按公平值計入損益，則按攤銷成本計量。該等資產的賬面值就確認及計量的預期信用損失撥備予以調整(見附註2.3(a)(ii))。該等金融資產的利息收入採用實際利率法計入「做市－債務證券及交易所交易基金」及「投資－固定收益證券、基金、衍生工具及股本投資」。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

SPPI test: (continued)

FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'. Interest income from these financial assets is included in 'Market making – debt securities and exchange traded funds' and 'Investments – fixed income securities, funds, derivatives and equity investments' using the effective interest rate method.

金融資產及負債(續)

(a) 金融資產(續)

(i) 分類及隨後計量(續)

債務工具(續)

僅為本金及利息付款 測試：(續)

按公平值計入其他全面收益：持作收取合約現金流量及出售的金融資產，倘該等資產的現金流量僅為本金及利息付款，且未指定為按公平值計入損益，則按平值計入其他全面收益計量。賬面值的變動計入其他全面收益，惟工具攤銷成本的減值收益或虧損、利息收入及外匯收益及虧損除外，在此情況下於損益確認。當金融資產被終止確認時，先前於其他全面收益確認的累計收益或虧損由權益重新分類至損益並於「其他收入」確認。該等金融資產的利息收入採用實際利率法計入「做市－債務證券及交易所交易基金」及「投資－固定收益證券、基金、衍生工具及股本投資」。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Debt instruments (continued)

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income within 'Market making – debt securities and exchange traded funds' and 'Investments – fixed income securities, funds, derivatives and equity investments' in the period in which it arises. Interest income from these financial assets is included in 'Market making – debt securities and exchange traded funds' and 'Investments – fixed income securities, funds, derivatives and equity investments' using the effective interest rate method.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

金融資產及負債(續)

(a) 金融資產(續)

(i) 分類及隨後計量(續)

債務工具(續)

按公平值計入損益：不符合攤銷成本或按公平值計入其他全面收益標準的資產按公平值計入損益計量。其後按公平值計入損益計量且並非對沖關係組成部分的債務投資收益或虧損於損益確認，並於其產生期間在損益及其他全面收益表的「做市－債務證券及交易所交易基金」及「投資－固定收益證券、基金、衍生工具及股本投資」內呈列。該等金融資產的利息收入採用實際利率法計入「做市－債務證券及交易所交易基金」及「投資－固定收益證券、基金、衍生工具及股本投資」。

當且僅當管理債務投資的業務模式發生變動時，本集團方將該等資產重新分類。重新分類於發生變動後的首個報告期間的期初進行。預期此類變動非常罕見，且期內並未發生。

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2.3 Summary of significant accounting policies

(continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when represent a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Investments – fixed income securities, funds, derivatives and equity investments' line in the statement of profit or loss and other comprehensive income.

2.3 主要會計政策概要(續)

金融資產及負債(續)

(a) 金融資產(續)

(i) 分類及隨後計量(續)

權益工具

權益工具為從發行人的角度符合權益定義的工具；亦即並不包含合約付款責任且為於發行人淨資產剩餘權益憑證的工具。權益工具的例子包括基本普通股。

本集團隨後將所有權益工具按公平值計入損益計量，惟倘本集團管理層於初始確認時不可撤回地選擇指定權益工具為按公平值計入其他全面收益除外。本集團的政策為，當權益投資持作產生投資回報以外的用途時，將該等投資指定為按公平值計入其他全面收益。當作出該選擇時，公平值收益及虧損於其他全面收益確認，並隨後重新分類至損益，包括於出售時。減值虧損(及減值虧損撥回)不與公平值的其他變動分開呈報。該等投資的回報產生的股息，當本集團收取相關款項的權利確立時繼續於損益內確認為其他收益。

按公平值計入損益的權益工具的盈利及虧損計入損益及其他全面收益表的「投資－固定收益證券、基金、衍生工具及股本投資」一項內。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(ii) ECL allowance

The Group applies a simplified approach to measure ECL on trade receivable and a general approach to measure ECL on loans and advances to customers, time deposits and other financial assets accounted for at amortised cost as well as loan commitment.

Under the simplified approach, the Group measures the loss based on lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-month ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, 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 exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

金融資產及負債(續)

(a) 金融資產(續)

(ii) 預期信用損失撥備

本集團應用簡易方法計量交易應收款項的預期信用損失，並應用一般方法計量給予客戶的貸款及墊款、定期存款及其他按攤銷成本入賬的金融資產以及貸款承擔的預期信用損失。

根據簡易方法，本集團根據全期的預期信用損失計量虧損。按照一般方法，金融工具乃基於初步確認後的信貸風險變動，透過下列三個階段予以轉撥：

第1階段：十二個月的預期信用損失

就自初步確認後的信貸風險並無重大變動，且於產生時並無信貸減值的情況而言，乃將與未來十二個月出現違約事件的可能性有關的全期預期信用損失部分予以確認。

第2階段：全期預期信用損失—並無信貸減值

至於自初步確認後的信貸風險出現重大變動，惟並無信貸減值的情況，乃確認全期的預期信用損失，即反映金融資產剩餘生命週期。

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2.3 Summary of significant accounting policies

(continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(ii) ECL allowance (continued)

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. For certain portfolio of margin loans, the Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due as management considers the probability of default is highly correlated with the collateral value rather than the past due days.

2.3 主要會計政策概要(續)

金融資產及負債(續)

(a) 金融資產(續)

(ii) 預期信用損失撥備(續)

第3階段：全期預期信用損失－信貸減值

當發生會對該資產估計未來現金流量造成不利影響的一項或多項事件，則有關情況會被評定為出現信貸減值。就已出現信貸減值的情況而言，會確認全期的預期信用損失，並透過於攤銷成本(扣除撥備)而非賬面總值應用實際利率，以計算利息收入。

於各報告日期，本集團將由報告日期至初步確認日期的預計生命週期內發生的違約風險比較，以評估自初步確認以來信貸風險是否顯著增加。本集團就此會考慮相關及毋須支付過多成本或努力而已可得的合理及具支持理據的資料，當中包括量化及質化資料以及前瞻性分析。關於若干孖展貸款組合，當金融資產逾期超過30日時，由於管理層認為違約機會與抵押價值(而非逾期天數)具密切關連，故本集團將自初步確認以來信貸風險顯著增加的假設推翻。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

- (ii) ECL allowance (continued)
Stage 3: Lifetime ECL – credit-impaired (continued)

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of ECL allowance, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the ECL allowance reverts from lifetime ECL to 12-month ECL.

金融資產及負債(續)

(a) 金融資產(續)

- (ii) 預期信用損失撥備(續)
第3階段：全期預期信用損失 – 信貸減值(續)

本集團按個別或集體基準評估信貸風險是否顯著增加。為集體評估預期信用損失撥備，本集團按共享信貸風險特徵之基準，並考慮到工具類別、距離到期之剩餘年期及其他相關因素，將金融工具分門別類。

預期信用損失的金額乃計量為按原實際利率貼現的金融資產預計年期內所有現金不足額的可能性加權現值。現金不足額為所有結欠本公司的合約現金流量與本公司預期將收取的現金流量兩者的差額。虧損金額採用呆賬撥備確認。

倘於往後期間，信貸質素改善及撥回早前所評估自產生以來信貸風險的顯著增長，則將預期信用損失撥備由全期的預期信用損失恢復為十二個月的預期信用損失。

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2.3 Summary of significant accounting policies

(continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

2.3 主要會計政策概要(續)

金融資產及負債(續)

(a) 金融資產(續)

(iii) 貸款的修訂

本集團有時會重新協定或以其他方式修訂給予客戶的貸款的合約現金流量。在此情況下，本集團會評估新條款是否與原條款存在較大差異。本集團在評估時考慮(其中包括)下列因素：

- 借款人是否面臨財務困境，修訂是否僅僅將合約現金流量減少至借款人預期能夠支付的金額。
- 是否引入任何實質性的新條款，如對貸款的風險狀況產生實質影響的利潤分成／以權益為基礎的回報。
- 當借款人未面臨財務困境時大幅延長貸款期限。
- 利率大幅變動。
- 貸款的計價貨幣變動。
- 插入對貸款相關的信貸風險產生重大影響的抵押品、其他擔保或強化信貸條件。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(iii) Modification of loans (continued)

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.3 主要會計政策概要(續)

金融資產及負債(續)

(a) 金融資產(續)

(iii) 貸款的修訂(續)

倘若條款存在較大差異，則本集團終止確認原金融資產並按公平值確認一項「新」資產，並重新計算該資產新的實際利率。重訂日期因而被視為就減值計算而言(包括就釐定信貸風險是否大幅增加而言)的初始確認日期。然而，本集團亦評估所確認的新金融資產於初始確認時是否出現信貸減值，特別是當重訂是在債務人無法作出原定付款而促成的情況下。賬面值差額亦於損益確認為終止確認盈利或虧損。

倘若條款並無較大差異，則重訂或修訂不會導致終止確認，而本集團會基於金融資產的經修訂現金流量重新計算賬面總值，並於損益確認修訂盈利或虧損。新的賬面總值透過按原實際利率(或購入或產生的信貸減值金融資產的信貸調整實際利率)貼現經修訂現金流量重新計算得出。

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財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- (i) has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) is prohibited from selling or pledging the assets; and
- (iii) has an obligation to remit any cash it collects from the assets without material delay.

2.3 主要會計政策概要(續)

金融資產及負債(續)

(a) 金融資產(續)

(iv) 終止確認(修訂除外)

當收取現金資產現金流量的合約權利到期，或已被轉讓且(i)本集團已轉讓所有權的絕大部分風險及回報，或(ii)本集團既未轉讓亦未保留所有權的絕大部分風險及回報且本集團並無保留控制權時，則金融資產(或其中一部分)終止確認。

本集團訂立保留收取資產現金流量的合約權利但承擔向其他實體支付該等現金流量的合約責任並轉讓絕大部分風險及回報的交易。該等交易作為「轉嫁」轉讓入賬，於下列情況下終止確認：

- (i) 本集團除非在收取來自該等資產的同等金額的情況下，否則並無付款責任；
- (ii) 本集團被禁止出售或質押該等資產；及
- (iii) 本集團於收取來自該等資產的現金後有責任在不出現重大延誤的情況下將現金匯出。

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2.3 Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

(a) Financial assets (continued)

(iv) Derecognition other than on a modification (continued)

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

(b) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives and financial liabilities held for trading. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

2.3 主要會計政策概要 (續)

金融資產及負債 (續)

(a) 金融資產 (續)

(iv) 終止確認 (修訂除外) (續)

本集團根據標準回購協議及證券借貸交易提供的抵押品 (股份及債權) 不予終止確認，原因為本集團保留基於事先釐定的回購價格的絕大部分風險及回報，因此不符合終止確認標準。這亦適用於本集團保留後償剩餘權益的某些證券化交易。

(b) 金融負債

分類及隨後計量

於本期間及過往期間，金融負債分類為隨後按攤銷成本計量，惟以下除外：

按公平值計入損益的金融負債：此分類適用於持作買賣的衍生工具及金融負債。指定為按公平值計入損益的金融負債的盈利或虧損部分於其他全面收益呈列 (金融負債信貸風險變動導致的公平值變動金額，其釐定為並非歸因於產生市場風險的市場狀況變動的金額) 及部分於損益呈列 (負債公平值的其餘變動金額)。但倘若該呈列方式會產生或擴大會計錯配，則負債信貸風險變動導致的盈利或虧損亦於損益呈列。

倘合約中列明的責任被解除、取消或到期，則須終止確認金融負債。

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2.3 Summary of significant accounting policies (continued)

Derivative financial instruments

The Group's derivative financial instruments are initially recognised at their fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to statement of profit or loss and other comprehensive income.

Whilst the Group enters into a derivative contract for trading purposes or to provide economic hedges under the Group's risk management framework, it does not apply hedge accounting.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

2.3 主要會計政策概要(續)

衍生金融工具

本集團衍生金融工具於衍生合約訂立日期初步按其公平值確認，其後按公平值再次計量。

倘公平值為正數，衍生工具以資產入賬，而公平值倘為負數，則以負債入賬。衍生工具的公平值變動產生的任何盈虧直接計入損益及其他全面收益表。

當本集團根據本集團風險管理框架為交易目的或提供經濟對沖而訂立衍生工具合約時，並不應用對沖會計。

抵銷金融工具

倘存在現時可強制執行的法律權利可抵銷已確認金額，且有意以淨額基準結算或同時變現資產及清償負債，則可抵銷金融資產及金融負債，而淨額於財務狀況表呈報。

股份獎勵計劃項下持有的股份

購回本身的權益工具(股份獎勵計劃項下持有的股份)按成本確認並於權益中扣除。本集團購買、出售、發行或註銷本身的權益工具所得收益或虧損概不於損益賬確認。賬面值與代價之間的任何差額於權益確認。

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2.3 Summary of significant accounting policies

(continued)

Client trust bank balances

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balances under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Hong Kong Insurance Companies Ordinance (Cap. 41), the Group is not allowed to use the clients' monies to settle its own obligation.

Fiduciary activities

Apart from the client trust bank balances as mentioned above, the Group provides brokerage and asset management services and the Group acts in a fiduciary capacity which results in the holding or placing of assets on behalf of its customers. These assets and any gains or losses arising thereon are not included in these financial statements as the Group has no contractual rights to these assets and its gains or losses under fiduciary activities.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.3 主要會計政策概要(續)

客戶信託銀行結餘

本集團於獲授權金融機構開設信託及獨立賬戶，以保管客戶來自一般業務交易的存款。本集團將客戶款項歸類為綜合財務狀況表流動資產項下的客戶信託銀行結餘，原因為本集團獲准保留客戶款項的部分或全部利息收入，並基於其對客戶款項的任何損失或挪用負責而確認應付流動負債賬戶內有關客戶的相應款項。根據香港法例第571章香港證券及期貨條例及香港法例第41章香港保險公司條例，本集團不得動用客戶款項清償其自身債務。

受託活動

除上文所述的客戶信託銀行結餘外，本集團提供經紀服務及資產管理服務，本集團在當中以受託人身份行事，以致須代其客戶持有或配售資產。該等資產及其所產生的任何收益或虧損不會計入該等財務報表，原因為本集團對該等資產及其根據受託活動的收益或虧損概無合約權利。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，通常於收取時到期日為三個月以內，減須按要求償還的銀行透支，並構成本集團現金管理的一部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭及銀行現金(包括定期存款及與現金性質相似的資產)，其用途並無限制。

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2.3 Summary of significant accounting policies

(continued)

Other assets

Other assets represent the deposits and admission fee paid to the Stock Exchange, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited and other regulators. They are intended to be held on a long-term basis and are stated at the nominal amount.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.3 主要會計政策概要(續)

其他資產

其他資產指支付予聯交所、香港期貨交易所有限公司、香港中央結算有限公司及其他監管機構的按金及准入費。其他資產擬作長期持有，並按面額列賬。

撥備

由於過往發生的事件引致目前出現法定或推定責任，而該等責任很可能導致日後資源流出以履行責任，並能夠可靠估計責任金額時，則確認撥備。

當有重大貼現影響時，會就預期須用作支付責任的未來開支於報告期末的現值確認撥備。因時間流逝所導致折現現值的金額增加，會列入損益賬的融資成本。

所得稅

所得稅包括即期及遞延稅項。於損益賬外確認的各項目，其有關所得稅於損益賬外的其他全面收益或直接於權益內確認。

本期及過往期間的即期稅項資產及負債乃經考慮本集團經營所在國家的現行詮釋及慣例，根據於報告期末的已制訂或實際已制定的稅率(及稅務法例)，按預期可自稅務機關收回或付予稅務機關的數額計量。

於報告期末，資產與負債的稅基與其作為財務申報用途的賬面值之間的所有暫時差額，須按負債法就遞延稅項計提撥備。

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2.3 Summary of significant accounting policies

(continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.3 主要會計政策概要(續)

所得稅(續)

所有應課稅暫時差額均會確認遞延稅項負債，惟以下情況例外：

- 非業務合併的交易中經初始確認商譽或資產或負債而產生的遞延稅項負債，而於關交易時對會計溢利或應課稅損益概無構成影響；及
- 對於涉及於附屬公司的投資的應課稅暫時差額而言，撥回暫時差額的時間可以控制，而暫時差額很可能不會在可見將來撥回。

對於所有可予扣減的暫時差額、承前未動用稅項抵免及未動用稅項虧損，均確認遞延稅項資產。若很可能出現應課稅溢利用以抵銷該等可扣減暫時差額、承前未動用稅項抵免及未動用稅項虧損，則遞延稅項資產可確認入賬，惟以下情況例外：

- 非業務合併的交易中初始確認資產或負債而產生可扣減暫時差額的遞延稅項資產，而於有關交易時對會計溢利或應課稅損益概無構成影響；及
- 對於涉及於附屬公司的投資的可扣減暫時差額而言，只有在暫時差額很可能於可見將來撥回，且很可能出現應課稅溢利用以抵銷該等暫時差額時，方會確認遞延稅項資產。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Revenue from contracts with customers

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

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

2.3 主要會計政策概要(續)

所得稅(續)

遞延稅項資產的賬面值乃於各報告期末進行審閱，並予以相應扣減，直至不可能有足夠應課稅溢利用以抵銷全部或部分遞延稅項資產為止。未確認的遞延稅項資產乃按可能獲得足夠應課稅溢利以收回全部或部分遞延稅項資產的情況下於報告期末重新評估並予以確認。

遞延稅項資產及負債乃根據於各報告期末已實施或實質上已實施的稅率(及稅務法例)，按變現資產或清償負債的期間預期適用的稅率予以計量。

客戶合約收益

當商品或服務的控制權轉移至客戶時，則按可反映本集團預期將就該等商品或服務交換可收取的代價金額確認客戶合約收益。

倘合約代價包含可變金額，則按本集團將就轉移商品或服務予客戶交換所得金額估計代價金額。可變代價於合約開始時估計及受限制，直至與可變代價相關的不確定因素其後解除時累計已確認的收入很可能不會發生重大撥回。

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財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Revenue from contracts with customers (continued)

Provision of securities and futures brokerage services

The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trades are executed.

Provision of investment banking services

The performance obligation for sponsoring and certain consultancy and financial advisory services are fulfilled when all the relevant duties of a sponsor or a financial advisor as stated in the contract are completed.

Revenue from sponsoring fee is recognised at a point in time when all the relevant duties of a sponsor as stated in the contract are completed. Certain consultancy and financial advisory services' performance obligations are satisfied over time as services are rendered if the customer simultaneously receives and consumes the benefits provided by the Group.

Provision of asset management services

Revenue from asset management services is recognised over time as the services are provided. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed.

Performance fees are recognised on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that it will not result in significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

Fund distribution activities are separate performance obligations from the asset management and the obligation being satisfied at a point in time upon the investors' subscription. Subscription and handling fees relating to the distribution services are recognised at a point in time when the services are performed and the amount is known.

2.3 主要會計政策概要(續)

客戶合約收益(續)

提供證券及期貨經紀服務

履約責任在客戶取得服務控制權之時達成，通常為交易簽立時。

提供投資銀行服務

保薦及若干顧問及財務諮詢服務的履約責任乃於合約所載保薦人或財務顧問相關職責全部完成時達成。

保薦費用所得收入於合約所載保薦人相關職責全部完成時確認。倘客戶同時收到及消耗本集團提供的利益，則若干顧問及財務諮詢服務履約責任隨提供服務而達成。

提供資產管理服務

資產管理服務所得收入隨提供服務確認。資產管理服務費用按所管理資產價值的某個固定百分比計算。

倘於相關表現期間有正面表現，且釐定不會導致後續期間作出重大撥回(當中考慮投資基金及管理賬戶的相關計算基準)，則表現費於投資基金及管理賬戶的表現費估值日確認。

基金分派活動是獨立於資產管理的表現責任，該責任於投資者認購後在某一時間點履行。與分銷服務有關的認購及手續費於提供服務且金額已知時在某時間點確認。

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財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Revenue from contracts with customers (continued)

Provision of wealth management service

The performance obligation relating to the insurance brokerage service is satisfied at the point when the terms of the insurance policy have been agreed contractually by the insurer and policyholder, and the insurer has a present right to payment from the policyholder (the "transaction date").

Revenue from other sources and other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument, to the gross carrying amount of the financial asset.

Employee benefits

(a) *Retirement benefit scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(b) *Bonuses*

The Group recognises a liability and an expense for bonuses, based on an approved formula that takes into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.3 主要會計政策概要(續)

客戶合約收益(續)

提供財富管理服務

與保險經紀服務有關的履約責任於保險公司與保單持有人以合約協定保單條款，且保險公司有現有權利向保單持有人收取付款時(「交易日期」)履行。

來自其他來源的收益及其他收入

利息收入使用實際利率法，採用將金融工具預期年期內的估計未來現金收款準確貼現至金融資產賬面值總額的利率，按累計基準確認。

僱員福利

(a) *退休福利計劃*

本集團根據強制性公積金計劃條例，為所有僱員設立界定供款的強制性公積金退休福利計劃(「強積金計劃」)。根據強積金計劃的規則，供款額按僱員基本薪酬的一定百分比計算，並於產生時在損益賬中扣除。強積金計劃的資產乃以獨立管理基金方式與本集團的資產分開持有。本集團向強積金計劃繳納僱主供款後，該等供款即全數歸僱員所有。

(b) *花紅*

本集團按照認可計算方法就花紅確認負債及開支，該計算方法已考慮本集團應佔溢利並作出若干調整。於出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies (continued)

Employee benefits (continued)

(c) Share-based payments

The Group operates two equity-settled share-based compensation schemes including a share option scheme and a share award scheme for the purpose of assisting in recruiting, retaining and motivating key staff members. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in the "share award reserve" and "share option reserve" under equity, over the period in which the performance and/or service conditions are fulfilled in share-based compensation expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.3 主要會計政策概要(續)

僱員福利(續)

(c) 以股份為基礎付款

本集團採納兩項以股份為基礎權益結算薪酬計劃(包括一項購股權計劃及一項股份獎勵計劃)，以協助招聘、挽留及激勵關鍵員工。本集團的僱員(包括董事)獲得以股份為基礎付款形式的薪酬，據此，僱員以提供服務作為權益工具的代價(「以權益結算交易」)。

與僱員以權益結算交易的成本乃參考其於授出日期的公平值計量。以權益結算交易的成本於表現及／或服務條件達成期間與相應的權益下「股份獎勵儲備」及「購股權儲備」增加一併在以股份為基礎補償開支下確認。於各報告期末直至歸屬日期就以權益結算交易確認的累計開支，反映歸屬期間已屆滿及本集團將最終歸屬的權益工具數目的最佳估計。於某期間的損益賬內扣除或計入的金額指於該期間的期初及期末確認的累計開支變動。

最終並無歸屬的獎勵不會確認開支，惟歸屬以市場或非歸屬條件為條件的以權益結算交易除外，無論市場或非歸屬條件是否達成，其均會被視為已歸屬，惟所有其他表現及／或服務條件須已達成。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Employee benefits (continued)

(c) Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect (if any) of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.3 主要會計政策概要(續)

僱員福利(續)

(c) 以股份為基礎付款(續)

倘以權益結算獎勵的條款獲修訂，開支會按最低金額予以確認，猶如條款並未修改。此外，倘任何修訂會增加以股份為基礎付款的公平值總額，或於修訂日期計量時有利於僱員，則會確認為開支。

倘以權益結算獎勵被註銷，則被視為於註銷當日已歸屬處理，而尚未就該獎勵確認的任何開支須即時予以確認，當中包括未達成本集團或僱員控制以內非歸屬條件的任何獎勵。然而，倘有一項新獎勵取代已經註銷獎勵，及於授出當日被指定為該獎勵的替代品，則該已註銷及新獎勵均被視為原有獎勵的修訂(見上段所述)處理。

尚未行使購股權的攤薄影響(如有)乃於計算每股盈利時反映為額外股份攤薄。

股息

末期股息將於股東大會上獲股東批准後確認為負債。

由於本公司組織章程細則授予董事會權力宣派中期股息，擬派中期股息可即時宣派。因此，中期股息於建議派發及宣派時即時確認為負債。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies (continued)

Securities borrowing and lending agreements

The Group has engaged in the securities borrowing and lending business with financial institutions and the Group's customers, under which all transactions are secured in the form of cash. The Group maintains no net position in such securities borrowing and lending transactions and is not subject to significant price risk. However, under the securities borrowing and lending arrangements, the cash collateral received and cash collateral placed is included in the accounts payable and accounts receivable from brokers and dealers respectively. Fees received or paid in connection with securities borrowing and lending is recorded as interest income or interest expense, respectively.

Assets sold under repurchase agreements (repos)

In addition, the Group may enter into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. The Group may be required to provide additional collateral based on the fair value of the underlying assets if necessary.

Assets purchased under agreements to resell (reverse repos)

The Group may enter into purchases of assets under agreements to resell. Reverse repos are initially recorded at the cost of the loan or collateral advanced in the consolidated statement of financial position. These securities are not recognised in the Group's consolidated statement of financial position as the counterparty retains substantially all risks and returns of the securities. In the event of failure by the counterparty to repay the loan, the Group has the right to the underlying assets.

2.3 主要會計政策概要(續)

證券借貸協議

本集團從事與金融機構及本集團客戶的證券借貸業務，所有交易均以現金作為抵押品。本集團於該等證券借貸交易中並無維持任何淨倉，故並無面對重大價格風險。然而，根據證券借貸安排，所收取的現金抵押品以及所存放的現金抵押品分別計入應付款項以及應收經紀及交易商款項。與證券借貸有關的已收或已付費用分別記錄為利息收入或利息開支。

根據回購協議(回購協議)出售的資產

此外，本集團可能訂立回購協議，據此向同時訂有於指定日期回購證券的協議的第三方出售證券。於必要時，本集團可能須基於相關資產的公平值提供額外抵押品。

根據重售協議(反向回購協議)購置的資產

本集團可能根據重售協議進行資產購買。反向回購協議初始按貸款或墊付抵押品的成本於綜合財務狀況表內入賬。該等證券未於本集團的綜合財務狀況表內確認，因為交易方保留相關證券的絕大部分風險及回報。倘交易方未能償還貸款，則本集團有權擁有相關資產。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies

(continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange prevailing at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.3 主要會計政策概要(續)

外幣

該等財務報表乃以港元(即本公司的功能及呈列貨幣)呈列。本集團屬下各實體自行釐定其本身的功能貨幣，而各實體的財務報表項目均以功能貨幣計量。本集團屬下實體的外幣交易初始按交易當日適用的功能貨幣匯率入賬。以外幣列賬的貨幣資產及負債按於報告期末適用的功能貨幣匯率重新換算。貨幣項目結算或換算產生的差額於損益賬內確認。

若干海外附屬公司的功能貨幣並非港元。於報告期末，有關實體的資產與負債，按報告期末適用的匯率換算為港元，而其損益及其他全面收益表按本年度的加權平均匯率換算為港元。

因此而產生的匯兌差額於其他全面收益確認並於貨幣換算儲備累計。出售海外業務時，與該項特定海外業務有關的其他全面收益的組成部分在綜合損益及其他全面收益表中確認。

Notes to Financial Statements

財務報表附註

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2.3 Summary of significant accounting policies 2.3 主要會計政策概要(續)

(continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

關聯方

在下列情況下，一方將被視為與本集團有關聯：

- (a) 該方為以下人士或以下人士家族的近親屬：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員；

或

- (b) 該方為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一間實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合資公司；
 - (iii) 該實體及本集團均為同一第三方的合資公司；
 - (iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關的實體的僱員；

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2.3 Summary of significant accounting policies

(continued)

Related parties (continued)

(b) (continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Taxes

Significant judgement is required in determining the provisions for income and other taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

2.3 主要會計政策概要(續)

關聯方(續)

(b) (續)

- (vi) 該實體由(a)項所述人士控制或共同控制；
- (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理層成員；及
- (viii) 向本集團或向本集團的母公司提供主要管理人員服務的實體或其所屬集團的任何成員公司。

3. 重大會計判斷及估計

於編製本集團的財務報表時，管理層須作出會影響收益、開支、資產及負債的已呈報金額、其隨附披露以及或然負債披露的判斷、估計及假設。該等假設及估計的不確定因素可能導致未來須對受到影響的資產或負債的賬面值作出重大調整。

判斷

於應用本集團會計政策過程中，除涉及估計外，管理層已作出下列判斷，該等判斷對財務報表內確認的數額具重大影響：

稅項

釐定所得稅及其他稅項撥備時需要作出重大判斷。於一般業務過程中，多項交易及計算的最終稅項結果不能確定。本集團就預期稅務審計事宜(基於是否需要額外稅項的估計)確認負債。倘若該等事宜的最終稅項結果與最初記錄的金額有差異，則有關差異將會影響於作出確定的期間內所得稅及遞延稅項撥備。

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3. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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, are described below.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses as at 31 December 2020 was amounted to HK\$99.7 million (2019: HK\$62.6 million). The amount of unrecognised tax losses at 31 December 2020 was approximately nil (2019: nil). Further details are contained in note 15 to the financial statements.

Impairment allowances on financial assets

The measurement of ECL allowance under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining ECL allowance and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Further details are contained in note 16 to the financial statements.

3. 重大會計判斷及估計 (續)

估計不確定因素

下文所述為有關未來的主要假設以及其他主要估計不確定因素來源，均具有導致下個財政年度的資產與負債賬面值須重大調整的重大風險。

遞延稅項資產

遞延稅項資產僅於可能有應課稅溢利可用於抵扣虧損的情況下方就所有未動用稅項虧損確認。在釐定可予確認的遞延稅項資產的數額時，管理層須根據可能的時間、未來應課稅溢利的水平連同未來稅務規劃策略作出重大判斷。於2020年12月31日的已確認稅項虧損的遞延稅項資產賬面值為99.7百萬港元(2019年：62.6百萬港元)。於2020年12月31日的未確認稅項虧損數額約為零(2019年：零)。進一步詳情載於財務報表附註15。

金融資產減值撥備

根據香港財務報告準則第9號對所有類別的金融資產進行預期信用損失撥備計量須作出判斷，特別是在釐定預期信用損失撥備及評估信貸風險的大幅增加時，對未來現金流量及抵押價值的金額及發生的時間的估計。此等估計受多項因素推動，當中有關的變動可能導致須作出不同程度的撥備。

於各報告日期，本集團會對由報告日期至初步確認日期之間的預計年期內發生的違約風險進行比較，以評估自初步確認以來信貸風險是否有顯著增加。本集團就此會考慮相關及毋須付出過度成本或努力而可用的合理及具支持理據的資料，當中包括量化及質化資料以及前瞻性分析。進一步詳情載述於財務報表附註16。

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3. Significant accounting judgements and estimates *(continued)*

Estimation uncertainty *(continued)*

Valuation of financial assets at fair value through profit or loss and fair value through other comprehensive income

The fair value of financial assets designated at fair value through profit or loss that are not traded in an active market is determined by using external valuations or valuation techniques. The Group uses a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flows analysis, option pricing models and other valuation techniques commonly used by other market participants. Changes in assumptions on the valuation techniques could affect the reported fair values of these financial assets. Further details are contained in notes 20 and 42 to the financial statements.

4. Operating segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management and in accordance with HKFRSs. The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

3. 重大會計判斷及估計 *(續)*

估計不確定因素 *(續)*

按公平值計入損益及按公平值計入其他全面收益的金融資產估值並非於活躍市場買賣的按公平值計入損益的金融資產的公平值採用外部估值或估值方法釐定。本集團採用多種方法及作出多項主要以各報告日期市況為基準的假設。所用估值方法包括使用可資比較近期公平磋商交易、貼現現金流量分析、期權定價模式及其他市場參與者普遍使用的其他估值方式。有關估值方法的假設變動可能影響該等金融資產的報告公平值。進一步詳情載於財務報表附註20及42。

4. 經營分部資料

經營分部報告的方式按照香港財務報告準則與向本集團高級行政管理人員提供的內部報告一致。本集團的經營業務乃按其營運性質及所提供服務分開組織及管理。本集團旗下各經營分部均為提供服務的策略業務單位，其服務所承受風險及所獲回報有別於其他經營分部。

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4. Operating segment information (continued)

The executive directors realigned the Group's strategic focus on traditional brokerage and loans and financing business to serving targeted customers' investment needs. The institutional investor services segment provides financial services to corporations, governments and financial institutions. The wealth management segment provides a comprehensive financial services and solutions to individual investors and small to medium-sized businesses and institutions. In preparing the segment information for the year ended 31 December 2020, the executive directors considered that the business relating to corporate finance services, institutional investor services, wealth management, and investment management are considered a separate reportable segments. Accordingly, the comparative information has been re-presented to achieve a consistent presentation.

Details of each of the operating segments are as follows:

- (a) corporate finance services provides advisory services, placing and underwriting services of debts and equity securities;
- (b) institutional investor services provides market making, investments, structured product solutions, lending and other services to corporations, governments and financial institutions;
- (c) wealth management provides a comprehensive financial services and solutions to individual investors and small to medium-sized businesses and institutions including: brokerage, loans and financing and other wealth management services;
- (d) investment management provides asset management and fund management services to institutions and individuals, and also includes investment in funds, debts and equity securities; and
- (e) the "others" mainly represents rental income and the provision of information channel services.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

4. 經營分部資料(續)

執行董事對本集團的戰略重心進行調整，由傳統經紀以及貸款及融資業務轉為服務於目標客戶的投資需求。機構投資者服務分部向企業、政府及金融機構提供金融服務。財富管理分部則為個人投資者及中小型企業及機構提供綜合金融服務及解決方案。於編製截至2020年12月31日止年度的分部資料時，執行董事認為企業融資服務、機構投資者服務、財富管理及投資管理相關的業務被視為獨立可呈報分部。因此，比較資料乃經重列以表述一致。

有關各經營分部的詳情概述如下：

- (a) 企業融資服務分部提供諮詢服務、債務及股本證券的配售及承銷服務；
- (b) 機構投資者服務分部向企業、政府及金融機構提供做市、投資、結構性產品解決方案、放貸及其他服務；
- (c) 財富管理分部向個體投資者及中小型企業及機構提供全面金融服務及解決方案，包括：經紀、貸款及融資以及其他理財服務；
- (d) 投資管理分部向機構及個人提供資產管理及基金管理服務，亦包括基金、債務及股票證券投資；及
- (e) 「其他」分部主要指租金收入及提供資訊渠道服務。

分部之間的交易(如有)乃參照向第三方收取的價格而進行。

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4. Operating segment information (continued)

The segment results of the Group for the years ended 31 December 2020 and 2019 are as follows:

Year ended 31 December 2020

4. 經營分部資料(續)

截至2020年及2019年12月31日止年度，本集團的分部業績如下：

截至2020年12月31日止年度

		Corporate Finance Services	Institutional Investor Services	Wealth Management	Investment Management	Others	Total
		企業融資服務	機構投資者服務	財富管理	投資管理	其他	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Segment revenue and other income:	分部收益及其他收入：						
Commission and handling income	佣金及手續費收入	609,281	227,304	571,176	155,911	—	1,563,672
Interest and coupon income	利息及票息收入	—	1,802,419	651,218	196,439	—	2,650,076
Investment income	投資收入	1,200	138,765	226,822	292,417	—	659,204
Other income	其他收入	—	—	—	—	5,448	5,448
Total	總計	610,481	2,168,488	1,449,216	644,767	5,448	4,878,400
Segment results	分部業績	278,859	790,432	391,340	354,048	—	1,814,679
Income tax expense	所得稅開支						(246,907)
Profit for the year	年內溢利						<u>1,567,772</u>
Other segment information:	其他分部資料：						
Net loss allowance charge on loans and advances to customers	給予客戶貸款及墊款虧損撥備淨額	—	295,567	56,917	—	—	352,484
Net loss allowance charge/(reversal) on accounts receivable	應收款項虧損撥備支出/(撥回)淨額	452	(1,228)	792	(538)	—	(522)
Net loss allowance charge/(reversal) on other financial assets	其他金融資產虧損撥備支出/(撥回)淨額	—	—	10,327	(424)	—	9,903
Loss allowance charge on financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產虧損撥備支出	—	1,700	—	—	—	1,700
Depreciation	折舊	8,394	3,145	51,775	5,545	—	68,859
Finance costs	融資成本	—	315,891	439,550	74,815	—	830,256

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4. Operating segment information (continued)

Year ended 31 December 2019

4. 經營分部資料(續)

截至2019年12月31日止年度

		Corporate Finance Services 企業融資 服務	Institutional Investor Services 投資者 服務	Wealth Management 財富管理	Investment Management 投資管理	Others 其他	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Segment revenue and other income:	分部收益及其他收入:						
Commission and handling income	佣金及手續費收入	863,394	95,368	434,265	26,038	–	1,419,065
Interest and coupon income	利息及票息收入	–	1,672,996	660,030	28,368	–	2,361,394
Investment income	投資收入	–	(28,774)	48,028	445,823	–	465,077
Other income	其他收入	–	–	–	–	4,635	4,635
Total	總計	863,394	1,739,590	1,142,323	500,229	4,635	4,250,171
Segment results	分部業績	367,288	21,292	346,862	270,001	–	1,005,443
Income tax expense	所得稅開支						(102,884)
Profit for the year	年內溢利						<u>902,559</u>
Other segment information:	其他分部資料:						
Net loss allowance charge/(reversal) on loans and advances to customers	給予客戶貸款及墊款虧損撥備支出/(撥回)淨額	–	913,764	(5,234)	–	–	908,530
Net loss allowance charge/(reversal) on accounts receivable	應收款項虧損撥備支出/(撥回)淨額	(3,280)	3,537	358	1,334	–	1,949
Net loss allowance charge/(reversal) on other financial assets	其他金融資產虧損撥備支出/(撥回)淨額	(5,945)	–	–	4,181	–	(1,764)
Depreciation	折舊	17,845	6,798	37,490	2,945	–	65,078
Finance costs	融資成本	–	414,962	378,909	85,423	–	879,294

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4. Operating segment information *(continued)*

Geographical information

(a) Revenue and other income from external customers

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Hong Kong	香港	4,621,039	4,121,513
Other countries	其他國家	257,361	128,658
		4,878,400	4,250,171

The information of revenue and other income above is based on the locations of the markets.

(b) Non-current assets

Majority of the non-current assets (excluding deferred tax assets) of the Group are located in Hong Kong.

4. 經營分部資料(續)

地域資料

(a) 外部客戶收益及其他收入

上文的收益及其他收入資料乃按市場地點編製。

(b) 非流動資產

本集團大部分非流動資產(不包括遞延稅項資產)均位於香港。

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5. Revenue

The Group's revenue is disaggregated as follows:

5. 收益

本集團的收益細分如下：

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
<i>Revenue from contracts with customers</i>	客戶合約收益		
Brokerage:	經紀業務：		
Securities	證券	554,739	452,531
Futures and options	期貨及期權	26,544	17,311
Handling income	手續費收入	60,056	52,688
Insurance	保險	6,779	6,592
Leveraged foreign exchange	槓桿外匯	1,353	2,111
		649,471	531,233
Corporate finance:	企業融資：		
Placing, underwriting and sub-underwriting commission	配售、承銷及分承銷的佣金		
– Debt securities	– 債務證券	461,737	594,446
– Equity securities	– 股本證券	85,055	136,326
Consultancy and financial advisory fee income	顧問及融資諮詢費收入	45,080	78,275
		591,872	809,047
Asset management:	資產管理：		
Management fee income	管理費收入	9,446	12,772
Performance fee income	表現費收入	144,062	23,667
		153,508	36,439

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5. Revenue (continued)

The Group's revenue is disaggregated as follows: (continued)

5. 收益(續)

本集團的收益細分如下：(續)

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Financial products, market making and investments:	金融產品、做市及投資：		
Handling income on financial products	金融產品手續費收入	168,821	42,346
<i>Revenue from other sources</i>			
Loans and financing:	貸款及融資：		
Interest and handling income from customers and counterparty financing	客戶及對手方融資的利息及手續費收入	757,477	742,388
Interest income from banks and others	銀行及其他利息收入	250,178	392,584
		1,007,655	1,134,972
Financial products, market making and investments:	金融產品、做市及投資：		
Market Making	做市		
– Debt securities and exchange traded funds	– 債務證券及交易所交易基金	768,200	649,252
Investments	投資		
– Fixed income securities, unconsolidated investment funds, derivatives and equity investments	– 固定收益證券、非合併投資基金、衍生工具及股本投資	1,237,319	666,146
Interest on financial products	金融產品之利息	296,106	376,101
		2,301,625	1,691,499
		4,872,952	4,245,536

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6. Staff costs

6. 員工成本

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Staff costs (including directors' remuneration):	員工成本(包括董事酬金)：		
Salaries, bonuses and allowances	薪金、花紅及津貼	1,112,330	769,174
Share-based compensation expense	以股份為基礎補償開支		
– Share option scheme (note 32)	– 購股權計劃(附註32)	6,239	6,798
– Share award scheme (note 33)	– 股份獎勵計劃(附註33)	19,223	57,325
Pension scheme contributions	退休金計劃供款	10,918	9,615
		1,148,710	842,912

7. Finance costs

7. 融資成本

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Bank borrowings and overdrafts	銀行借款及透支	335,288	324,624
Debt securities in issue	已發行債務證券	280,078	240,618
Securities borrowing and lending	證券借貸	2,319	7,272
Repurchase agreements	回購協議	148,218	199,013
Short selling of debt securities	賣空債務證券	61,637	82,546
Lease liabilities	租賃負債	1,353	1,862
Others	其他	1,363	23,359
		830,256	879,294

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8. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

8. 除稅前溢利

本集團的除稅前溢利乃經扣減／
(計入)以下各項後得出：

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Auditors' remuneration	核數師酬金		
(i) audit services	(i) 核數服務	2,325	3,438
(ii) interim review	(ii) 中期審閱	1,008	980
(iii) tax and other consultancy services	(iii) 稅務及其他 諮詢服務	3,016	3,460
Foreign exchange differences, net	外匯淨差額	(61,944)	53,758
Other commission expenses	其他佣金開支	45,371	53,072
Information services expenses	資訊服務支出	45,398	35,439
Marketing, advertising and promotion expenses	市場推廣、廣告及 宣傳支出	10,135	11,823
Professional and consultancy fee	專業及諮詢費	137,118	93,013
Repair and maintenance (including system maintenance)	維修及維護(包括系統 維護)	65,211	59,980
Net loss allowance charge on loans and advances to customers	給予客戶貸款及墊款 虧損撥備支出淨額	352,484	908,530
Net loss allowance (reversal)/charge on accounts receivable	應收款項虧損撥備 (撥回)／支出淨額	(522)	1,949
Net loss allowance charge/(reversal) on other financial assets and loan commitments	其他金融資產及貸款 承擔虧損撥備支出／ (撥回)淨額	9,903	(1,764)
Loss allowance charge on financial assets at fair value through other comprehensive income	按公平值計入其他 全面收益的金融 資產之虧損撥備 支出	1,700	—

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9. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Current – Hong Kong	即期 – 香港		
– Charge for the year	– 年內開支	103,342	233,040
– Under provision in prior years	– 過往年度撥備不足	11,630	4,924
Deferred (note 15)	遞延(附註15)	131,935	(135,080)
Total tax charge for the year	年內稅項開支總額	246,907	102,884

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

9. 所得稅開支

香港利得稅乃就年內在香港產生的估計應課稅溢利按稅率16.5% (2019年：16.5%)撥備。

按適用法定稅率之除稅前溢利計算之稅項費用與按實際稅率計算之稅項費用之對賬如下：

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Profit before tax	除稅前溢利	1,814,679	1,005,443
Tax at the statutory tax rate at 16.5% (2019: 16.5%)	按法定稅率16.5% 計算之稅項 (2019年：16.5%)	299,422	165,898
Under provision in prior years	過往年度撥備不足	11,630	4,924
Income not subject to tax	毋須課稅收入	(146,290)	(69,905)
Expenses not deductible for tax	不可扣稅開支	82,149	5,425
Tax losses utilised	已動用稅項虧損	–	(3,417)
Temporary difference not recognised	未確認暫時差額	(4)	(41)
Tax charge for the year	年內稅項開支	246,907	102,884

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10. Dividends

10. 股息

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Interim, paid – HK\$0.034 (2019: HK\$0.042) per ordinary share	中期，已支付—每股普通股0.034港元 (2019年：0.042港元)	326,985	324,058
Less: Dividend for shares held under the Company's share award scheme	減：本公司股份獎勵計劃項下所持股份的股息	(1,251)	(2,747)
		325,734	321,311
Final, proposed – HK\$0.051 (2019: HK\$0.02) per ordinary share	末期，擬派發—每股普通股0.051港元 (2019年：0.02港元)	490,479	192,698
Less: Dividend for shares held under the Company's share award scheme	減：本公司股份獎勵計劃項下所持股份的股息	(943)	(738)
		489,536	191,960*
		815,270	513,271

* The Company paid a final dividend of approximately HK\$191,628,000 for the year ended 31 December 2019, as further adjusted to exclude the dividend for shares bought back by the Company before the ex-dividend date 27 May 2020 amounting to HK\$332,480.

* 本公司已派付截至2019年12月31日止年度之末期股息約191,628,000港元，當中已進一步作出調整以撇除本公司於除息日2020年5月27日前購回的股份股息332,480港元。

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

年內擬派末期股息須經本公司股東於應屆股東週年大會上批准，方可作實。

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11. Earnings per share attributable to ordinary equity holders of the parent

The calculations of the basic and diluted earnings per share are based on:

(a) Basic earnings per share

The calculation of basic earnings per share is as follows:

		2020 2020年	2019 2019年
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	母公司普通股股東應佔溢利(以千港元計)	1,562,587	895,303
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in '000)	已發行普通股的加權平均數減就股份獎勵計劃持有的股份(以千計)	9,268,622	7,653,126
Basic earnings per share (in HK cents)	每股基本盈利(以港仙計)	16.9	11.7

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

11. 母公司普通股股東應佔每股盈利

每股基本及攤薄盈利的計算方法如下：

(a) 每股基本盈利

每股基本盈利的計算方法如下：

(b) 每股攤薄盈利

每股攤薄盈利乃按母公司普通股股東應佔年內溢利計算。計算時所用的普通股加權平均數乃指計算每股基本盈利所採用的年內已發行普通股數目，以及假設所有潛在攤薄普通股獲轉換而發行的普通股加權平均數。

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11. Earnings per share attributable to ordinary equity holders of the parent *(continued)*

(b) Diluted earnings per share *(continued)*

The calculation of diluted earnings per share is as follows:

		2020 2020年	2019 2019年
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	母公司普通股股東應佔溢利(以千港元計)	1,562,587	895,303
Weighted average number of ordinary shares in issue less shares held for the share award scheme used in the basic earnings per share calculation (in '000)	用於計算每股基本盈利的已發行普通股的加權平均數減就股份獎勵計劃持有的股份(以千計)	9,268,622	7,653,126
Effect of dilution – weighted average number of ordinary shares:	攤薄影響 – 普通股的加權平均數:		
Share options under the share option scheme (in '000)	購股權計劃項下的購股權(以千計)	1,297	4,330
Awarded shares under the share award scheme (in '000)	股份獎勵計劃項下的獎勵股份(以千計)	15,603	14,272
Number of ordinary shares for the purpose of the diluted earnings per share calculation (in '000)	就每股攤薄盈利計算而言的普通股數目(以千計)	9,285,522	7,671,728
Diluted earnings per share (in HK cents)	每股攤薄盈利(以港仙計)	16.8	11.7

11. 母公司普通股股東應佔每股盈利(續)

(b) 每股攤薄盈利(續)

每股攤薄盈利的計算方法如下:

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12. Property, plant and equipment

12. 物業、廠房及設備

		Furniture and fixtures						Right of use assets			Total
		Office equipment	and fixtures	Buildings	Leasehold improvements	Motor vehicles	Sub-total	Leasehold land	Buildings	Sub-total	
		辦公室設備	傢俬及裝置	樓宇	租賃物業裝修	汽車	小計	土地租賃	樓宇	小計	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
31 December 2020	2020年12月31日										
As at 1 January 2020	於2020年1月1日										
Cost	成本	126,819	6,797	81,999	45,848	3,069	264,532	481,832	72,919	554,751	819,283
Accumulated depreciation	累計折舊	(92,628)	(5,736)	(21,538)	(38,832)	(2,997)	(161,731)	(124,670)	(23,943)	(148,613)	(310,344)
Net carrying amount	賬面淨值	34,191	1,061	60,461	7,016	72	102,801	357,162	48,976	406,138	508,939
Opening net carrying amount	年初賬面淨值	34,191	1,061	60,461	7,016	72	102,801	357,162	48,976	406,138	508,939
Additions	添置	35,315	166	–	1,111	–	36,592	–	220	220	36,812
Exchange realignment	外匯調整	13	–	–	(7)	–	6	–	(28)	(28)	(22)
Depreciation charged during the year	年內折舊	(22,978)	(598)	(2,198)	(4,127)	(51)	(29,952)	(12,988)	(25,919)	(38,907)	(68,859)
Disposals	出售	(946)	–	–	–	–	(946)	–	–	–	(946)
Closing net carrying amount	年終賬面淨值	45,595	629	58,263	3,993	21	108,501	344,174	23,249	367,423	475,924
As at 31 December 2020	於2020年12月31日										
Cost	成本	158,210	6,960	81,999	46,945	3,069	297,183	481,832	73,149	554,981	852,164
Accumulated depreciation	累計折舊	(112,615)	(6,331)	(23,736)	(42,952)	(3,048)	(188,682)	(137,658)	(49,900)	(187,558)	(376,240)
Net carrying amount	賬面淨值	45,595	629	58,263	3,993	21	108,501	344,174	23,249	367,423	475,924

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12. Property, plant and equipment (continued)

12. 物業、廠房及設備(續)

		Right of use assets 使用權資產									Total 總計
		Office equipment 辦公室 設備	Furniture and fixtures 傢俬及 裝置	Buildings 樓宇	Leasehold improvements 租賃物業 裝修	Motor vehicles 汽車	Sub-total 小計	Leasehold land 租賃 土地	Buildings 樓宇	Sub-total 小計	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
For the year ended 31 December 2019	截至2019年12月31日 止年度										
As at 1 January 2019	於2019年1月1日										
Cost	成本	100,143	6,736	563,831	43,186	2,993	716,889	–	–	–	716,889
Accumulated depreciation	累計折舊	(73,992)	(4,589)	(131,021)	(32,650)	(2,993)	(245,245)	–	–	–	(245,245)
Net carrying amount	賬面淨值	26,151	2,147	432,810	10,536	–	471,644	–	–	–	471,644
Opening net carrying amount	年初賬面淨值	26,151	2,147	432,810	10,536	–	471,644	–	–	–	471,644
Effect of adoption of HKFRS 16	採納香港財務報告 準則第16號 之影響	–	–	(370,150)	–	–	(370,150)	370,150	53,060	423,210	53,060
Opening net carrying amount	年初賬面淨值	26,151	2,147	62,660	10,536	–	101,494	370,150	53,060	423,210	524,704
Acquisition of a subsidiary	收購一家附屬公司	1,318	–	–	–	75	1,393	–	2,781	2,781	4,174
Additions	添置	25,362	61	–	2,652	–	28,075	–	17,078	17,078	45,153
Exchange realignment	外匯調整	2	–	–	(28)	1	(25)	–	11	11	(14)
Depreciation charged during the year	年內折舊	(18,642)	(1,147)	(2,199)	(6,144)	(4)	(28,136)	(12,988)	(23,954)	(36,942)	(65,078)
Closing net carrying amount	年終賬面淨值	34,191	1,061	60,461	7,016	72	102,801	357,162	48,976	406,138	508,939
As at 31 December 2019	於2019年12月31日										
Cost	成本	126,819	6,797	81,999	45,848	3,069	264,532	481,832	72,919	554,751	819,283
Accumulated depreciation	累計折舊	(92,628)	(5,736)	(21,538)	(38,832)	(2,997)	(161,731)	(124,670)	(23,943)	(148,613)	(310,344)
Net carrying amount	賬面淨值	34,191	1,061	60,461	7,016	72	102,801	357,162	48,976	406,138	508,939

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13. Goodwill and other intangible assets

		Trading rights 交易權 HK\$'000 千港元	Club membership 會所會籍 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Net carrying amounts	賬面淨值				
As at 1 January 2019	於2019年1月1日	1,913	1,282	—	3,195
Acquisition of a subsidiary (note 44)	收購一間附屬公司 (附註44)	—	—	20,473	20,473
Disposals	出售	—	(1,282)	—	(1,282)
As at 31 December 2019	於2019年12月31日	1,913	—	20,473	22,386

13. 商譽及其他無形資產

		Trading rights 交易權 HK\$'000 千港元	Club membership 會所會籍 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Net carrying amounts	賬面淨值				
As at 1 January 2020	於2020年1月1日	1,913	—	20,473	22,386
Additions	添置	500	—	—	500
As at 31 December 2020	於2020年12月31日	2,413	—	20,473	22,886

As at 31 December 2020 and 2019, the Group had three trading rights in the Stock Exchange and one trading right in The Hong Kong Futures Exchange Limited. The intangible assets are not amortised for the years ended 31 December 2020 and 2019 as they have no expiry date.

於2020年及2019年12月31日，本集團擁有於聯交所的三個交易權及香港期貨交易所有限公司的一個交易權。由於並無到期日，故截至2020年及2019年12月31日止年度並無攤銷無形資產。

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13. Goodwill and other intangible assets (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the Vietnam Investment Securities Company ("IVS") cash-generating unit for impairment testing. The recoverable amount of IVS has been determined based on the value-in-use calculation using cash flow projections covering a five-year period approved by the management. The discount rate applied to the cash flow projections is 11% (2019: 11%) which is determined based on the past business performance, the management's expectation of the market development and future business plan. The discount rate used reflects specific risks relating to IVS and have taken into account of the risk of business uncertainties in the foreseeable future.

14. Other assets

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Basic contribution of the guarantee fund paid to Hong Kong Securities Clearing Company Limited ("HKSCC")	支付予香港中央結算有限公司(「香港結算」)的保證基金基本供款	867	690
Deposits with Stock Exchange:	於聯交所的按金：		
– Compensation fund	– 補償基金	150	150
– Fidelity fund	– 互保基金	150	150
– Stamp duty deposit	– 印花稅按金	500	500
Admission fee paid to HKSCC	支付予香港結算的准入費	150	150
Reserve fund with The SEHK Options Clearing House Limited	於香港聯合交易所期權結算有限公司的儲備金	3,387	1,927
Settlement Risk Fund paid to the Shanghai Stock Exchange	支付予上海證券交易所的結算風險基金	238	223
Deposit with HKFE Clearing Corporation Limited	於香港期貨結算有限公司的按金	3,000	1,500
Funds deposited with the Securities and Futures Commission	於證券及期貨事務監察委員會的按金	–	50
License deposit with the Monetary Authority of Singapore	於新加坡金融管理局的牌照按金	586	578
Statutory deposit with Hanoi Stock Exchange	於河內證券交易所的法定存款	2,585	2,402
Interest receivables of bank deposits	銀行存款應收利息	–	52
Other prepayments	其他預付款項	–	154
		11,613	8,526

The carrying amounts of the Group's other assets approximate to their fair values.

13. 商譽及其他無形資產(續)

商譽減值測試

通過業務合併獲得的商譽分配給越南投資證券股份公司(「IVS」)現金產生單位用於減值測試。IVS可收回金額乃基於使用價值計算釐定，有關計算採用管理層核定之涵蓋五年期現金流預測。現金流預測所用貼現率為11%(2019年：11%)，其乃基於過往業務表現、管理層對市場演變預期及未來商業計劃釐定。所用貼現率反映IVS相關特定風險，當中已計及可見未來內業務不確定性風險。

14. 其他資產

本集團其他資產的賬面值與其公平值相若。

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15. Deferred tax

The movements in deferred tax assets and liabilities during the year are as follows:

15. 遞延稅項

年內遞延稅項資產及負債變動如下：

		Accelerated tax depreciation	Losses available for offsetting against future taxable profits	Fair value loss	Share-based compensation	ECL allowance	Total
		加速稅項折舊	可供抵銷未來稅項溢利的虧損	公平值虧損	以股份為基礎的薪酬	預期信用損失撥備	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2019	於2019年1月1日	(5,552)	12,253	21,151	4,680	97,275	129,807
Deferred tax credited/(charged) to profit or loss	於損益計入/(扣除)遞延稅項	1,873	50,378	(66,503)	(460)	149,792	135,080
At 31 December 2019 and at 1 January 2020	於2019年12月31日及於2020年1月1日	(3,679)	62,631	(45,352)	4,220	247,067	264,887
Deferred tax credited/(charged) to profit or loss	於損益計入/(扣除)遞延稅項	(3,443)	1,776	115,113	(2,721)	(242,660)	(131,935)
At 31 December 2020	於2020年12月31日	(7,122)	64,407	69,761	1,499	4,407	132,952

Deferred income 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 the deferred income taxes relate to the same taxation authority. The deferred income tax assets and liabilities are to be utilised and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position.

當有法定權利可以將本期稅項資產與本期稅項負債抵銷及遞延所得稅涉及同一稅務機關時，則可將遞延所得稅資產與負債互相抵銷。遞延所得稅資產及負債將於一年後予以動用及結算，而下列在計入適當抵銷後釐定的金額則在綜合財務狀況表內列賬。

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	150,880	267,316
Deferred tax liabilities	遞延稅項負債	(17,928)	(2,429)
		132,952	264,887

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15. Deferred tax (continued)

In accordance with the accounting policy set out in note 2.3, the Group has recognised deferred tax assets in respect of cumulative tax losses of HK\$390.3 million (2019: 379.6 million) as it is probable that future taxable profits against which the losses can be utilised will be available in the relevant jurisdiction and entity. The tax losses do not expire under the current tax legislation.

16. Loans and advances to customers

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Non-current	非流動		
Term loans to customers	給予客戶的定期貸款	—	948,000
Less: Loss allowance	減：虧損撥備	—	(479)
		—	947,521
Current	流動		
Margin loans	孖展貸款	15,522,931	11,719,143
Term loans to customers	給予客戶的定期貸款	488,418	532,480
IPO Loans	首次公開發售貸款	1,429,100	—
Less: Loss allowance	減：虧損撥備	(1,836,205)	(1,483,242)
		15,604,244	10,768,381
		15,604,244	11,715,902

Loans and advances are categorised into "excellent", "good", "fair" and "individually impaired". Excellent refers to exposures which margin obligation are consistently met and the payment of principal and interest is not in doubt, collaterals provided are highly liquid and of good quality. Good refers to exposures which principal and interest are fully secured but collaterals provided are at a relatively lower quality where shortfall may be recorded when there is a significant drop in collateral value. Fair refers to exposures which principal and interest are fully secured but the quality of the collateral is deteriorating, shortfall would be expected when the collateral value continues to deteriorate. Individually impaired refers to exposures which loss, partial or full, has incurred and with insufficient collateral.

15. 遞延稅項(續)

根據附註2.3所載會計政策，本集團就累計稅項虧損390.3百萬港元(2019年：379.6百萬港元)確認遞延稅項資產，蓋因相關司法權區及實體可能有未來應課稅溢利抵銷該等虧損。根據當前稅法，稅項虧損並未到期。

16. 給予客戶的貸款及墊款

貸款及墊款分類為「優秀」、「良好」、「普通」及「個別減值」。優秀指貫徹履行孖展責任及本金和利息付款並無呆賬，且提供的抵押品具有高流通性及良好品質的風險。良好指本金和利息全部有抵押但提供的抵押品質量相對較低，且抵押品價值大幅下跌時可能錄得缺額的風險。普通指本金和利息全部有抵押但抵押品質量正在變差，且抵押品價值持續下跌時預期錄得缺額的風險。個別減值指已產生部分或悉數虧損且無足夠抵押品的風險。

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16. Loans and advances to customers (continued)

Analysis of the gross carrying amount as at 31 December by the Group's internal credit rating and year end classification:

2020

Internal rating grade	內部評級	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
		12個月預期信用損失 (Stage 1) (第一階段)	未信貸減值的全期預期信用損失 (Stage 2) (第二階段)	已信貸減值的全期預期信用損失 (Stage 3) (第三階段)	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Performing	正常				
Excellent	優秀	14,598,692	—	—	14,598,692
Good	良好	698,159	—	—	698,159
Fair	普通	—	—	—	—
Non-performing	不良				
Individually impaired	個別減值	—	—	2,143,598	2,143,598
		15,296,851	—	2,143,598	17,440,449

16. 給予客戶的貸款及墊款 (續)

按本集團內部信貸評級及年末分類的於12月31日的賬面總值分析：

2020年

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16. Loans and advances to customers (continued)

2019

Internal rating grade	內部評級	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
		12個月預期的全期預期信用損失 (Stage 1) (第一階段)	未信貸減值的全期預期信用損失 (Stage 2) (第二階段)	已信貸減值的全期預期信用損失 (Stage 3) (第三階段)	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Performing	正常				
Excellent	優秀	10,413,958	—	—	10,413,958
Good	良好	—	—	—	—
Fair	普通	715,272	—	—	715,272
Non-performing	不良				
Individually impaired	個別減值	—	—	2,070,393	2,070,393
		11,129,230	—	2,070,393	13,199,623

16. 給予客戶的貸款及墊款 (續)

2019年

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16. Loans and advances to customers (continued)

Analysis of the gross carrying amount and the corresponding ECL allowance is as follows:

16. 給予客戶的貸款及墊款 (續)

賬面總值及相應預期信用損失撥備分析如下：

		12-month ECL 12個月預期 信用損失 (Stage 1) (第一階段) HK\$'000 千港元	Lifetime ECL not credit- impaired 未信貸減值 的全期預期 信用損失 (Stage 2) (第二階段) HK\$'000 千港元	Lifetime ECL credit-impaired 已信貸減值 的全期預期 信用損失 (Stage 3) (第三階段) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Gross carrying amount as at 1 January 2019	於2019年1月1日的 賬面總值	11,695,838	–	1,154,703	12,850,541
Acquisition of a subsidiary	收購一間附屬公司	49,379	–	–	49,379
New assets originated, purchased or assets transferred	已產生、已購買的新資產 或已轉讓的資產	5,080,313	–	22,195	5,102,508
Assets derecognised or repaid	已終止確認或已償還的 資產	(4,728,502)	–	(74,303)	(4,802,805)
Transfer from stage 1 to stage 3	由第一階段轉入至 第三階段	(967,798)	–	967,798	–
Gross carrying amount as at 31 December 2019 and as at 1 January 2020	於2019年12月31日及 於2020年1月1日的 賬面總值	11,129,230	–	2,070,393	13,199,623
New assets originated, purchased or assets transferred	已產生、已購買的新資產 或已轉讓的資產	8,721,335	–	23,958	8,745,293
Assets derecognised or repaid	已終止確認或已償還的 資產	(4,407,906)	–	(96,561)	(4,504,467)
Transfer from stage 1 to stage 3	由第一階段轉入至 第三階段	(145,808)	–	145,808	–
Gross carrying amount as at 31 December 2020	於2020年12月31日的 賬面總值	15,296,851	–	2,143,598	17,440,449

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16. Loans and advances to customers (continued)

The movements in the ECL allowance on loans and advances to customers are as follows:

		12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
		12個月預期 信用損失 (Stage 1) (第一階段)	未信貸減值 的全期預期 信用損失 (Stage 2) (第二階段)	已信貸減值 的全期預期 信用損失 (Stage 3) (第三階段)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ECL allowance as at 1 January 2019	於2019年1月1日的預期 信用損失撥備	(13,316)	–	(561,850)	(575,166)
Acquisition of a subsidiary	收購一間附屬公司	(25)	–	–	(25)
New assets originated or purchased	已產生或已購買的新資產	(159)	–	–	(159)
Assets derecognised or repaid	已終止確認或已償還的 資產	437	–	–	437
Changes to risk parameters	風險參數變動	1,598	–	(308,543)	(306,945)
Transfer from stage 1 to stage 3	由第一階段轉入至 第三階段	4,272	–	(4,272)	–
Changes arising from transfer of stage	源於轉移階段的變動	–	–	(601,863)	(601,863)
ECL allowance as at 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日的 預期信用損失撥備	(7,193)	–	(1,476,528)	(1,483,721)
New assets originated or purchased	已產生或已購買的新資產	(715)	–	–	(715)
Assets derecognised or repaid	已終止確認或已償還的 資產	138	–	1	139
Changes to risk parameters	風險參數變動	4,793	–	(356,701)	(351,908)
ECL allowance as at 31 December 2020	於2020年12月31日的 預期信用損失撥備	(2,977)	–	(1,833,228)	(1,836,205)

The contractual amount outstanding on loans and advances to customers have been written off but were still subject to enforcement activity was nil at 31 December 2020 (2019: nil).

16. 給予客戶的貸款及墊款 (續)

給予客戶的貸款及墊款預期信用
損失的撥備變動如下：

於2020年12月31日，已撇銷但仍須進行強制執法行動的給予客戶的貸款及墊款的未償還合約金額為零(2019年：零)。

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16. Loans and advances to customers (continued)

Margin financing operations

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The maximum credit limit granted for each customer is based on the customer's financial background and the quality of related collateral. The Group seeks to maintain strict control over its outstanding receivables and has a credit and risk management department to monitor credit risks.

Margin loans to the customers are secured by the underlying pledged securities, bear interest at a rate with reference to the Hong Kong dollar prime rate and the quality of collateral pledged by customers, are repayable on demand. The carrying value of margin loans approximates to their fair value. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of the margin loans business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2020, the total value of securities pledged as collateral in respect of the margin loans was approximately HK\$48,183 million (2019: HK\$33,519 million) based on the market value of the securities as at the end of the reporting period.

Term loans to customers

The Group also provides term loans to customers. In determining the interest rates, reference is made to the credit standing of the relevant customers and the quality and value of the collateral pledged. The term loans granted to customers amounted to HK\$456,128,000 (2019: HK\$1,444,038,000), and the accrued interest amounted to HK\$32,290,000 (2019: HK\$36,442,000) as at 31 December 2020. The carrying amounts of the term loans to customers approximate to their fair values.

16. 給予客戶的貸款及墊款 (續)

孖展融資業務

本集團就證券交易向客戶提供孖展融資，以客戶的證券持作抵押品擔保。每名客戶獲授的最高信貸額度乃以客戶的財務背景及所持相關抵押品的質素為基準。本集團擬保持對其未清償應收款項的嚴格控制，並成立了信貸及風險管理部門監控信貸風險。

給予客戶的孖展貸款以相關已抵押證券擔保，按根據港元最優惠利率及客戶質押的抵押品質素釐定的利率計息，並按要求償還。孖展貸款的賬面值與其公平值相若。由於董事認為，鑒於孖展貸款業務的性質，賬齡分析並不會提供額外價值，故概無披露賬齡分析。授予孖展客戶的信貸融資額乃根據本集團接納的抵押證券貼現市值釐定。於2020年12月31日，作為孖展貸款抵押品的已抵押證券總值約為48,183百萬港元（2019年：33,519百萬港元），此乃按證券於報告期末的市值計算得出。

給予客戶的定期貸款

本集團亦向客戶提供定期貸款。於釐定利率時，會參考相關客戶的財務信貸狀況以及所質押的抵押品質素及價值。於2020年12月31日授予客戶的定期貸款為數456,128,000港元（2019年：1,444,038,000港元），其應計利息為數32,290,000港元（2019年：36,442,000港元）。給予客戶的定期貸款的賬面值與其公平值相若。

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17. Loans to directors

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2020	Maximum amount outstanding during the year	At 31 December 2019 and 1 January 2020	Maximum amount outstanding during the prior year	At 1 January 2019	Collateral held
姓名	於2020年12月31日	年內最高未償還金額	於2019年12月31日及2020年1月1日	往年內最高未償還金額	於2019年1月1日	持有抵押品
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Mr. Li Guangjie 李光杰先生	525	9,726	–	5,529	–	Marketable securities 有價證券
Ms. Qi Haiying 祁海英女士	–	6,153	–	–	–	Marketable securities 有價證券
Mr. WONG Tung Ching 王冬青先生	–	3,029	–	993	253	Marketable securities 有價證券

The loans granted to directors bear interest range from Hong Kong dollar prime rate +/-3% per annum depending on risk assessment on collateral received and the facilities were granted to the directors for a period of 3 years ended on 31 December 2020 and renewed for a period of 3 months ending on 31 March 2021.

17. 給予董事的貸款

根據香港公司條例第383(1)(d)條及公司(披露董事利益資料)規例第3部規定，本集團給予董事的貸款披露如下：

授予董事的貸款乃按港元最優惠利率加／減每年3%計息，視乎對已收抵押品的風險評估而定，及授予董事之融資安排，有關安排截至2020年12月31日止年度為期3年及截至2021年3月31日止年度重續3個月期限。

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18. Accounts receivable

The carrying values of accounts receivable arising from the course of business of the Group are as follows:

18. 應收款項

本集團業務過程中所產生的應收款項的賬面值如下：

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Accounts receivable arising from brokerage	經紀業務應收款項		
- cash and custodian clients	- 現金及託管客戶	110,705	40,374
- the Stock Exchange and other clearing houses	- 聯交所及其他結算所	1,642,743	1,366,064
- brokers and dealers	- 經紀及交易商	2,800,396	2,371,854
Accounts receivable arising from insurance brokerage services	保險經紀服務應收款項		
- cash and custodian clients	- 現金及託管客戶	5	114
Accounts receivable arising from securities borrowing and lending	證券借貸業務應收款項		
- brokers and dealers	- 經紀及交易商	720,545	72,889
Accounts receivable arising from corporate finance, asset management, financial products, market making and investments	企業融資、資產管理、金融產品、做市及投資業務應收款項		
- corporate clients, investment funds and others	- 企業客戶、投資基金及其他	371,455	307,300
		5,645,849	4,158,595
Less: Loss allowance	減：虧損撥備	(7,052)	(7,574)
		5,638,797	4,151,021

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18. Accounts receivable (continued)

The movements in the loss allowance on accounts receivable are as follows:

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
At 1 January	於1月1日	7,574	5,625
Loss allowance charged to profit or loss during the year	年內計入損益的虧損撥備	1,177	5,579
Loss allowance reversed during the year	年內撥回的虧損撥備	(1,699)	(3,630)
At 31 December	於12月31日	7,052	7,574

The contractual amount outstanding on accounts receivable have been written off but were still subject to enforcement activity was nil at 31 December 2020 (2019: nil).

18. 應收款項(續)

應收款項虧損撥備變動如下：

於2020年12月31日，已撇銷但仍須進行強制執法行動的應收款項未償還合約金額為零(2019年：零)。

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18. Accounts receivable (continued)

The carrying values of accounts receivable arising from the course of business of the Group are as follows:

31 December 2020

18. 應收款項(續)

本集團業務過程中所產生的應收款項的賬面值如下：

2020年12月31日

		Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients, investment funds and others	Accounts receivable from insurance brokerage	Total
		現金及託管客戶應收款項	聯交所及其他結算所應收款項	經紀及交易商應收款項	企業客戶、投資基金及其他應收款項	經紀業務保險應收款項	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Gross carrying amount	總賬面值	110,705	1,642,743	3,520,941	371,455	5	5,645,849
Less: loss allowance	減：虧損撥備						
– Stage 1	– 第一階段	(55)	(821)	(1,312)	N/A 不適用	–	(2,188)
– Stage 2	– 第二階段	(2)	–	–	N/A 不適用	–	(2)
– Stage 3	– 第三階段	(371)	–	–	N/A 不適用	–	(371)
– Simplified approach	– 簡易法	N/A 不適用	N/A 不適用	N/A 不適用	(4,491)	N/A 不適用	(4,491)
		110,277	1,641,922	3,519,629	366,964	5	5,638,797

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18. Accounts receivable (continued)

31 December 2019

18. 應收款項(續)

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		Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients, investment funds and others	Accounts receivable from insurance brokerage	Total
		現金及託管客戶應收款項	聯交所及其他結算所應收款項	經紀及交易商應收款項	企業客戶、投資基金及其他應收款項	保險經紀業務應收款項	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Gross carrying amount	總賬面值	40,374	1,366,064	2,444,743	307,300	114	4,158,595
Less: Loss allowance	減：虧損撥備						
– Stage 1	– 第一階段	(20)	(668)	(2,126)	N/A 不適用	–	(2,814)
– Stage 2	– 第二階段	–	–	–	N/A 不適用	–	–
– Stage 3	– 第三階段	(183)	–	–	N/A 不適用	–	(183)
– Simplified approach	– 簡易法	N/A 不適用	N/A 不適用	N/A 不適用	(4,577)	N/A 不適用	(4,577)
		40,171	1,365,396	2,442,617	302,723	114	4,151,021

Accounts receivable from cash and custodian clients represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the end of the reporting year. When the cash and custodian clients fail to settle on the settlement date, the Group has the rights to force-sell the collateral underlying the securities transactions. The collateral held against these receivables is publicly traded securities. The loss allowance is made after taking into consideration the recoverability from the collateral. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable.

現金及託管客戶的應收款項是指在報告年度末之前的最後兩到三個工作日內在不同證券交易所進行的未結算客戶交易。一旦現金及託管客戶未能於結算日償付款項，本集團有權強制出售證券交易相關的抵押品。針對該等應收款項持有的抵押品為公開交易證券。虧損撥備在考慮抵押品的可收回性後作出。董事認為，由於該等應收款項的性質，賬齡分析不會帶來額外價值，故未披露任何賬齡分析。

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18. Accounts receivable (continued)

Analysis of the gross carrying amount of accounts receivable arising from brokerage of cash and custodian clients are as follows:

18. 應收款項(續)

經紀現金及託管客戶的應收款項之總賬面值分析如下：

		12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
		12個月預期 信用損失 (Stage 1) (第一階段)	未信貸減值 的全期預期 信用損失 (Stage 2) (第二階段)	已信貸減值 的全期預期 信用損失 (Stage 3) (第三階段)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Gross carrying amount as at 1 January 2019	於2019年1月1日的 總賬面值	21,809	11,514	180	33,503
New assets originated, purchased or assets transferred	已產生、已購買的新資 產或已轉讓的資產	40,153	—	44	40,197
Assets derecognised or repaid	已終止確認或已償還 的資產	(21,809)	(11,514)	(3)	(33,326)
Gross carrying amount as at 31 December 2019 and as at 1 January 2020	於2019年12月31日及 於2020年1月1日的 總賬面值	40,153	—	221	40,374
New assets originated, purchased or assets transferred	已產生、已購買的新資 產或已轉讓的資產	109,818	7	58	109,883
Assets derecognised or repaid	已終止確認或已償還 的資產	(39,552)	—	—	(39,552)
Transfer of stages	轉移階段	(96)	4	92	—
Gross carrying amount as at 31 December 2020	於2020年12月31日的 總賬面值	110,323	11	371	110,705

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18. Accounts receivable (continued)

The movements in the ECL loss allowance of accounts receivable arising from brokerage of cash and custodian clients are as follows:

18. 應收款項(續)

經紀現金及託管客戶的應收款項的預期信用損失虧損撥備變動載列如下：

		12-months ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
		12個月預期 信用損失 (Stage 1) (第一階段)	未信貸減值 的全期預期 信用損失 (Stage 2) (第二階段)	已信貸減值 的全期預期 信用損失 (Stage 3) (第三階段)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ECL allowance as at 1 January 2019	於2019年1月1日的 預期信用損失撥備	(11)	(3,109)	(133)	(3,253)
New assets originated or purchased	已產生或已購買的 新資產	(20)	—	—	(20)
Assets derecognised or repaid	已終止確認或已償還 的資產	12	2,979	3	2,994
Changes to risk parameters	風險參數變動	—	—	(34)	(34)
Transfer of stages	轉移階段	(129)	130	(1)	—
Changes arising from transfer of stage	源於轉移階段的變動	128	—	(18)	110
ECL allowance as at 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日的 預期信用損失撥備	(20)	—	(183)	(203)
New assets originated or purchased	已產生或已購買的 新資產	(46)	(2)	(122)	(170)
Assets derecognised or repaid	已終止確認或已償還 的資產	20	—	1	21
Changes to risk parameters	風險參數變動	(9)	—	(67)	(76)
ECL allowance as at 31 December 2020	於2020年12月31日的 預期信用損失撥備	(55)	(2)	(371)	(428)

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18. Accounts receivable (continued)

For accounts receivable from the Stock Exchange and other clearing houses, brokers and dealers, and insurance brokerage, no ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable. None of the transfer of impairment to different stages were made during the year ended 31 December 2020 and 2019.

Accounts receivable from corporate clients and investment funds arising from asset management, corporate finance, investment holding and market making which have not yet been settled by clients after the Group's normal credit period. The credit rating and reputation of the trade counterparties were considered as sound for the past due accounts receivable from corporate clients and investment funds.

The ageing analysis of relevant trade receivables at the date of consolidated statement of financial position based on past due date is as follows:

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Not yet past due	尚未逾期	346,409	283,522
Past due less than 1 month	逾期一個月以內	3,017	3,968
Past due between 1 to 3 months	逾期一至三個月	18,104	12,024
Past due over 3 months	逾期三個月以上	3,925	7,786
Total	總計	371,455	307,300

Accounts receivable from corporate clients and investment funds arising from asset management, corporate finance, investment holding and market making using a provision matrix under simplified approach. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

18. 應收款項(續)

對於聯交所及其他結算所、經紀及交易商以及保險經紀的應收款項，董事認為，由於該等應收款項的性質，賬齡分析不會帶來額外價值，故未披露任何賬齡分析。於截至2020年及2019年12月31日止年度，概無將減值轉移至不同階段。

客戶於本集團一般信貸期後尚未清償的企業客戶及投資基金的應收款項(產生自資產管理、企業融資、投資控股及做市)。對於企業客戶及投資基金的已逾期應收款項，交易對手方的信貸評級及聲譽被視為穩定。

於綜合財務狀況表日期根據逾期日期相關應收貿易款項的賬齡分析如下：

按簡易法使用撥備矩陣計算的企業客戶及投資基金的應收款項(產生自資產管理、企業融資、投資控股及做市)。撥備率乃基於將具相似虧損模式(即地理區域、產品類型、客戶類別及評級、以及信用證覆蓋範圍或其他形式的信貸保險)之各個客戶分部進行分組之逾期天數計算。該計算反映概率加權結果、金錢之時間價值以及於有關過去事件、當前狀況及對未來經濟狀況預測的報告日期可獲得的合理及支持性資料。一般而言，倘應收貿易款項逾期一年以上，則撇銷應收貿易款項，並且不受強制執行活動所規限。

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18. Accounts receivable (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2020

		Gross carrying amount	ECL	Total
		總賬面值 HK\$'000 千港元	預期 信用損失 HK\$'000 千港元	總計 HK\$'000 千港元
Not pass due	尚未逾期	346,409	(78)	346,331
Past due less than 1 month	逾期一個月以內	3,017	(18)	2,999
Past due between 1 to 3 months	逾期一至三個月	18,104	(3,621)	14,483
Past due over 3 months	逾期三個月以上	3,925	(774)	3,151
Total	總計	371,455	(4,491)	366,964

2019

		Gross carrying amount	ECL	Total
		總賬面值 HK\$'000 千港元	預期 信用損失 HK\$'000 千港元	總計 HK\$'000 千港元
Not pass due	尚未逾期	283,522	(42)	283,480
Past due less than 1 month	逾期一個月以內	3,968	(24)	3,944
Past due between 1 to 3 months	逾期一至三個月	12,024	(2,409)	9,615
Past due over 3 months	逾期三個月以上	7,786	(2,102)	5,684
Total	總計	307,300	(4,577)	302,723

18. 應收款項(續)

以下是使用撥備矩陣計算的有關本集團應收貿易款項之信貸風險資料：

2020年

2019年

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19. Prepayments, deposits and other receivables 19. 預付款項、按金及其他應收款項

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Prepayments and deposits	預付款項及按金	129,302	237,964
Interest receivables	應收利息	14,442	31,835
		143,744	269,799

None of the above assets is either past due or credit-impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期亦並無信貸減值。計入上述結餘的金融資產與近期無違約記錄的應收款項有關。

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20. Financial assets at fair value

20. 按公平值計量的金融資產

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Non-current	非流動		
Financial assets held for trading and investments	持作買賣及投資的金融資產		
– Unlisted fixed income securities	– 非上市固定收益證券	5,878,878	1,594,507
– Unlisted convertible securities	– 非上市可換股證券	195,758	–
– Unlisted equity securities	– 非上市股本證券	730,985	–
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		
– Financial products (note (b))	– 金融產品(附註(b))	10,170,940	6,267,785
		16,976,561	7,862,292
Current	流動		
Financial assets held for trading and investments	持作買賣及投資的金融資產		
– Listed equity securities	– 上市股本證券	1,439,070	710,798
– Listed debt securities	– 上市債務證券	15,683,053	14,065,739
– Unlisted debt securities	– 非上市債務證券	5,261,345	2,493,982
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產		
– Listed fund investments	– 上市基金投資	–	2,783
– Unlisted fund investments (note (a))	– 非上市基金投資(附註(a))	1,986,769	1,758,316
– Unlisted convertible promissory note	– 非上市可換股承兌票據	–	4,298
– Other financial instruments	– 其他金融工具	225,618	250,731
– Financial products (note (b))	– 金融產品(附註(b))	29,341,149	31,842,259
		53,937,004	51,128,906
Total financial assets at fair value through profit or loss	按公平值計入損益的金融資產總額	70,913,565	58,991,198
Current	流動		
Financial assets held for investments	持作投資的金融資產		
– Unlisted debt securities	– 非上市債務證券	105,574	–
Total financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產總額	105,574	–

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20. Financial assets at fair value (continued)

Notes:

- (a) The Group invested in unconsolidated investment funds for capital appreciation and investment income. The interests held by the Group are in the form of participating shares which provide the Group with the share of returns from the investment funds, but not any decision making power nor any voting right. Given that the Group only held the beneficial interests without holding any voting right or substantial decision making power as principal, these investments are classified as financial assets at fair value through profit or loss.
- (b) The financial products invested by the Group included listed equity investments, listed debt investments, unlisted fund investments, unlisted equity investments and derivatives. As at 31 December 2020, cash collateral of HK\$257.8 million (2019: HK\$402.5 million) and securities collateral of HK\$1,541.6 million (2019: HK\$327.8 million) were placed to the counterparties.

Financial assets are categorised as "financial products" when it is acquired by the Group for the primary purpose of meeting customers' investment needs and used as hedging instruments for structured notes issued under the MTN Programme (note 27), financial liabilities (note 28) or derivative instruments acquired by customers (note 21). As a result, the variable return of these financial products and the financial liabilities in relation to these financial products is not significant.

20. 按公平值計量的金融資產 (續)

附註：

- (a) 本集團投資於未合併投資基金以獲得資本增值及投資收入。本集團以參股形式持有權益，其使本集團可分享投資基金所得回報，但並無任何決策權或任何投票權。鑒於本集團僅持有實益權益而並無任何投票權或如委託人有重大決策權，該等投資分類為按公平值計入損益的金融資產。
- (b) 本集團投資的金融產品包括上市股本投資、上市債務投資、非上市基金投資、非上市股本投資及衍生工具。於2020年12月31日，存放於交易對手的現金抵押品及證券抵押品分別為257.8百萬港元(2019年：402.5百萬港元)及1,541.6百萬港元(2019年：327.8百萬港元)。

金融資產於被本集團主要因滿足客戶投資需求而收購時分類為「金融產品」，並作為根據中期票據計劃發行的結構性票據(附註27)、金融負債(附註28)或客戶收購的衍生工具(附註21)的對沖工具。故此該等金融產品及其相關金融負債之可變回報不大。

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21. Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of the derivative are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

21. 衍生金融工具

下表呈列記錄為資產或負債的衍生金融工具的公平值連同其名義金額。所記錄的名義金額總額為衍生工具相關資產、參考匯率或指數的金額，並為衍生工具價值計量變動的基準。名義金額表明於年末未完成的交易量，既不是市場風險亦非信貸風險的指標。

		Notional amount 名義金額 HK\$'000 千港元	Fair value 公平值	
			Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
As at 31 December 2020	於2020年12月31日			
Interest rate swaps	利率掉期	10,802,665	—	(243,724)
Foreign exchange forwards	遠期外匯	15,291,713	804,233	(183,971)
Index futures	指數期貨	376,828	—	(10,196)
Options	期權	4,291,752	204,316	(75,790)
Currency options	貨幣期權	232,584	8,009	—
Warrants	窩輪	6,863,428	—	(205,239)
Callable bull/bear contracts	牛熊證	21,953	—	(1,179)
Equity swaps	股權掉期	3,182,947	134,046	(110,756)
Other equity derivatives	其他股本衍生工具	1,405,914	110,750	(31,574)
		42,469,784	1,261,354	(862,429)

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21. Derivative financial instruments (continued)

21. 衍生金融工具(續)

		Notional amount 名義金額 HK\$'000 千港元	Fair value 公平值	
			Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
As at 31 December 2019	於2019年12月31日			
Cross currency swaps	交叉貨幣掉期	385,158	—	(7,835)
Interest rate swaps	利率掉期	8,705,703	7,058	(24,488)
Foreign exchange forwards	遠期外匯	10,876,458	86,817	(58,448)
Index futures	指數期貨	259,072	—	(735)
Options	期權	1,097,155	41,042	(16,902)
Currency options	貨幣期權	233,670	1,593	—
Warrants	窩輪	497,671	—	(28,188)
Dividend swaps	股息掉期	42,000	—	(485)
Credit default swaps	信貸違約掉期	934,680	5,523	(276)
Other equity derivatives	其他股本衍生工具	881,597	13,619	(12,494)
		23,913,164	155,652	(149,851)

The Group entered into International Swaps and Derivatives Association, Inc. ("ISDA") master netting agreements or similar agreements with substantially all of its derivative counterparties. Where legally enforceable, these master netting agreements give the Group the right to offset cash collateral paid or received with the same counterparty. As at 31 December 2020, amounts of cash collateral of HK\$422.9 million and HK\$1,086.7 million were paid to and received from respective counterparties (2019: HK\$78.4 million and HK\$84.9 million), which are included in "accounts receivable and accounts payable arising from brokerage – brokers and dealers" in notes 18 and 24 to the financial statements respectively.

本集團與絕大部分衍生工具交易方訂立國際掉期及衍生品協會(International Swaps and Derivatives Association, Inc.) (「ISDA」)淨額抵銷總協議或類似協議。在依法可強制執行情況下，該等淨額抵銷總協議賦予本集團權利以抵銷與相同交易方的已付或已收現金抵押品。於2020年12月31日，現金抵押品金額分別422.9百萬港元及1,086.7百萬港元(2019年：78.4百萬港元及84.9百萬港元)分別付予及收自相關交易方，分別包括在財務報表附註18及24的「經紀業務應收款項及應付款項—經紀及交易商」。

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22. Receivable from reverse repurchase agreements

The receivable from reverse repurchase agreements arises when the securities are bought by the Group with a concurrent agreement to resell at a specified later date and price. These securities are not recognised in the Group's consolidated statement of financial position as the counterparty retains substantially all risks and returns of the securities. The amount paid by the Group is recognised as receivable. In the event of default by the counterparty, the Group has the right to sell the underlying securities for settling the outstanding receivable.

As at 31 December 2020, the outstanding amount paid for the reverse repurchase agreements was HK\$3,022,800,000 (2019: HK\$2,247,913,000) and was recognised as receivable from reverse repurchase agreements.

The fair value of financial liabilities held for trading received as collateral for the outstanding receivable at the year-end was HK\$3,506,175,000 (2019: HK\$3,539,078,000).

23. Bank deposits, cash and cash equivalents and client trust bank balances

22. 反向回購協議應收款項

反向回購協議之應收款項於本集團購買證券時產生，連帶同時訂立一項協議以按指定其後日期及價格轉售。該等證券並無於本集團綜合財務狀況表中確認，原因是交易方保留該等證券的絕大部分風險及回報。本集團支付的款項確認為應收款項。倘交易方違約，本集團有權出售相關證券以結算未結清的應收款項。

於2020年12月31日，就反向回購協議支付的未結清款項為3,022,800,000港元（2019年：2,247,913,000港元），並確認為反向回購協議應收款項。

於年末已收取作為未結清應收款項抵押品的持作買賣金融負債的公平值為3,506,175,000港元（2019年：3,539,078,000港元）。

23. 銀行存款、現金及現金等價物及客戶信託銀行結餘

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Non-current Bank deposits	非流動 銀行存款	—	66,440
		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Current Cash and bank balances	流動 現金及銀行結餘	5,178,802	5,857,542
Time deposits	定期存款	329,977	1,293,305
— with original maturity of less than three months	— 原到期日少於三個月	79,286	1,096,348
— with original maturity of more than three months	— 原到期日超過三個月	250,691	196,957
Total cash and cash equivalents	現金及現金等價物總額	5,508,779	7,150,847

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23. Bank deposits, cash and cash equivalents and client trust bank balances (continued)

23. 銀行存款、現金及現金等價物及客戶信託銀行結餘 (續)

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Bank deposits denominated in: Vietnam Dollar ("VND")	按以下幣種計值的銀行存款： 越南盾(「越南盾」)	—	66,440

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Cash and cash equivalents denominated in:	按以下幣種計值的現金及 現金等價物：		
HK\$	港元	1,505,453	1,910,007
US\$	美元	3,623,042	4,838,350
RMB	人民幣	195,765	284,762
VND	越南盾	115,031	91,640
Others	其他	69,488	26,088
		5,508,779	7,150,847

Non-current deposits were made for 13 months depending on the cash requirements of the Group, and earned interest at the respective time deposit rates. The balances were deposited with creditworthy banks with no history of default.

根據本集團的現金需求，非流動存款為期13個月，並以相應的定期存款利率賺取利息。該等結餘已存入信譽良好且無拖欠歷史的銀行中。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and six months depending on the cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no history of default.

銀行現金基於每日銀行存款利率按浮動利率計息。定期存款的存款期視本集團的現金需求而定，介乎一天至六個月，並按相關定期存款利率計息。銀行結餘已存入信譽良好且無拖欠歷史的銀行中。

As at 31 December 2020, the ECL allowance of bank deposits and cash and cash equivalents amounted to HK\$260,000 (2019: HK\$1,024,000) and client trust bank balances amounted to HK\$12,825,000 (2019: HK\$1,727,000), respectively. All of them are classified as Stage 1 under the ECL model and there was no transfer to/from the other stages.

於2020年12月31日，銀行存款以及現金及現金等價物的預期信用損失撥備為260,000港元(2019年：1,024,000港元)及客戶信託銀行結餘的預期信用損失撥備為12,825,000港元(2019年：1,727,000港元)，均按預期信用損失模型劃分至第1階段，且並未轉入／轉自其他階段。

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24. Accounts payable

24. 應付款項

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Accounts payable arising from brokerage	經紀業務應付款項		
– clients	– 客戶	17,961,145	11,611,433
– brokers and dealers	– 經紀及交易商	2,652,515	926,467
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	1,365,299	745,612
Accounts payable arising from securities borrowing and lending	證券借貸業務應付款項	17,299	519,380
Accounts payable arising from corporate finance, asset management, financial products, market making, investments and others	企業融資、資產管理、金融產品、做市、投資及其他業務應付款項	785,658	782,358
Accounts payable arising from insurance brokerage services	保險經紀服務應付款項	1,316	2,122
		22,783,232	14,587,372

The majority of the accounts payable are repayable on demand except for certain accounts payable to clients which represent margin deposits received from clients for their trading activities in the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The Group has a practice to satisfy all the requests for payment within one business day. No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of these businesses.

Accounts payable to clients also include those payables in trust accounts with authorised institutions of HK\$18,707 million (2019: HK\$11,182 million), Hong Kong Futures Exchange Clearing Corporation Limited and other futures dealers of HK\$224 million (2019: HK\$284 million).

大部分應付款項須於要求時償還，惟若干應付予客戶的款項為就客戶於正常業務過程中進行買賣活動收取客戶的保證金除外。只有超出規定保證金的金額須於要求時發還客戶。

本集團慣於在一個營業日內清償所有付款要求。本集團並無披露賬齡分析，原因為董事考慮到該等業務的性質，認為賬齡分析不會提供額外價值。

應付予客戶的款項亦包括分別存放於認可機構信託賬戶的18,707百萬港元(2019年：11,182百萬港元)、香港期貨結算有限公司及其他期貨交易商的224百萬港元(2019年：284百萬港元)的應付款項。

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24. Accounts payable (continued)

Accounts payable arising from insurance brokerage services include those payables in trust accounts with authorised institutions of HK\$1,316,000 (2019: HK\$2,122,000). Accounts payable are non-interest-bearing, except for the accounts payable to clients.

25. Other payables and accrued liabilities

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Other payables	其他應付款項	9,697	21,283
Accrued liabilities	應計負債	921,104	562,843
		930,801	584,126

Other payables and accrued liabilities are non-interest-bearing and have an average term of three months.

26. Interest bearing borrowings

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Non-current:	非流動：		
Lease liabilities	租賃負債	6,557	23,368
Current:	流動：		
Lease liabilities	租賃負債	17,004	25,403
Unsecured bank borrowings	無抵押銀行借款	9,715,836	7,711,110
Secured bank borrowings	有抵押銀行借款	—	3,490,000
		9,732,840	11,226,513
Total interest bearing borrowings	計息借款總額	9,739,397	11,249,881

24. 應付款項(續)

保險經紀服務應付款項包括認可機構信託賬戶的應付款項1,316,000港元(2019年：2,122,000港元)。除應付客戶款項外，應付款項均不計息。

25. 其他應付款項及應計負債

其他應付款項及應計負債均不計息，平均期限為三個月。

26. 計息借款

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財務報表附註

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26. Interest bearing borrowings (continued)

26. 計息借款(續)

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Denominated in:	按以下幣種計值：		
HK\$	港元	3,960,621	3,533,730
US\$	美元	5,775,836	7,711,110
Other currencies	其他貨幣	2,940	5,041
		9,739,397	11,249,881

The Group's bank borrowings bear interest at the Interbank Offered Rate plus an interest spread.

本集團銀行借款均按銀行同業拆息加息差計息。

The carrying amounts of the bank borrowings approximate to their fair values as the impact on discounting is not significant.

由於貼現的影響並不屬重大，故該等銀行借款的賬面值與其公平值相若。

The Group's lease liabilities bear weighted average interest rate at 4.23% per annum (2019: 4.23% per annum).

本集團的租賃負債的加權平均年利率為4.23% (2019年：年利率4.23%)。

The secured bank borrowings at 31 December 2019 of HK\$3,490 million were secured by listed shares, which were held by the Group as collateral for advances to customers in margin financing, of market value of HK\$6,239.5 million.

於2019年12月31日，有抵押銀行借款為3,490百萬港元，乃由上市股份作抵押，該等股份由本集團持有作為給予孖展融資客戶墊款的抵押品，市值零為6,239.5百萬港元。

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27. Debt securities in issue

27. 已發行債務證券

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Non-current	非流動		
At amortised cost (note(a)):	按攤銷成本(附註(a)):		
Unlisted unsecured medium-term notes	非上市無抵押中期票據	1,549,563	1,555,874
Designated at fair value through profit or loss (note (b)):	指定按公平值計入損益(附註(b)):		
Structured notes issued in relation to financial products	已發行的金融產品 相關之結構性票據	10,293,530	6,124,020
		11,843,093	7,679,894
Current	流動		
At amortised cost (note(a)):	按攤銷成本(附註(a)):		
Unlisted unsecured medium-term notes	非上市無抵押中期票據	13,798,151	5,128,330
Designated at fair value through profit or loss (note (b)):	指定按公平值計入損益(附註(b)):		
Structured notes issued in relation to financial products	已發行的金融產品 相關之結構性票據	22,278,628	20,691,358
		36,076,779	25,819,688
		47,919,872	33,499,582
Unsecured medium-term notes denominated in:	按下列貨幣列值的 無抵押中期票據:		
US\$	美元	7,227,977	3,129,957
HK\$	港元	8,095,905	3,196,168
RMB	人民幣	23,832	12,259
Other currencies	其他貨幣	—	345,820
		15,347,714	6,684,204
Structured notes issued in relation to financial products denominated in:	按下列貨幣列值的 已發行的金融產品 相關之結構性票據:		
EUR	歐元	—	22,476
HK\$	港元	2,034,539	1,984,614
US\$	美元	28,059,361	22,542,077
RMB	人民幣	1,862,637	1,959,014
Other currencies	其他貨幣	615,621	307,197
		32,572,158	26,815,378
		47,919,872	33,499,582

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財務報表附註

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27. Debt securities in issue (continued)

Notes:

- (a) The outstanding balance of HK\$15,347.7 million (2019: HK\$6,684.2 million) stated at amortised cost represents the amount of unsecured notes issued by the Company under the Company's Medium Term Note Programme (the "MTN Programme"). As at 31 December 2020, the debt securities in issue bore fixed interest rates ranging from 0.3% to 4.25% (2019: 1.1% to 4.25%). The carrying amounts of the debt securities in issue approximate to their fair values.
- (b) The outstanding balance of HK\$32,572 million (2019: HK\$26,815 million) represented the amount of unlisted structured notes which arose from selling structured products under the MTN Programme with underlying investments related to listed equity investments, listed debt investments, unlisted debt investments, unlisted fund investments and derivatives.

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (2019: nil).

Part of debt securities in issue are repayable on demand and the Group has a practice to satisfy the request for redemption on the settlement date.

28. Financial liabilities at fair value through profit or loss

27. 已發行債務證券(續)

附註：

- (a) 按攤銷成本列賬的未償還餘額15,347.7百萬港元(2019年：6,684.2百萬港元)指本公司根據本公司中期票據計劃(「中期票據計劃」)發行的無抵押票據款額。於2020年12月31日，已發行債務證券按固定利率0.3%至4.25%(2019年：1.1%至4.25%)計息。已發行債務證券的賬面值與其公平值相若。
- (b) 未償還餘額32,572百萬港元(2019年：26,815百萬港元)指根據中期票據計劃銷售結構產品產生的非上市結構性票據款額，相關投資與上市股本投資、上市債務投資、非上市債務投資、非上市基金投資及衍生工具有關。

本集團於年內並無拖欠任何本金、利息或其他未履行其責任的情況(2019年：無)。

已發行債務證券部分須按要價償還，而本集團的慣例為在結算日期滿足贖回要求。

28. 按公平值計入損益的金融負債

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Financial liabilities held for trading:	持作買賣的金融負債：		
– Listed equity securities	– 上市股本證券	263,722	20,472
– Listed debt securities	– 上市債務證券	2,956,878	2,200,728
Financial liabilities designated at fair value through profit or loss	指定按公平值計入損益的金融負債		
– Financial products (note (a))	– 金融產品(附註(a))	2,968,586	4,103,810
– Other financial instruments	– 其他金融工具	–	55,386
– Third-party interests in consolidated investment funds (note (b))	– 納入合併投資基金的第三方權益(附註(b))	477,074	430,184
		6,666,260	6,810,580

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28. Financial liabilities at fair value through profit or loss (continued)

Notes:

- (a) Included in the fair value in financial products is cash collateral of HK\$65 million (31 December 2019: HK\$480 million) received from counterparty.

The amount of change in fair value of financial liabilities at fair value through profit or loss, during the year and cumulatively, attributable to changes in own credit risk was insignificant.

- (b) Third-party interests in consolidated investment funds consist of third-party unitholders' interests in consolidated investment funds which are reflected as liabilities since they can be put back to the Group for cash. The realisation of third-party interests in investment funds cannot be predicted with accuracy since these represent the interests of third-party unitholders in consolidated investment funds that are subject to market risk and the actions of third-party investors.

29. Obligations under repurchase agreements

The obligations under repurchase agreements arise when the securities are sold by the Group with a concurrent agreement to repurchase at a specified later date and price. The amount received by the Group is recognised as liabilities as the Group retains substantially all risks and returns of the securities.

As at 31 December 2020, the outstanding amount received from repurchase agreements was HK\$17,396,163,000 (2019: HK\$18,199,226,000) which was recognised as obligations under repurchase agreements.

28. 按公平值計入損益的金融負債(續)

附註：

- (a) 金融產品之公平值包括從對手方收取的現金抵押品65百萬港元(2019年12月31日：480百萬港元)。

於年內，因本身信貸風險變動累積而導致按公平值計入損益的金融負債公平值出現的金額變動並不重大。

- (b) 納入合併投資基金的第三方權益包括納入合併投資基金的第三方單位持有人權益，由於該等權益可退回本集團以收取現金，故列為負債。投資基金中第三方權益的變現無法準確預測，乃因有關權益代表納入合併投資基金的第三方單位持有人的權益，並受制於市場風險及第三方投資者的行為。

29. 回購協議的債項

本集團根據回購協議出售證券，連帶同時訂立一項協議以按指定其後日期及價格回購證券。本集團收取的款項確認為負債，原因是本集團保留證券的絕大部分風險及回報。

於2020年12月31日，自回購協議收取的未結清款項為17,396,163,000港元(2019年：18,199,226,000港元)，並確認為回購協議的債項。

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29. Obligations under repurchase agreements (continued)

Fair value of financial assets under the repurchase agreements:

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Financial assets held for trading	持作買賣的金融資產		
– Listed debt securities	– 上市債務證券	8,570,137	7,997,279
– Unlisted debt securities	– 非上市債務證券	42,626	194,100
Financial assets designated at fair value through profit or loss	指定按公平值計入損益的金融資產		
– Financial products	– 金融產品	12,704,127	13,800,325
Clients' pledged securities	客戶質押證券	1,356,941	1,678,215
		22,673,831	23,669,919

回購協議項下金融資產的公平值：

30. Other equity instrument

On 15 June 2016, the Company issued US\$300 million subordinated perpetual securities (the "Perpetual Securities") with an initial distribution rate of 4.5% per annum. Distributions are paid semi-annually in arrears and the first distribution date was 30 October 2016. The Company may, at its sole discretion, elect to defer any distribution. The Perpetual Securities do not have a maturity date and are only callable at the Company's discretion on 30 April 2019 or on any distribution payment date after 30 April 2019. After 30 April 2019, the distribution rate will be reset to the 3-year US swap rate plus 8% per annum. The Perpetual Securities constitute direct, unconditional, subordinated and unsecured obligations of the Company and are classified as equity instruments and recorded as equity in the consolidated statement of financial position.

During the year ended 31 December 2019, the Company has fully repurchased/redeemed all the outstanding securities.

30. 其他權益工具

於2016年6月15日，本公司發行3億美元的次級永續證券（「永續證券」），初始分派率為年率4.5%。分派將於每半年期末時支付，首次分派日為2016年10月30日。本公司可全權自行選擇延遞任何分派。永續證券並無到期日且本公司僅可於2019年4月30日或2019年4月30日後的任何分派支付日自行贖回。2019年4月30日後，分派率將重設為三年期美元掉期利率加年率8%。永續證券構成本公司的直接、無條件、後償及無抵押責任，並分類為權益工具，於綜合財務狀況表中錄作權益。

於截至2019年12月31日止年度，本公司已悉數購回／贖回所有流通在外的證券。

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31. Share capital

31. 股本

		Number of issued and fully paid shares 已發行及繳足 股份數目	Share capital 股本 HK\$'000 千港元
At 1 January 2019, 31 December 2019, 1 January 2020	於2019年1月1日、2019年12月 31日、2020年1月1日	7,715,673,090	8,125,856
Shares issued under rights issue (note (a))	根據供股發行股份(附註(a))	1,919,219,266	2,779,976
Shares repurchased (note (b))	所購回股份(附註(b))	(20,000,000)	—
Shares issued upon exercise of share options under the share option scheme (note 32)	購股權計劃項下行使購股權而 發行的股份(附註32)	2,336,288	2,917
At 31 December 2020	於2020年12月31日	9,617,228,644	10,908,749

(a) On 14 January 2020, the Company proposed a rights issue on the basis of one (1) Rights Share for every three (3) existing Shares held at a price of HK\$1.45 per Rights Share. On 17 March 2020, the Company completed the Rights Issue and allotted a total of 1,919,219,266 Shares for a gross proceed of HK\$2,782 million.

(b) During the year ended 31 December 2020, the Company bought back and cancelled a total of 20,000,000 shares at an aggregate consideration (before expenses) of HK\$19.9 million on the Hong Kong Stock Exchange at share prices ranging from HK\$0.92 to HK\$1.05.

(a) 於2020年1月14日，本公司建議以每持有三(3)股現有股份可獲發一(1)股供股股份的基準，以每股供股股份1.45港元的價格進行供股。供股於2020年3月17日完成，本公司配發共1,919,219,266股股份，供股所得款項總額為2,782百萬港元。

(b) 截至2020年12月31日止年度，本公司於香港聯交所所以每股0.92港元至1.05港元的價格購回及註銷合共20,000,000股股份，總代價為19.9百萬港元(扣除開支前)。

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32. Share option reserve

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of assisting in recruiting, retaining and motivating key staff members. The board of directors has the discretion to grant share options to employees and directors of any members of the Group, including independent non-executive directors. The Share Option Scheme became effective on 19 June 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date (i.e., ended 19 June 2020).

The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme (i.e. 164,000,000 shares). The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time (i.e. 16,400,000 shares). Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or chief executive of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and ends on a date which is not later than ten years from the date of offer of the share options.

32. 購股權儲備

本公司設有一項購股權計劃(「購股權計劃」)，旨在協助招攬、挽留及激勵主要員工。董事會可酌情向本集團任何成員公司的僱員及董事(包括獨立非執行董事)授出購股權。購股權計劃於2010年6月19日生效，而除非另行取消或修訂，否則將自該日期起十年(即至2020年6月19日)有效。

購股權計劃項下授出的所有購股權獲行使而發行的股份總數不能合計超過在購股權計劃批准日本公司已發行股份的10%(即164,000,000股股份)。於任何十二個月期間內可根據購股權向購股權計劃下的每名合資格參與者發行的最高股份數目乃限於本公司於任何時間已發行股份的1%(即16,400,000股股份)。任何超出此限額的進一步授出購股權須經股東於股東大會上批准。

授予本公司董事或最高行政人員，或彼等任何聯繫人的購股權，均須事先獲得獨立非執行董事的批准。此外，於任何十二個月期間內授予本公司主要股東或獨立非執行董事，或彼等任何聯繫人的任何購股權，凡超過本公司於任何時間已發行股份的0.1%或其總值(根據本公司於授出日期之股價計算)超過5百萬港元，均須於股東大會上事先取得股東的批准。

授出購股權的要約可由承授人自要約日期起計二十八日內於支付名義代價合共1港元後被接納。所授出購股權的行使期由董事釐定，最遲至自購股權要約日期起計滿十年之日為止。

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32. Share option reserve (continued)

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Upon completion of the bonus issue on 9 July 2015, the exercise price and the number of shares to be issued and allotted under the outstanding share options had been adjusted pursuant to the terms of the Share Option Scheme in the manner set out below:

Date of share options granted 授出購股權的日期	Immediately before the completion of the bonus issue 緊接紅股發行完成前		Immediately after the completion of the bonus issue 緊隨紅股發行完成後	
	Exercise price per share 每股行使價	Number of outstanding options 未行使購 股權的數目	Adjusted exercise price per share 經調整每股行使價	Adjusted number of outstanding options 經調整未行使購股 權的數目
24/4/2012	HK\$2.48 2.48港元	4,856,448	HK\$0.827 0.827港元	14,569,344
10/1/2014	HK\$3.79 3.79港元	36,959,910	HK\$1.264 1.264港元	110,879,730
11/6/2015	HK\$14.56 14.56港元	4,500,000	HK\$4.854 4.854港元	13,500,000

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

2,336,288 share options were exercised during the year ended 31 December 2020 (2019: nil), resulting in the issue of 2,336,288 shares (2019: nil) for a total cash consideration of HK\$1,934,000 (2019: nil). HK\$983,000 (2019: nil) was transferred from the share option reserve to the share capital account upon the exercise of the share options. After adjustment for the bonus issue, the weighted average share price at the date of exercise for share options exercised during the year was HK\$1.24 per share (2019: n/a).

32. 購股權儲備(續)

購股權的行使價由董事釐定，惟不可低於以下最高者：(i)本公司股份於購股權要約日期在聯交所的收市價；及(ii)本公司股份於緊接要約日期前五個交易日在聯交所的平均收市價。

於2015年7月9日完成紅股發行後，尚未行使購股權的行使價及據此將予發行及配發股份數目已根據購股權計劃的條款調整如下：

購股權並無賦予持有人獲派股息或於股東大會上投票之權利。

截至2020年12月31日止年度，2,336,288份購股權獲行使(2019年：無)，導致2,336,288股股份發行(2019年：無)，現金代價總額為1,934,000港元(2019年：零)。983,000港元(2019年：零)因購股權獲行使而由購股權儲備轉撥至股本賬。於就紅股發行調整後於年內獲行使的購股權於行使日期的加權平均股價為每股1.24港元(2019年：不適用)。

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32. Share option reserve (continued)

For the year ended 31 December 2020, GJIHL has recognised an equity-settled share-based compensation expense of HK\$6,239,000 for the share options under the Share Option Scheme in profit or loss (2019: HK\$6,798,000).

For the year ended 31 December 2020, 1,216,668 and 8,048,630 share options were lapsed and forfeited (2019: 100,000 and 9,050,000 share options were lapsed and forfeited, respectively) prior to the vesting date as a result of staff resignation.

32. 購股權儲備(續)

截至2020年12月31日止年度，國泰君安國際控股已就購股權計劃項下的購股權於損益確認以權益結算以股份為基礎的補償開6,239,000港元(2019年：6,798,000港元)。

截至2020年12月31日止年度，由於員工辭職，分別有1,216,668及8,048,630份購股權於歸屬日期前失效及沒收(2019年：分別有100,000及9,050,000份購股權失效及沒收)。

		2020 2020年		2019 2019年	
		Weighted average exercise price HK\$ per share 加權平均行使價 每股港元	Number of options 購股權數目	Weighted average exercise price HK\$ per share 加權平均行使價 每股港元	Number of options 購股權數目
At 1 January	於1月1日	1.498	74,894,303	1.971	65,844,303
Granted during the year	年內授出	—	—	1.450	18,200,000
Forfeited during the year	年內沒收	1.326	(8,048,630)	4.837	(9,050,000)
Lapsed during the year	年內失效	1.520	(1,216,668)	1.720	(100,000)
Exercised during the year	年內行使	0.827	(2,336,288)	—	—
At 31 December	於12月31日	1.544	63,292,717	1.498	74,894,303

At 31 December 2020, the Company had 63,292,717 (2019: 74,894,303) share options outstanding under the Share Option Scheme, which represents approximately 0.66% (2019: 0.97%) of the Company's shares in issue as at 31 December 2020. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 63,292,717 additional ordinary shares of the Company and additional share capital of HK\$97,735,000 (before issuance expenses). The option periods of the share options are from 24 April 2012 to 9 June 2021, from 10 January 2014 to 9 January 2024, from 13 July 2017 to 12 July 2027, from 4 July 2018 to 3 July 2028 and from 11 September 2019 to 10 September 2029.

於2020年12月31日，本公司有63,292,717份(2019年：74,894,303份)購股權計劃項下尚未行使的購股權，佔本公司於2020年12月31日已發行股份的約0.66%(2019年：0.97%)。根據本公司目前的資本架構，若其餘購股權悉數行使，會導致額外發行63,292,717股本公司普通股，以及額外股本97,735,000港元(未扣除發行開支)。購股權的期權行使期間為2012年4月24日至2021年6月9日、2014年1月10日至2024年1月9日、2017年7月13日至2027年7月12日、2018年7月4日至2028年7月3日及2019年9月11日至2029年9月10日。

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33. Share award reserve

On 27 October 2011, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including directors) of any members of the Group (the "Selected Employees") pursuant to the terms of the scheme rules and trust deed of the Share Award Scheme. The share award scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 26 October 2021.

The aggregate number of the Awarded Shares permitted to be awarded under the Share Award Scheme throughout the duration of the Share Award Scheme is limited to 10% of the issued share capital of the Company as at the adoption date (i.e. 164,000,000 shares). The maximum number of the Awarded Shares which may be awarded to a Selected Employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date (i.e. 16,400,000 shares).

When a Selected Employee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the board of directors of the Company at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to that employee at no cost.

The voting rights and powers of any shares held under the Share Award Scheme shall be exercised by the independent trustee who shall abstain from voting.

33. 股份獎勵儲備

於2011年10月27日，本公司採納股份獎勵計劃（「股份獎勵計劃」），據此，本公司股份（「獎勵股份」）可根據股份獎勵計劃的計劃規則及信託契據條款授予本集團任何成員公司的獲選僱員（包括董事）（「獲選僱員」）。股份獎勵計劃於採納日期生效，除非另行終止或修訂，否則將自該日期起十年（即至2021年10月26日）有效。

於股份獎勵計劃期間於股份獎勵計劃項下獲准授出的獎勵股份總數不得超過本公司於採納日期已發行股本的10%（即164,000,000股股份）。向獲選僱員授出的獎勵股份最高數目在截至授出股份之日（包含此日）止任何十二個月期間合共不得超過本公司於採納日期已發行股本的1%（即16,400,000股股份）。

倘獲選僱員符合本公司董事會於作出有關獎勵時列明的全部歸屬條件（其中可能包括服務年期及／或表現的條件），便可獲取有關獎勵的本公司股份，受託人須無償向該名僱員轉讓有關獎勵股份。

獨立受託人有權行使股份獎勵計劃項下持有的任何股份的投票權及權力，惟獨立受託人將放棄投票。

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33. Share award reserve (continued)

Details of the Awarded Shares granted and unvested as at 31 December 2020 are set out below:

Date of Awarded Shares granted	Average fair value per share	Number of Awarded Shares granted	Number of Awarded Shares vested	Number of Awarded Shares lapsed	Number of Awarded Shares unvested	Vesting dates
授出獎勵股份的日期	每股平均公平值	授出獎勵股份的數目	已歸屬獎勵股份的數目	已失效獎勵股份的數目	未歸屬獎勵股份的數目	歸屬日期
13/4/2018	HK\$2.36	11,777,000	(11,164,000)	(613,000)	–	30/11/2018
	2.36港元	11,537,000	(10,050,000)	(1,487,000)	–	30/11/2019
		11,490,000	(8,486,000)	(3,004,000)	–	30/11/2020
16/4/2019	HK\$1.60	11,687,000	(11,168,000)	(519,000)	–	30/11/2019
	1.60港元	11,621,000	(10,123,000)	(1,498,000)	–	30/11/2020
		11,564,000	(628,000)	(1,502,000)	9,434,000	30/11/2021

The Group has recognised a share-based compensation expense of HK\$19,223,000 for the Awarded Shares under the Share Award Scheme in profit or loss (2019: HK\$57,325,000). 18,402,000 Awarded Shares have been either transferred to the grantees or sold in accordance with their instructions at no cost (2019: 29,027,000 Awarded Shares) for the year ended 31 December 2020.

1,082,000 and 2,027,000 Awarded Shares were lapsed and cancelled prior to their vesting date as a result of staff resignation for the year ended 31 December 2020 (2019: 3,826,000 Awarded Shares were lapsed).

After considering the number of shares which were granted in prior years, as at 31 December 2020, the total number of the Awarded Shares that can be awarded was 2,509,000 which represent appropriately 0.03% of the Company's shares in issue at the adoption date.

33. 股份獎勵儲備(續)

於2020年12月31日授出及未歸屬的獎勵股份的詳情載列如下：

本集團已就股份獎勵計劃項下的獎勵股份於損益確認以股份為基礎的補償開支19,223,000港元(2019年：57,325,000港元)。截至2020年12月31日止年度，18,402,000股獎勵股份已按零成本轉讓予承授人或根據彼等的指示出售(2019年：29,027,000股獎勵股份)。

截至2020年12月31日止年度，由於員工辭職，分別有1,082,000股及2,027,000股獎勵股份於歸屬日期前失效及註銷(2019年：3,826,000股獎勵股份失效)。

經考慮過往年度所授出之股份數目，於2020年12月31日，可進行獎勵的獎勵股份總數為2,509,000股，約佔本公司於採納日期已發行股份的約0.03%。

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34. Shares held under the Share Award Scheme

Movements of shares held under the Share Award Scheme during the year are as follows:

		2020 2020年		2019 2019年	
		HK\$'000 千港元	Number of shares 股份數目	HK\$'000 千港元	Number of shares 股份數目
At 1 January	於1月1日	73,058	36,889,400	142,051	63,416,400
Purchased during the year	於年內購買	—	—	4,004	2,500,000
Vested and transferred out during the year	於年內歸屬及轉出	(42,386)	(18,402,000)	(72,997)	(29,027,000)
At 31 December	於12月31日	30,672	18,487,400	73,058	36,889,400

During the year ended 31 December 2020, the trustee acquired nil ordinary shares (2019: 2,500,000 ordinary shares) of the Company for the Share Award Scheme through purchases in the open market at a total cost, including related transaction costs, of approximately nil (2019: HK\$4,004,000).

35. Other Reserve

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Other reserve of the Group as at 31 December 2020 and 2019 represents a merger reserve, being the difference between the issued share capital of HK\$31,980,000 of Guotai Junan (Hong Kong) Limited and the amount of share capital and share premium of HK\$1,268,440,000 of the Company transferred and issued to GJHL in exchange for the entire issued share capital of Guotai Junan (Hong Kong) Limited on 14 June 2010.

34. 股份獎勵計劃項下持有的股份

股份獎勵計劃項下持有的股份於年內的變動如下：

於截至2020年12月31日止年度，受託人就股份獎勵計劃以總成本（包括相關交易成本）約零（2019年：4,004,000港元）在公開市場買入零股本公司普通股（2019年：2,500,000股普通股）。

35. 其他儲備

本集團的儲備金額及其變動於綜合權益變動表內呈報。

於2020年及2019年12月31日，本集團其他儲備為合併儲備，即於2010年6月14日，國泰君安（香港）有限公司的已發行股本31,980,000港元與本公司向國泰君安控股轉讓及發行股本及股份溢價的（以換取國泰君安（香港）有限公司的全部已發行股本）金額1,268,440,000港元之間的差額。

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36. Capital commitments and other commitments

Capital commitments

The Group had capital commitments for system upgrade and renovation of premises of approximately HK\$17,772,000 which were contracted but not provided for as at 31 December 2020 (2019: HK\$6,180,000)

Other commitments

The Group undertakes underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loan facilities granted to customers. As at 31 December 2020, the underwriting obligation was approximately HK\$5 million (2019: HK\$6 million).

36. 資本承擔及其他承擔

資本承擔

本集團就升級系統及物業裝修作出資本承擔約17,772,000港元，該款項已訂約但並未於2020年12月31日予以撥備(2019年：6,180,000港元)。

其他承擔

本集團為配售、首次公開發售、收購及合併活動提供承銷承諾及為授予客戶的貸款融資提供融資承諾。於2020年12月31日，承銷承諾約為5百萬港元(2019年：6百萬港元)。

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37. Directors' and chief executive's emoluments

(a) Directors and chief executive's current emoluments

The current emoluments of every director of the Company paid/payable by the Group for the years ended 31 December 2020 and 2019 are set out below:

Year ended 31 December 2020

Name of director	Director's fees	Salaries and allowances	Discretionary Bonuses (note)	Employer's contribution to pension scheme	Total
董事姓名	董事袍金	薪金及津貼	酌情花紅 (附註)	僱主向退休金計劃供款	總計
	千港元	千港元	千港元	千港元	千港元
<i>Executive directors:</i>					
Yim Fung (note (i))	—	3,755	10,225	18	13,998
Wong Tung Ching	—	3,528	6,424	18	9,970
Qi Haiying	—	3,498	8,063	18	11,579
Li Guangjie	—	3,420	5,710	18	9,148
<i>Non-executive directors:</i>					
Liu Yiyong	—	—	—	—	—
Xie Lebin	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Fu Tingmei	550	—	—	—	550
Song Ming	550	—	—	—	550
Tsang Yiu Keung	550	—	—	—	550
Chan Ka Keung Ceajer	518	—	—	—	518
	2,168	14,201	30,422	72	46,863

Note: The discretionary bonuses include cash bonuses, granted share options and share awards. The evaluation of the performance of employees has not yet been completed. Thus, the amount of bonuses has not been determined and the amount disclosed is based on actual payout in 2019. The discretionary bonuses disclosed above does not include the deferred compensation set out in note 37(b).

37. 董事及最高行政人員酬金

(a) 董事及最高行政人員現時酬金

本集團截至2020年及2019年12月31日止年度已付／應付本公司各董事現時的酬金載列如下：

截至2020年12月31日止年度

附註： 酌情花紅包括現金花紅、已授購股權及股份獎勵。僱員表現評估尚未完成。因此，花紅金額尚未釐定，而有關披露金額乃基於2019年實際支出計算。以上所披露的酌情花紅不包括附註37(b)所列的遞延薪酬。

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37. Directors' and chief executive's emoluments (continued)

(a) Directors and chief executive's current emoluments (continued)
Year ended 31 December 2019

Name of director	董事姓名	Directors' fees HK\$'000 千港元	Salaries and allowances HK\$'000 千港元	Discretionary bonuses HK\$'000 千港元	Employer's contribution to pension scheme 僱主向退休金計劃供款 HK\$'000 千港元	Total HK\$'000 千港元
<i>Executive directors:</i>		<i>執行董事:</i>				
Yim Fung (note (i))	閻峰(附註(i))	—	3,755	9,374	18	13,147
Wong Tung Ching	王冬青	—	3,528	5,621	18	9,167
Qi Haiying	祁海英	—	3,480	7,055	18	10,553
Li Guangjie	李光杰	—	3,420	4,996	18	8,434
<i>Non-executive directors:</i>		<i>非執行董事:</i>				
Liu Yiyong	劉益勇	—	—	—	—	—
Xie Lebin	謝樂斌	—	—	—	—	—
<i>Independent non-executive directors:</i>		<i>獨立非執行董事:</i>				
Fu Tingmei	傅廷美	550	—	—	—	550
Song Ming	宋敏	550	—	—	—	550
Tsang Yiu Keung	曾耀強	550	—	—	—	550
Chan Ka Keung Ceajer	陳家強	400	—	—	—	400
		2,050	14,183	27,046	72	43,351

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Note (i): Dr. Yim Fung is the executive director and chief executive officer of the Company.

37. 董事及最高行政人員酬金 (續)

(a) 董事及最高行政人員現時酬金(續)
截至2019年12月31日止年度

年內並無董事或主要行政人員放棄或同意放棄任何薪酬的安排。

附註(i): 閻峰博士為本公司執行董事兼行政總裁。

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37. Directors' and chief executive's emoluments (continued)

(b) Directors and chief executive's deferred emoluments

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss and other comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the following directors' and chief executive's remuneration disclosures.

Certain directors were granted share awards under the share award scheme of the Company, further details of which are set out in note 33 to the financial statements. The amount of share-based compensation expense illustrated in the below table represents amortisation to profit or loss of the fair value of these share options and awarded shares granted to the directors measured at the respective grant dates.

Certain directors were granted deferred cash bonuses for their services to the Group. The deferred cash bonuses will be paid on the respective vesting dates when the vesting conditions are fulfilled.

37. 董事及最高行政人員酬金 (續)

(b) 董事及最高行政人員遞延酬金

於年內，若干董事於本公司購股權計劃項下就其為本集團提供的服務而獲授購股權，進一步詳情載於財務報表附註32。有關購股權的公平值(已於歸屬期間的損益及其他全面收益表中確認)乃於授出日期釐定，而計入本年度財務報表的金額已列入下文董事及主要行政人員薪酬披露中。

若干董事於本公司股份獎勵計劃項下獲授股份獎勵，進一步詳情載於財務報表附註33。下表所述以股份為基礎的補償開支金額為授予董事的購股權及獎勵股份按有關授出日期計量的公平值於損益中的攤銷金額。

若干董事就為本集團提供的服務而獲授遞延現金花紅，當歸屬條件滿足時，將在各個歸屬日期獲得遞延現金花紅。

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37. Directors' and chief executive's emoluments (continued)

(b) Directors and chief executive's deferred emoluments (continued)
Year ended 31 December 2020

37. 董事及最高行政人員酬金 (續)

(b) 董事及最高行政人員遞延酬金(續)
截至2020年12月31日止年度

Name of director	董事姓名	Share-based compensation reserve 以股份為基礎補償儲備				Cash-based compensation 以現金為基礎補償		
		Share option scheme 購股權計劃		Share award scheme 股份獎勵計劃		Deferred cash bonuses 遞延現金花紅		
		Share option Date of grant	expense (note 32)	Share award Date of grant	expense (note 33)	Date of grant	Vesting dates	Deferred cash bonus expense
		購股權開支 授出日期	(附註32) HK\$'000 千港元	股份獎勵 開支 授出日期	(附註33) HK\$'000 千港元	授出日期	歸屬日期	遞延現金 花紅開支 HK\$'000 千港元
<i>Executive directors:</i> 執行董事:								
Yim Fung (note (i))	閻峰(附註(i))	13/7/2017	53					
		4/7/2018	67	13/4/2018	—	3/4/2020	30/11/2021	1,339
		11/9/2019	262	16/4/2019	—	3/4/2020	30/11/2022	1,339
Wong Tung Ching	王冬青	13/7/2017	53					
		4/7/2018	67	13/4/2018	223	3/4/2020	30/11/2021	803
		11/9/2019	262	16/4/2019	412	3/4/2020	30/11/2022	803
Qi Haiying	祁海英	13/7/2017	53					
		4/7/2018	67	13/4/2018	404	3/4/2020	30/11/2021	1,008
		11/9/2019	262	16/4/2019	725	3/4/2020	30/11/2022	1,008
Li Guangjie	李光杰	13/7/2017	53					
		4/7/2018	67	13/4/2018	180	3/4/2020	30/11/2021	714
		11/9/2019	262	16/4/2019	469	3/4/2020	30/11/2022	714
<i>Non-executive directors:</i> 非執行董事:								
Liu Yiyong	劉益勇		—		—			—
Xie Lebin	謝樂斌		—		—			—
<i>Independent non-executive directors:</i> 獨立非執行董事:								
Fu Tingmei	傅廷美		—		—			—
Song Ming	宋敏		—		—			—
Tsang Yiu Keung	曾耀強		—		—			—
Chan Ka Keung Ceajer	陳家強		—		—			—
			1,528		2,413			7,728

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37. Directors' and chief executive's emoluments (continued)

(b) Directors and chief executive's deferred emoluments (continued)
Year ended 31 December 2019

37. 董事及最高行政人員酬金 (續)

(b) 董事及最高行政人員遞延酬金(續)
截至2019年12月31日止年度

Name of director	董事姓名	Share-based compensation reserve 以股份為基礎補償儲備			
		Share option scheme 購股權計劃		Share award scheme 股份獎勵計劃	
		Share option Date of grant 授出日期	expense (note 32) 購股權開支 (附註32) HK\$'000 千港元	Share award Date of grant 授出日期	expense (note 33) 股份獎勵開支 (附註33) HK\$'000 千港元
<i>Executive directors:</i>		<i>執行董事:</i>			
Yim Fung (note (i))	閻峰(附註(i))	13/7/2017	179	13/4/2017	519
		4/7/2018	150	13/4/2018	1,207
		11/9/2019	95	16/4/2019	1,290
Wong Tung Ching	王冬青	13/7/2017	179	13/4/2017	524
		4/7/2018	150	13/4/2018	1,219
		11/9/2019	95	16/4/2019	744
Qi Haiying	祁海英	13/7/2017	179	13/4/2017	384
		4/7/2018	150	13/4/2018	1,093
		11/9/2019	95	16/4/2019	1,309
Li Guangjie	李光杰	13/7/2017	179	13/4/2017	251
		4/7/2018	150	13/4/2018	794
		11/9/2019	95	16/4/2019	849
<i>Non-executive directors:</i>		<i>非執行董事:</i>			
Liu Yiyong	劉益勇		—		—
Xie Lebin	謝樂斌		—		—
<i>Independent non-executive directors:</i>		<i>獨立非執行董事:</i>			
Fu Tingmei	傅廷美		—		—
Song Ming	宋敏		—		—
Tsang Yiu Keung	曾耀強		—		—
Chan Ka Keung Ceajer	陳家強		—		—
			1,696		10,183

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37. Directors' and chief executive's emoluments (continued)

(b) Directors and chief executive's deferred emoluments (continued)

Note (i): Dr. Yim Fung is the executive director and chief executive officer of the Company.

For the year ended 31 December 2020, the directors received total remuneration amounting to HK\$54.5 million (2019: HK\$55.2 million), which included approximately HK\$1.3 million (2019: HK\$1.7 million) attributable to share options granted and of HK\$2.4 million (2019: HK\$10.2 million) attributable to share awards granted by Company, part of which was in respect of their services to the Company.

37. 董事及最高行政人員酬金 (續)

(b) 董事及最高行政人員遞延酬金(續)

附註(i): 閻峰博士為本公司執行董事兼行政總裁。

截至2020年12月31日止年度，董事收取的薪酬總額為54.5百萬港元(2019年：55.2百萬港元)，包括本公司授出的購股權應佔約1.3百萬港元(2019年：1.7百萬港元)及授出的股份獎勵應佔2.4百萬港元(2019年：10.2百萬港元)，其中部分乃就彼等向本公司提供的服務而支付。

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38. Notes to the consolidated statement of cash flows

(a) Cash flows from operating activities

(a) 經營活動產生的現金流量

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Cash flows from operating activities	經營活動產生的現金流量		
Profit before tax	除稅前溢利	1,814,679	1,005,443
Adjustments for:	經調整：		
Depreciation	折舊	68,859	65,078
Share-based compensation expense	以股份為基礎的補償開支	25,462	64,123
Vesting of shares for the share award scheme	股份獎勵計劃歸屬股份	(2,797)	—
Unrealised gain on financial instruments measured at fair value through profit and loss	按公平值計入損益計量的金融工具未變現收益	(913,791)	(1,972,662)
Unrealised loss on debt securities in issue	已發行債務證券未變現虧損	1,739,592	1,515,460
Unrealised (gain)/loss on derivative financial instruments	衍生金融工具未變現(收益)/虧損	(682,498)	34,138
Finance cost	融資成本	830,256	879,294
Interest income	利息收入	(1,822,643)	(1,941,948)
Dividend income	股息收入	(11,530)	(24,529)
Gain on disposal of intangible assets	出售無形資產收益	—	(978)
Loss on deposits forfeited	沒收存款虧損	—	490
Effect of loss allowance on loans and advances to customers, net	給予客戶貸款及墊款虧損撥備影響淨額	352,484	908,530
Effect of loss allowance on accounts receivable, net	應收款項虧損撥備影響淨額	(522)	1,949
Effect of loss allowance on client trust bank balance, net	客戶信託銀行結餘虧損撥備影響淨額	11,098	(6,594)
Effect of loss allowance on loan commitments, net	貸款承擔虧損撥備影響淨額	—	(337)
Effect of loss allowance on other receivables, net	其他應收款項虧損撥備影響淨額	(11)	(89)
Effect of loss allowance on receivable from reverse repurchase agreements, net	反向回購協議應收款項虧損撥備影響淨額	(424)	4,254
Effect of loss allowance on cash and cash equivalents, net	現金及現金等價物虧損撥備影響淨額	(742)	244
Effect of loss allowance on bank deposits, net	銀行存款虧損撥備影響淨額	(18)	758
Effect of loss allowance on financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產虧損撥備影響	1,700	—
		1,409,154	532,624

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財務報表附註

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38. Notes to the consolidated statement of cash flows (continued)

(a) Cash flows from operating activities (continued)

(a) 經營活動產生的現金流量
(續)

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Increase in other assets	其他資產增加	(3,087)	(703)
Increase in financial assets at fair value through profit or loss	按公平值計入損益的金融資產增加	(10,258,748)	(7,909,347)
Decrease in derivative financial instruments	衍生金融工具減少	289,374	13,273
Increase in loans and advances to customers	給予客戶的貸款及墊款增加	(4,258,219)	(360,767)
(Increase)/decrease in accounts receivable	應收款項(增加)/減少	(1,487,254)	1,194,275
(Increase)/decrease in receivable from reverse repurchase agreements	反向回購協議應收款項(增加)/減少	(774,463)	856,839
(Decrease)/increase in obligations under repurchase agreements	回購協議的債項(減少)/增加	(803,063)	5,042,709
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少	126,066	54,343
Decrease in financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債減少	(909,126)	(3,083,417)
(Increase)/decrease in client trust bank balances	客戶信託銀行結餘(增加)/減少	(7,536,142)	3,169,046
Decrease in restricted cash	受限制現金減少	—	128,975
Increase in time deposits	定期存款增加	(52,992)	(92,483)
Decrease/(increase) in bank deposits	銀行存款減少/(增加)	66,440	(67,198)
Increase/(decrease) in accounts payable	應付款項增加/(減少)	8,195,860	(4,320,821)
Increase in other payables and accrued liabilities	其他應付款項及應計負債增加	310,499	152
Increase in financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產增加	(114,529)	—
Cash used in operations	經營業務動用現金	(15,800,230)	(4,842,500)
Hong Kong profits tax paid	已付香港利得稅	(346,122)	(55,905)
Interest received	已收利息	1,855,014	1,921,008
Interest paid	已付利息	(792,727)	(834,051)
Dividend received	已收股息	11,530	24,529
Net cash flows used in operating activities	經營活動動用現金流量淨額	(15,072,535)	(3,786,919)

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38. Notes to the consolidated statement of cash flows (continued)

(b) Changes in liabilities arising from financing activities

38. 綜合現金流量表附註(續)

(b) 融資活動產生的負債變動

		Bank borrowings	Lease liabilities	Debt securities in issue
		銀行借款	租賃負債	已發行債務證券
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 January 2019	於2019年1月1日	9,441,083	51,106	25,999,272
Changes from financing cash flows	融資現金流量變動	1,812,849	(23,895)	6,125,116
Foreign exchange movement, net	外匯變動淨額	(52,822)	10	(140,266)
Interest expense	利息開支	319,163	1,862	240,618
Acquisition of a subsidiary	收購一間附屬公司	—	2,610	—
Additions	添置	—	17,078	—
Interest paid classified as operating cash flows	分類為經營現金流量的已付利息	(319,304)	—	(204,590)
Decrease/(increase) in interest payable	應付利息減少/(增加)	141	—	(36,028)
Unrealised loss on debt securities in issue	已發行債務證券未變現虧損	—	—	1,515,460
At 31 December 2019 and at 1 January 2020	於2019年12月31日及2020年1月1日	11,201,110	48,771	33,499,582
Changes from financing cash flows	融資現金流量變動	(1,424,242)	(26,756)	12,627,953
Foreign exchange movement, net	外匯變動淨額	(61,032)	(27)	52,743
Interest expense	利息開支	287,113	1,353	280,078
Additions	添置	—	220	—
Interest paid classified as operating cash flows	分類為經營現金流量的已付利息	(291,555)	—	(229,925)
Decrease/(increase) in interest payable	應付利息減少/(增加)	4,442	—	(50,151)
Unrealised loss on debt securities in issue	已發行債務證券未變現虧損	—	—	1,739,592
		9,715,836	23,561	47,919,872

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38. Notes to the consolidated statement of cash flows (continued)

(c) Major non-cash transactions

During the year, the Group had non-cash additions to right of use assets and lease liabilities of HK\$220,000 (2019: HK\$17,078,000) and HK\$220,000 (2019: HK\$17,078,000), respectively, in respect of lease arrangements for property, plant and equipment.

39. Unconsolidated structured entity

A structured entity is an entity in which voting rights are not the dominant factor in deciding control. Structured entity is generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

Depending on the Group's power over the activities of the entity and its exposure to and the ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have an interest in such an entity but does not consolidate it. The Group sponsors an entity when:

- (i) It is the majority user of the entity;
- (ii) Its name appears in the name of the entity or on the products issued by the entity;
- (iii) It provides implicit or explicit guarantees of the entity's performance; and
- (iv) It led the formation of the entity.

The unconsolidated structured entities invest in a range of asset classes. The Group receives income from these unconsolidated structured entities through the receipt of arrangement fees and interest income from interest bearing notes issued by these entities. As of 31 December 2020, the Group held notes of HK\$4,536 million (2019: HK\$1,134 million), under financial assets held for trading and investments (note 20), issued by these entities.

38. 綜合現金流量表附註(續)

(c) 主要非現金交易

於年內，本集團就物業、廠房及設備租賃安排分別以非現金添置使用權資產及租賃負債220,000港元(2019年：17,078,000港元)及220,000港元(2019年：17,078,000港元)。

39. 未綜合結構性實體

結構性實體為投票權並非決定控制權的主導因素的實體。結構性實體通常為實現有限而明確的目標而設，其持續經營活動受到限制。

視乎本集團對實體活動的權力及其受實體回報的影響程度及其影響實體回報的能力而定，其可能將實體綜合入賬。在其他情況下，其可能資助實體或於實體中擁有權益，但不將實體綜合入賬。下列情況屬本集團贊助一間實體：

- (i) 其為該實體的主要用戶；
- (ii) 其名稱出現在該實體的名稱或該實體發行的產品上；
- (iii) 其為該實體的業績提供隱含或明確的擔保；及
- (iv) 其牽頭成立該實體。

未綜合結構性實體投資於多種資產類別。本集團透過自該等實體發行的計息票據收取安排費用及利息收入而自該等未綜合結構性實體收取收入。截至2020年12月31日，本集團在持作買賣及投資金融資產(附註20)項下持有該等實體發行的票據4,536百萬港元(2019年：1,134百萬港元)。

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39. Unconsolidated structured entity (continued)

Income from the sponsored structured entities and assets transferred to the structured entities are as follow:

	2020			2019			
	Interest Income	Commission and fees	Assets transferred	Interest Income	Commission and fees	Assets transferred	
	利息收入	佣金及費用	已轉讓資產	利息收入	佣金及費用	已轉讓資產	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	千港元	千港元	千港元	
Assets securitisations	資產證券化	375,575	74,781	540,607	19,717	7,164	174,248

39. 未綜合結構性實體(續)

來自受贊助的結構性實體的收入及轉讓予結構性實體的資產如下：

40. Five highest paid individuals

Excluding amounts paid or payable by way of commission of sales generated by the individuals, the five highest paid employees during the year included two (2019: two) directors, details of whose remuneration are set out in note 37 above. Details of the remuneration of the remaining three (2019: three) non-director and highest paid employees for the year are as follows:

40. 五位最高薪酬人士

除以個別人士產生的銷售佣金的方式支付或應付的款項外，年內五位最高薪酬僱員包括兩名(2019年：兩名)董事，其薪酬詳情載於上文附註37。年內其餘三名(2019年：三名)非董事及最高薪酬僱員的薪酬詳情如下：

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and allowances	薪金及津貼	9,360	9,114
Discretionary bonuses	酌情花紅	31,200	27,300
Employer's contribution to pension scheme	僱主向退休金計劃供款	54	54
Sub-total	小計	40,614	36,468
Share-based compensation reserve	以股份為基礎補償儲備		
- Share option expense	- 購股權開支	494	528
- Share award expense	- 股份獎勵開支	4,058	9,643
Total	總計	45,166	46,639

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40. Five highest paid individuals (continued)

The number of non-director and highest paid employees of the Group whose emoluments fell within the following bands is as follows:

40. 五位最高薪酬人士(續)

非董事，而為本集團最高薪酬僱員的人數及其酬金範圍如下：

		2020 2020年 Number of employees 僱員人數	2019 2019年 Number of employees 僱員人數
Emolument bands	酬金範圍		
- HK\$12,500,001 to HK\$13,000,000	- 12,500,001港元至13,000,000港元	—	—
- HK\$13,000,001 to HK\$14,000,000	- 13,000,001港元至14,000,000港元	1	—
- HK\$14,000,001 to HK\$14,500,000	- 14,000,001港元至14,500,000港元	—	1
- HK\$14,500,001 to HK\$15,000,000	- 14,500,001港元至15,000,000港元	1	1
- HK\$16,000,001 to HK\$16,500,000	- 16,000,001港元至16,500,000港元	—	—
- HK\$16,500,001 to HK\$17,000,000	- 16,500,001港元至17,000,000港元	1	—
- HK\$17,000,001 to HK\$17,500,000	- 17,000,001港元至17,500,000港元	—	1
		3	3

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41. Related party transactions

- (a) In addition to the transactions and balances set out elsewhere in the financial statements, the Group had the following material transactions with related parties during the year.

41. 關聯方交易

- (a) 除於財務報表另行載列的交易及結餘外，本集團於年內與關聯方進行以下重大交易。

			2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Commission expenses to the ultimate holding company	支付予最終控股公司的佣金開支	(i)	(1,059)	(978)
Commission expenses to the ultimate holding company for trading in RMB Qualified Foreign Institutional Investors (RQFII) account	就於人民幣合格境外機構投資者(RQFII)賬戶內交易支付予最終控股公司的佣金開支	(ii)	—	(53)
Professional and consultancy fees paid to fellow subsidiaries	支付予同系附屬公司的專業及諮詢費	(iii)	(38,027)	(30,373)
Management fee income and performance fee income of a private fund managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary	本公司全資附屬公司管理及同系附屬公司投資的私募基金的管理費收入及表現費收入	(iv)	1,026	1,579
Commission income received from the above private fund	自上述私募基金收取的佣金收入	(v)	300	184
Commission income of a public fund managed by a fellow subsidiary	同系附屬公司管理的公募基金的佣金收入	(vi)	15	24
Commission income from an intermediate holding company	自中介控股公司收取的佣金收入	(vii)	—	132
Commission income from the ultimate holding company	自最終控股公司收取的佣金收入	(viii)	76	15,882
Underwriting fee and sponsor fee income from the ultimate holding company	自最終控股公司收取的包銷費及贊助費收入	(ix)	—	18,563

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41. Related party transactions (continued)

(a) (continued)

	Notes	2020	2019
	附註	2020年 HK\$'000 千港元	2019年 HK\$'000 千港元
Commission income from a fellow subsidiary	自同系附屬公司收取的佣金收入 (x)	2,649	283
Commission income and handling income from another fellow subsidiary	自另一同系附屬公司收取的佣金收入及手續費收入 (xi)	757	271
Commission income from an immediate holding company	自直接控股公司收取的佣金收入 (xii)	20	5
Consultancy service fee and corporate finance service fee paid to the ultimate holding company, an intermediate holding company and a fellow subsidiary	支付予最終控股公司、中介控股公司及同系附屬公司的諮詢服務費及企業融資服務費 (xiii)	(29,497)	(28,821)
Management fee income and handling fee income from a private fund managed by a wholly-owned subsidiary of the company and controlled by an intermediate holding company	自本公司全資附屬公司管理及中介控股公司控制的私募基金收取的管理費收入及手續費收入 (xiv)	—	1,166
Advisory income of a public fund managed by a fellow subsidiary	同系附屬公司管理公募基金顧問收入 (xv)	70	—
Commission income of private funds managed by a fellow subsidiary	同系附屬公司管理私募基金佣金收入 (xvi)	1,386	—

Notes:

- (i) The commission expenses to the ultimate holding company were calculated based on the percentage of the transaction value stated in the Cooperation Agreement signed with a wholly-owned subsidiary of the Company.
- (ii) The commission expenses to the ultimate holding company were calculated based on the percentage of the transaction value through RQFII account as stated in the Cooperation Agreement signed with a wholly-owned subsidiary of the Company.
- (iii) The professional and consultancy fees paid to the fellow subsidiaries for the provision of capital market information were charged at HK\$38,027,000 for the year ended 31 December 2020 (2019: HK\$30,373,000).

附註：

- (i) 支付予最終控股公司的佣金開支乃按與本公司的一家全資附屬公司簽立的合作協議列明的交易值百分比計算。
- (ii) 支付予最終控股公司的佣金開支乃按與本公司的一家全資附屬公司簽立的合作協議列明的透過RQFII賬戶交易值百分比計算。
- (iii) 截至2020年12月31日止年度就同系附屬公司提供資本市場資料的專業及諮詢費支付38,027,000港元(2019年：30,373,000港元)。

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41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

- (iv) The management fee income and performance fee income received from a private fund managed by a wholly-owned subsidiary of the Company and invested by a fellow subsidiary were charged at 1.5% per annum of the net asset value at the last working day of each month and 20% of the positive increment in the net asset value for the year ended 31 December 2020 (2019: 20%).
- (v) The commission fees received from the private fund mentioned in note (iv) above included commission income which was based on 0.15% (2019: 0.15%) of the transaction value.
- (vi) The commission income received from the public fund managed by the fellow subsidiary was based on the pricing stated in the signed brokerage agreement with the wholly-owned subsidiary of the Company.
- (vii) The commission income received from the intermediate holding company was based on the pricing stated in the signed brokerage agreement with wholly-owned subsidiaries of the Company.
- (viii) The commission income received from the ultimate holding company was based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.
- (ix) The underwriting and sponsor fee income received from the ultimate holding company was based on the underwriting and sponsor agreement with the ultimate holding company.
- (x) The commission income received from a fellow subsidiary was based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.

41. 關聯方交易 (續)

(a) (續)

附註：(續)

- (iv) 自本公司全資附屬公司管理及同系附屬公司投資的私募基金收取的管理費收入及表現費收入按截至2020年12月31日止年度各月最後一個工作日的資產淨值每年1.5%以及資產淨值正增加額的20% (2019年：20%) 收費。
- (v) 自上文附註(iv)所述私募基金收取的佣金費用包括按交易值的0.15% (2019年：0.15%) 計算的佣金收入。
- (vi) 自同系附屬公司管理的公募基金收取的佣金收入按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。
- (vii) 自中介控股公司收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (viii) 自最終控股公司收取的佣金收入乃按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。
- (ix) 自最終控股公司收取的包銷及贊助費按與最終控股公司簽立的包銷及贊助協議收費。
- (x) 自同系附屬公司收取的佣金收入乃按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。

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41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

- (xi) The commission income and handling income received from another fellow subsidiary were based on the pricing stated in the signed brokerage agreement with a wholly-owned subsidiary of the Company.
- (xii) The commission income received from an immediate holding company was based on the pricing stated in the signed brokerage agreement with wholly-owned subsidiaries of the Company.
- (xiii) The consultancy service fee and corporate finance service fee paid to the ultimate holding company, an intermediate holding company and a fellow subsidiary were based on the pricing stated in consultancy services and corporate finance services agreements with wholly-owned subsidiaries of the Company.
- (xiv) The management fee and handling income received from a private fund managed by a wholly-owned subsidiary of the Company and controlled by an intermediate holding company were based on the percentage prescribed in the investment management agreement for the year ended 2020.
- (xv) The advisory income received from a public fund managed by a fellow subsidiary was based on the pricing stated in the advisory agreement with wholly-owned subsidiaries of the Company.
- (xvi) The commission income received from private funds was based on the pricing stated in the signed brokerage agreement with wholly-owned subsidiaries of the Company.
- (xvii) Included in the Group's accounts payable was a broker payable due to the ultimate holding company of HK\$7,184,000 (2019: HK\$18,504,000) arising from dealing in securities as at 31 December 2020. The balance was unsecured, interest-free and payable on the settlement day under the relevant market practices.

41. 關聯方交易(續)

(a) (續)

附註：(續)

- (xi) 自另一同系附屬公司收取的佣金收入及手續費收入乃按與本公司一家全資附屬公司簽立的經紀協議列明的定價收費。
- (xii) 自直接控股公司收取的佣金收入乃按與本公司全資附屬公司簽立的經紀協議列明的定價收費。
- (xiii) 支付予最終控股公司、中介控股公司及同系附屬公司的諮詢服務費及企業融資服務費按與本公司全資附屬公司的諮詢服務及企業融資服務協議所載定價收取。
- (xiv) 自本公司全資附屬公司管理及中介控股公司控制的私募基金收取的管理費及手續費收入乃根據截至2020年止年度的投資管理協議所訂明的百分比計算。
- (xv) 自同系附屬公司管理公募基金收取的顧問費乃基於與本公司全資附屬公司所訂立顧問協議所載定價收取。
- (xvi) 自私募基金收取的佣金費用乃基於與本公司全資附屬公司所訂立經紀協議所載定價收取。
- (xvii) 本集團的應付款項包括於2020年12月31日買賣證券產生的結欠最終控股公司應付經紀款項7,184,000港元(2019年：18,504,000港元)。根據相關市場慣例，該結餘為無抵押、免息及須於結算日支付。

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41. Related party transactions (continued)

(a) (continued)

Notes: (continued)

- (xviii) Included in the Group's accounts receivable was a broker receivable due from the ultimate holding company of HK\$89,937,000 (2019: HK\$38,658,000) arising from dealing in securities as at 31 December 2020. The credit terms provided to the ultimate holding company were consistent with the practice of the securities dealing industry. The balance was unsecured, interest-free and receivable on the settlement day under the relevant market practices.
- (xix) Included in the Group's prepayment, deposits and other receivable of HK\$38,370,000 (2019: HK\$50,443,000) was an advance repayment to the fellow subsidiary for professional and consultancy fee mentioned in the note (iii).
- (xx) Included in the Group's accounts payable were amounts due to the immediate holding company of nil (2019: nil), the ultimate holding company of HK\$160,000 (2019: HK\$5,212,000), the fellow subsidiary of HK\$12,526,000 (2019: HK\$57,419,000) and another fellow subsidiary of HK\$12,159,000 (2019: HK\$38,702,000) arising from dealing in securities, futures and foreign exchange as at 31 December 2020. The balances were unsecured, interest-free and payable on demand.
- (xxi) Included in the Group's accounts payable were the accounts payable to the ultimate holding company mentioned in note (xiii) for the consulting service fee and corporate finance service fee of HK\$14,644,000 (2019: HK\$11,055,000) as at 31 December 2020.
- (xxii) Included in the Group's accounts receivables were amounts due from a public fund managed by a fellow subsidiary mentioned in note (ix) of HK\$34,000 (2019: nil) arising from advisory service provided as at 31 December 2020.

41. 關聯方交易 (續)

(a) (續)

附註：(續)

- (xviii) 本集團的應收款項包括於2020年12月31日買賣證券產生的應收最終控股公司經紀款項89,937,000港元(2019年：38,658,000港元)。向最終控股公司提供的信貸條款與證券買賣行業的慣例一致。根據相關市場慣例，該結餘為無抵押、免息及須於結算日收取。
- (xix) 本集團的預付款項、按金及其他應收款項38,370,000港元(2019年：50,443,000港元)包括就附註(iii)所述專業及諮詢費向同系附屬公司的墊款還款。
- (xx) 於2020年12月31日，本集團之應付款項包括因買賣證券、期貨及外匯產生之應付直接控股公司零(2019年：零)、應付最終控股公司160,000港元(2019年：5,212,000港元)、應付同系附屬公司12,526,000港元(2019年：57,419,000港元)及應付另一間同系附屬公司12,159,000港元(2019年：38,702,000港元)。該結餘乃無抵押、免息及須於要求時支付。
- (xxi) 於2020年12月31日，本集團的應付款項包括於上文附註(xiii)所述給予最終控股公司的諮詢服務費及企業融資服務費14,644,000港元(2019年：11,055,000港元)。
- (xxii) 於2020年12月31日，本集團的應收款項包括因提供顧問服務產生的應收上文附註(ix)同系附屬公司管理公募基金的款項34,000港元(2019年：零)。

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41. Related party transactions (continued)

(a) (continued)

The Group's ultimate holding company, GJSCL, is subject to the control of the PRC Government which also controls a significant portion of assets and entities in the PRC (collectively referred to as "state-owned enterprises"). Therefore, transactions with state-owned enterprises are regarded as related party transactions.

Majority of the bank borrowings and deposits of the Group were entered into with state-owned banks. In addition, the Group enters into transactions with state-owned enterprises that relate to the Group's normal business activities, including but not limited to brokerage services, corporate finance business, asset management business, loan and financing business and investment holding and market making business. These transactions are entered into in the ordinary course of business at an arm's length and under the normal commercial terms and conditions as to those that would have been entered into with non-state-owned enterprises, which were not considered as individually significant in accordance with HKAS 24.

The related party transactions in respect of items (i), (ii), (iii), (vi), (viii), (x), (xii), (xiii), (xv) and (xvi) also constitute continuing connected transactions to be disclosed in the annual report as defined in Chapter 14A of the Listing Rules.

(b) Details of the remuneration of the key management personnel of the Group are disclosed in note 37 to the financial statements.

41. 關聯方交易(續)

(a) (續)

本集團的最終控股公司國泰君安證券受中國政府控制，而中國政府亦控制中國國內的大部分資產及實體(統稱為「國有企業」)。因此，與國有企業的交易均被視為關聯方交易。

本集團大部分銀行借款及存款均與國有銀行訂立。此外，本集團與國有企業進行與本集團日常業務活動有關的交易，包括但不限於經紀服務、企業融資業務、資產管理業務、貸款及融資業務、投資控股及做市業務。該等交易乃於日常業務過程中公平地按與非國有企業進行的交易類似的正常商業條款及條件進行，並按照香港會計準則第24號沒有被視為個別重大交易。

上文第(i)、(ii)、(iii)、(vi)、(vii)、(viii)、(x)、(xii)、(xiii)、(xv)及(xvi)項的關聯方交易亦構成須於年報披露之持續關連交易(定義見上市規則第十四A章)。

(b) 本集團主要管理人員薪酬詳情於財務報表附註37披露。

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42. Financial risk management

The Group's activities mainly expose to such financial risks as credit risk, market risk and liquidity risk. The Group's overall risk management framework focuses on the analysis, evaluation, acceptance and monitoring of these risks which are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise any potential adverse effect on the Group's financial performance.

The Group's risk management policies are approved by the board of directors and are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and adherence to limits by means of reliable and up-to-date information. The board of directors provides written principles for overall risk management. The Group regularly reviews its risk management policies to reflect any change in the market and clients.

The main financial risks arising from the Group's financial instruments are credit risk, market risk and liquidity risk. The policies for managing each of these risks are summarised below:

Credit risk

Credit exposures arise principally from loans and advances to customers, accounts receivable, debt securities, bank balances and client trust bank balances which are included in the Group's asset portfolio.

Credit risk limit control and mitigation policies

The board of directors delegates to the credit committee and risk management committee the duties to monitor the credit risk of the Group. Members of the credit committee and risk management committee include, inter alia, the chief executive officer, responsible officers, the chief financial officer and the head of related control departments. The credit committee is responsible for the development of financing business and approval of major credit exposure and the risk management committee to provide independent supervision of all credit risk metrics and limits.

42. 金融風險管理

本集團的業務主要面臨信貸風險、市場風險及流動資金風險等金融風險。本集團整體風險管理框架集中於分析、評估、接受及監控該等於業務過程中不可避免的風險。因此，本集團的目標為適當地平衡風險與回報，並將對本集團財務表現潛在的任何不良影響減至最低。

本集團的風險管理政策由董事會批准，旨在識別及分析上述風險，設定適當的風險限額並控制及監控風險及使用可靠及先進的資訊以嚴守限額。董事會就整體風險管理制定書面原則。本集團定期檢討其風險管理政策，以反映市場及客戶的任何變動。

本集團金融工具所產生的主要金融風險為信貸風險、市場風險及流動資金風險。管理各項風險的政策概括如下：

信貸風險

信貸風險主要源自本集團資產組合中的給予客戶的貸款及墊款、應收款項、債務證券、銀行結餘及客戶信託銀行結餘。

信用風險限額控制及緩釋政策

董事會委派信貸委員會及風險管理委員會監控本集團信貸風險。信貸委員會及風險管理委員會包括(其中包括)行政總裁、負責人員、首席財務總監及相關監控部門主管。信貸委員會負責發展金融業務及批准主要信貸風險及風險管理委員會獨立監察所有信貸風險參數及限額。

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42. Financial risk management *(continued)*

Credit risk *(continued)*

Credit risk limit control and mitigation policies (continued)

The risk management department and wealth management department are responsible for approval, monitoring and review of the Group's credit risk of margin clients. It is also responsible for making settlement calls when the trades of margin clients exceed their respective limits. Failure to meet margin calls may result in liquidation of the client's position. The credit limit and margin limit for each client and the lending ratio of securities acceptable as margin collateral prepared by the wealth management department and approved by risk management department, the significant transaction will be approved by the credit committee.

The Group also grants term loans to customers that may contain an element of credit risk. The Group minimises such risk exposure by performing a detailed credit analysis, and dedicated professionals are assigned to oversee and monitor the performance. These key investment decisions are also subject to approval by the credit committee.

Loans and advances to customers including IPO loans for subscription of new shares are normally settled within 1 week from the drawdown date. Forced liquidation action would be taken if the customers fail to settle their shortfall within a specific period of tolerance after the IPO allotment result is announced.

For debt securities, external rating such as Standard & Poor's and Moody's ratings or their equivalents are used by the risk management department for managing credit risk exposures as supplemented by the Group's own assessment through the use of internal rating tools.

The Group's bank balances are deposited in respectable and large commercial banks. For the client trust bank balances which are held in segregated accounts, they are deposited in authorised financial institutions in Hong Kong. The credit risk of bank balances and client trust bank balances is considered insignificant.

42. 金融風險管理 *(續)*

信貸風險 *(續)*

信用風險限額控制及緩釋政策 (續)

風險管理部及財富管理部負責批准、監控及審閱本集團的孖展客戶信貸風險。其亦須於孖展客戶的交易超過其各別限額時發出補倉通知。未能補倉的客戶可能被斬倉。各客戶的信貸限額及孖展限額以及財富管理部門釐定及風險管理部批准可接納為孖展抵押的證券貸款比率、重大交易將由信貸委員會批准。

本集團亦向客戶授出定期貸款，該等貸款可能包含信貸風險因素。本集團透過進行詳細信貸分析降低有關風險承擔，並指派專業人士監督及監控表現。該等主要投資決策亦須經信貸委員會批准。

給予客戶的貸款及墊款包括有關認購新股的首次公開發售貸款，一般於自提取日期起一周內結算。倘客戶於首次公開發售配發結果公佈後的指定寬限期內未能結算其差額，則將會被斬倉。

就債務證券而言，風險管理部門採用外部信貸評級(如標準普爾及穆迪評級或其同行評級)進行信貸風險管理，本集團透過使用內部評級工具進行補充性自行評估。

本集團銀行結餘乃存於聲譽良好的大型商業銀行。就以獨立賬戶持有的客戶信託銀行結餘而言，該等結餘乃存於香港認可金融機構。銀行結餘及客戶信託銀行結餘的信貸風險乃視為不重大。

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42. Financial risk management (continued)

Credit risk (continued)

Credit risk limit control and mitigation policies (continued)

Accounts receivable from clients represent receivables from clients arising from dealing in securities, which normally had a delivery-against payment settlement term of 1 to 3 days. The Group allows credit up to the settlement dates of the respective securities transactions (normally from T+1 to T+3 days). All applications for credit limits must be reviewed by the credit manager and approved by risk management department or the credit committee. The risk management department and wealth management department determines whether a forced liquidation action is to be taken against clients with overdue balances on a case-by-case basis. The credit committee regularly reviews the overdue balances.

The Group only accepts margin deposits in the form of cash for futures, options and leveraged foreign exchange dealing and broking. No unauthorised transaction is allowed to be executed if the current position of the customer exceeds its trading limit. The margin deposit placed and the aggregate of the required margin deposits of each futures, options and leveraged foreign exchange contract are timely monitored by both the dealers and the risk management department. Margin calls will be executed by the on-site duty staff for futures, options and leveraged foreign exchange brokerage business if there is a deficit with the margin deposit. Forced liquidation of the customer's position will be executed if the customer fails to meet the margin calls.

Management considers that the credit risk of the Group resulting from securities, futures, options and leveraged foreign exchange brokerage business as well as margin and other loan financing is properly managed within the defined internal control framework.

Accounts receivable from brokers and dealers are placed with large financial institutions which are governed by regulators. The credit risk of accounts receivable from brokers and dealers is considered insignificant.

Ageing of accounts receivable from corporate clients and investment funds arising from corporate finance, asset management and investment holding and market making businesses is closely monitored. There were no significant defaults in the past.

The credit risk of accounts receivable from the Stock Exchange and other clearing houses is considered to be minimal.

42. 金融風險管理(續)

信貸風險(續)

信用風險限額控制及緩釋政策(續)

應收客戶款項指證券交易產生的應收客戶款項，付款交付的結算期一般為一至三天。本集團授予的信貸期最多至各項證券交易的結算日(一般為T+1至T+3日內)。所有信貸限額的申請均須經信貸主任審計及由風險管理部或信貸委員會批准。風險管理部及財富管理部門釐定是否就逾期結餘逐筆對個別客戶採取強制清盤措施。信貸委員會定期檢討逾期結餘。

本集團對期貨、期權及槓桿外匯買賣及經紀僅接受現金形式的保證金。倘客戶的本期財務狀況超過交易限額，則不得進行任何未經授權的交易。所投入的保證金及各項期貨、期權及槓桿外匯合約所要求的保證金總額由交易商及風險管理部門及時監察。倘保證金不足，現場在職的員工會就期貨、期權及槓桿外匯經紀業務發出補倉通知。未能補倉的客戶將被斬倉。

管理層認為本集團因證券、期貨、期權及槓桿外匯經紀業務以及孖展及其他貸款融資所面臨的信貸風險均在界定內部控制框架內妥當管理。

應收經紀及交易商的款項存放於監管機構管治下的大型金融機構。應收經紀及交易商的款項的信貸風險乃視為不重大。

企業融資、資產管理及投資控股以及做市業務所產生的應收企業客戶及投資基金款項的賬齡在密切監控內。過往概無重大違約。

應收聯交所及其他結算所的應收款項的信貸風險甚微。

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42. Financial risk management (continued)

Credit risk (continued)

Loss allowance and provisioning policies

The Group's policy requires the review of individual outstanding amounts at least monthly or more regularly depending on individual circumstances or market condition.

The Group has adopted HKFRS 9, where the loss allowance requirements under HKFRS 9 are based on an expected credit loss model. The Group applies simplified approach to measure expected credit losses ("ECL") on accounts receivable from corporate clients, investment funds and others; and general approach to measure ECL on loans and advances to customers, time deposits and other financial assets accounted for at amortised cost and fair value through other comprehensive income as well as loan commitments. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-months ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information. The loan and advances use the number of days past due ("DPD") and loan-to-collateral value ("LTV") to determine significant increase in credit risk. For non-standard financing, internally derived credit ratings have been identified as representing the best available determinant of credit risk. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

42. 金融風險管理(續)

信貸風險(續)

虧損撥備及撥備政策

本集團的政策要求至少每月或在特定情況或因應市況下更為頻繁地對個別未結清款項進行審閱。

本集團已採納香港財務報告準則第9號，香港財務報告準則第9號下的虧損撥備要求以預期信用損失模型為依據。本集團應用簡易方法計量企業客戶、投資基金及其他的應收款項的預期信用損失(「預期信用損失」)，並應用一般方法計量給予客戶的貸款及墊款、定期存款及其他按攤銷成本及按公平值計入其他全面收益入賬的金融資產以及貸款承擔的預期信用損失。根據簡易方法，本集團基於全期預期信用損失計量虧損撥備。按照一般方法，金融工具乃基於初步確認後的信貸風險變動，透過下列三個階段予以轉撥：第1階段：十二個月的預期信用損失、第2階段：全期預期信用損失-並無信貸減值及第3階段：全期預期信用損失-信貸減值。

評估信貸風險大幅增加

於釐定自初始確認以來違約風險是否大幅增加時，本集團兼顧定量及定性資料以及基於本集團過往經驗及專家信貸風險評估的分析，包括前瞻性資料。貸款及墊款採用逾期天數(「逾期天數」)及貸款與抵押品價值比(「貸款與抵押品價值比」)釐定信貸風險是否大幅增加。就非標準融資而言，已確立內部信貸評級作為信貸風險的最佳可用指標。倘若報告日期的信貸評級相較初始確認日期的信貸評級大幅惡化，則信貸風險視為已大幅增加。

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42. Financial risk management (continued)

Credit risk (continued)

Assessment of significant increase in credit risk (continued)

Calculation of expected credit losses

The ECL are assessed by the Group on semi-annual basis. Based on DPD, LTV and internally derived credit ratings, loans and advances to customers are classified into 3 stages.

Under stage 1 is calculated on collective basis. The probabilities of price changes of various scenarios are calculated based on the observed historical price movements of the underlying collateral stocks. The ECL of each scenario is then calculated in accordance with the respective loan exposure. When the loans are classified under stage 2 and stage 3, the lifetime ECL is calculated.

As at 31 December 2020, the average loss rate for 12-month ECL and lifetime ECL was 0.02% (2019: 0.06%) and 85.52% (2019: 71.32%) respectively.

If there is material decrease in collateral value and the full recovery of the loan is in doubt, the retail and non-standard loan will be classified into stage 3. For the loans classified as stage 3, the Group may further calculate the ECL based on probability-weighted scenarios to measure the expected credit loss. Each scenario is associated with different exposure at default and probability.

Incorporation of forward-looking information

When estimating the ECL on loan and advances to customers, the Group has incorporated forward-looking economic information through the use of industry trend and experienced credit judgement to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios by the stock market analysis.

42. 金融風險管理(續)

信貸風險(續)

評估信貸風險大幅增加(續)

預期信用損失的計算

本集團每半年評估預期信用損失。根據逾期天數、貸款與抵押品價值比及內部制定的信貸評級，給予客戶的貸款及墊款分為三個階段。

第1階段下的預期信用損失集中進行計算。各種情境下的價格可能變動依據相關抵押股票的可觀察歷史價格變動計算。隨後，根據相關貸款敞口計算各情境下的預期信用損失。倘貸款分類為第2階段及第3階段，則計算全期預期信用損失。

於2020年12月31日，12個月預期信用損失及全期預期信用損失的平均虧損比率分別為0.02% (2019年：0.06%) 及85.52% (2019年：71.32%)。

倘抵押品價值大幅下降且貸款能否悉數收回存疑，則零售及非標準貸款分類為第3階段。就分類為第3階段的貸款而言，本集團可根據概率加權情境計算預期信用損失，以計量預期信用損失。不同的情境與不同的違約敞口及概率相關。

納入前瞻性資料

於估計給予客戶的貸款及墊款的預期信用損失時，本集團已納入前瞻性經濟資料，包括透過使用行業趨勢及基於經驗的信用判斷以反映定量因素，以及透過使用多種概率加權情境進行股票市場分析。

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財務報表附註

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42. Financial risk management (continued)

Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements

The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period, in relation to each class of financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

These amounts represent the worst case scenario of credit risk exposure to the Group at 31 December 2020 and 2019, without taking account of any collateral held or other credit enhancements attached.

Concentration of risks of financial assets with credit risk exposure

(a) Bank balances and client trust bank balances

The counterparties of all client trust bank balances and the majority of cash and bank balances are located in Hong Kong. As the Group's bank balances and client trust bank balances are deposited with a number of financially sound financial institutions, in the opinion of the directors, the concentration risk of the Group's bank balances and client trust bank balances is insignificant.

(b) Loans and advances to customers and accounts receivable from clients

The counterparties of the majority of loans and advances to customers (including margin loans, IPO loans and other loan financing) and accounts receivable from clients are individuals who are mainly located in China. The wealth management department and risk management department daily prepares an analysis of key margin client and futures, options and leveraged foreign exchange client exposure for review to avoid excessive concentration of risk. The Group manages its concentration risk by dealing with a large number of diversified clients.

42. 金融風險管理(續)

信貸風險(續)

除所持抵押品或其他信貸提升前所面對的最高信貸風險

倘交易對手未能於報告期間結束時履行其責任，則本集團所面對的與各類金融資產相關的最高信貸風險值為財務狀況表內所示該等資產的賬面值。

該等金額為本集團於2020年及2019年12月31日所面對的信貸風險的最差情形，且未計及任何所持抵押品或所附其他信貸提升情況。

面臨信貸風險的金融資產的風險集中程度

(a) 銀行結餘及客戶信託銀行結餘

所有客戶信託銀行結餘及大部分現金及銀行結餘的交易對手均位於香港。由於本集團的銀行結餘及客戶信託銀行結餘乃存於多家財務穩健的金融機構，故董事認為本集團的銀行結餘及客戶信託銀行結餘的集中風險不大。

(b) 給予客戶的貸款及墊款以及應收客戶款項

大部分給予客戶的貸款及墊款(包括孖展貸款、首次公開發售貸款及其他貸款融資)以及應收客戶款項的交易對手為個人，主要居於中國。財富管理部門及風險管理部門每日編製及審閱主要孖展客戶及期貨、期權及槓桿外匯客戶風險分析，以期避免過度集中的風險。本集團透過與大量各行各業的客戶交易管理其集中風險。

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42. Financial risk management (continued)

Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure (continued)

- (c) Accounts receivable from brokers, dealers as well as clearing houses and others

The Group also has accounts receivable from clearing houses, brokers and dealers from its securities, futures, options and leveraged foreign exchange brokerage business as well as other receivables from asset management, corporate finance and investment holding and market making businesses. Responsible officers manage the concentration of risk by monitoring their respective exposures on a timely basis.

Securities borrowing and lending

In the normal course of brokerage business, the Group may enter into securities borrowing and lending arrangements with financial institutions and the Group's customers. As at 31 December 2020, the Group borrowed equity securities of HK\$688,738,000 (2019: HK\$68,480,000) from financial institutions and set aside equity securities of HK\$16,475,530 (2019: HK\$430,937,000) pledged by margin clients, for such lending arrangements to customers. Cash collateral of HK\$17,299,000 (2019: HK\$519,380,000) was received from the customers while HK\$720,545,000 (2019: HK\$72,889,000) was placed to the financial institutions as at 31 December 2020.

The Group maintains no net position in such securities borrowing and lending transactions and is not subject to significant price risk. However, under the securities borrowing and lending arrangements, the cash collateral received and cash collateral placed are included in the accounts payable and accounts receivable from brokers and dealers, respectively. The Group is principally liable for repaying the borrowed securities in case of any default by the customers.

42. 金融風險管理(續)

信貸風險(續)

面臨信貸風險的金融資產的風險集中程度(續)

- (c) 應收經紀、交易商以及結算所及其他人士的款項

本集團亦有應收結算所、經紀及交易商有關證券、期貨、期權及槓桿外匯經紀業務的款項以及來自資產管理、企業融資及投資控股以及做市業務的其他應收款項。負責人員透過定時監察彼等各自面臨的風險管理集中風險。

證券借貸

於正常經紀業務過程中，本集團可能與金融機構和本集團客戶訂立證券借貸安排。於2020年12月31日，本集團向金融機構借股本證券688,738,000港元(2019年：68,480,000港元)並撥出由孖展客戶抵押的股本證券16,475,530港元(2019年：430,937,000港元)用作此類客戶該等借貸安排。於2020年12月31日，現金抵押品17,299,000港元(2019年：519,380,000港元)乃收取自客戶及720,545,000港元(2019年：72,889,000港元)存放於金融機構。

本集團於該等證券借貸交易中並無維持任何淨倉，故並無面對重大價格風險。然而，根據證券借貸安排，所收取的現金抵押品以及所存放的現金抵押品分別計入應付款項以及應收經紀及交易商款項。本集團的主要責任為在任何客戶出現任何違約時償還所借入的證券。

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42. Financial risk management (continued)

Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

The financial instruments held by the Group mainly exposed it to interest rate risk and price risk. The market risk mainly includes cash flow interest rate risk and price risk. The Group has established policies and procedures for monitoring and controlling the market risk arising from these financial instruments.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and advances to customers, accounts receivable, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable to clients, bank borrowings, debt securities in issue, receivable from reverse repurchase agreements, obligations under repurchase agreements, client trust bank balances and cash and bank balances. Debt investments usually bear a fixed rate interest and they are managed through the strategy of trading them within a short period of time.

Interest on cash at banks will fluctuate at floating rates based on daily bank deposit rates. Bank borrowings and margin loans receivable at variable rates exposed the Group to cash flow interest rate risk. Other financial assets and liabilities which are mainly carried at amortised cost are either non-interest-bearing or fixed interest-bearing with short term maturities within one year, of which the interest rate risk is also considered to be minimal. The Group mitigates its interest rate risk by monitoring market interest rate movements and revising the interest rates offered to its customers on an ongoing basis in order to limit potential adverse effects of interest rate movements on net interest income. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of bank borrowings, margin loans receivable, debt securities investment and interest-bearing bank deposits.

42. 金融風險管理(續)

市場風險

本集團所面對的市場風險，乃指由於市場價格變動而引致金融工具的公平值或未來現金流量變動的風險。市場風險乃主要因利率、貨幣及股權產品等的未平倉而產生，並受到一般及特定的市場變動及市場利率或價格(如利率、匯率及股價)波幅變動的風險所影響。

本集團所持有的金融工具主要面對利率風險及價格風險。市場風險主要包括現金流量利率風險及價格風險。本集團已制定有關政策及程序，以監測及控制該等金融工具所產生的市場風險。

利率風險

本集團面臨的市場利率變動風險主要與本集團給予客戶的貸款及墊款、應收款項、按公平值計入損益的金融資產及負債、按公平值計入其他全面收益的金融資產、應付客戶款項、銀行借款、已發行債務證券、反向回購協議應收款項、回購協議的債項、客戶信託銀行結餘以及現金與銀行結餘有關。債務投資通常按固定利率計息，通過在短時期內買賣的戰略對其進行管理。

銀行存款利息按根據每日銀行存款利率計算的浮動利率而波動。本集團面對以浮息計息的銀行借款及應收孖展貸款款項所產生的現金流量利率風險。主要按攤銷成本列賬的其他金融資產及負債乃不計息或按固定利率計息，期限為一年以內，故其利率風險亦被認為微乎其微。本集團透過監控市場利率變動並持續修訂給予客戶的利率，從而減輕利率風險，藉此限制利率變動對利息收入淨額的潛在不利影響。本集團定期計算其銀行借款、應收孖展貸款款項、債務證券投資及計息銀行存款組合可能產生的利率變動對損益的影響。

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42. Financial risk management (continued)

Market risk (continued)
Interest rate risk (continued)

The following table illustrates the potential impact, of a parallel upward or downward shift of 100 basis points in interest rate curves with all other variables held constant on the Group's net profit for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets, interest-bearing liabilities and debt securities investments at year end.

Interest rate sensitivity analysis

		Increase/(decrease) in profit before tax 除稅前溢利增加/(減少)	
		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Interest rate increase 100 basis points	利率上升100基點		
Interest-earning assets and interest-bearing liabilities	生息資產及計息負債	3,596	(38,367)
Debt securities investment	債務證券投資	(360,764)	(261,812)
Net Amount	淨額	(357,168)	(300,179)

The estimated 1% increase or decrease in interest rate represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. The sensitivity analysis is unrepresentative because the year-end exposure does not reflect the exposure during the year.

For the financial products and derivative financial instruments held by the Group are structured as debt securities in issue for sales to customers. They are not subject to significant risk as the risk has been transferred to customers accordingly.

42. 金融風險管理(續)

市場風險(續)
利率風險(續)

根據本集團於年末的生息資產，計息負債及債務證券投資的情況，下表顯示利率曲線平移向上或向下100個基點而其他所有變數維持不變對本集團報告日期起計未來12個月的淨利潤的潛在影響。

利率敏感度分析

估計利率1%的增加或減少指管理層對下個年度報告期間前期間的利率合理變動的評估。該敏感度分析不具代表性，原因是年末的風險不能反映全年的風險。

本集團持有的金融產品及衍生金融工具結構化為已發行債務證券來售予客戶。由於風險已轉移予客戶，因此彼等不承擔重大風險。

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42. Financial risk management (continued)

Market risk (continued)

Price risk

The Group is exposed to equity securities price risk from equity derivative instruments and fund investments held by the Group which are classified in the statement of financial position as financial assets and liabilities at fair value through profit or loss. Price risk is the risk of changes in fair value of financial instruments from fluctuations, whether such a change in price is caused by factors specific to the individual instrument or factors affecting all instruments traded in the markets. The Group mitigates its price risk by performing detailed due diligence analysis of investments and dedicated professionals are assigned to oversee and monitor the performance of investments.

The sensitivity analysis below has been determined based on the assumption that the price of all the investment of equity instruments and funds move according to the historical correlation with the Hong Kong Hang Seng Index and other relevant indices. The analysis is based on the assumption that the equity index had changed by 10% with all other variable held constant, it represents management's assessment of the reasonably possible change in equity index.

Price sensitivity analysis

Changes in relevant indices	相關指數變動	2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Increase 10%	上升10%	181,220	86,764
Decrease 10%	下降10%	(181,220)	(86,764)

42. 金融風險管理(續)

市場風險(續)

價格風險

本集團因持有權益類衍生工具及基金投資(於財務狀況表分類為按公平值計入損益的金融資產及負債)而承受股本證券價格風險。價格風險指金融工具公平值因波動而出現變動的風險，無論有關價格變動是因個別工具特有的因素或影響市場上所有買賣工具的因素所引致。本集團透過對投資進行詳細的盡職分析降低價格風險，並指派專業人士監督及監控投資表現。

以下敏感度分析乃假設所有權益類產品及基金投資的價格根據與香港恆生指數及其他相關指數之過往關係變動而釐定。分析乃以假設股票指數變動10%而其他變數維持不變，這代表管理層對股票指數合理可能變動的評估。

價格敏感度分析

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42. Financial risk management (continued)

Market risk (continued)

Price sensitivity analysis (continued)

The sensitivity analysis is unrepresentative because the year-end exposure does not reflect the exposure during the year.

For the financial products and derivative financial instruments held by the Group are structured as equity derivative products in issue for sales to customers and for hedging purpose. They are not subject to significant risk as the risk has been either transferred to customers or properly hedged and mitigated accordingly.

Besides, the asset quality of the margin clients' margin collateral will deteriorate when the market comes down drastically, scenario analysis and stress testing are regularly performed on an individual client basis.

Foreign currency risk

Foreign currency risk refers to the risk that movements in foreign currency exchange rates will affect the Group's financial results and its cash flows.

The Group's foreign exchange risk principally arises from its leveraged foreign exchange dealing and broking business as well as the Group's transactions which are denominated in currencies other than the Hong Kong dollars.

For the leveraged foreign exchange brokerage business, the Group hedges the majority of the client positions through back-to-back transactions with external counterparties. The Group adopts stringent control over its positions to minimize its exposure to foreign exchange risk.

The Group's principal operations are transacted and recorded in Hong Kong dollars, United States dollars ("US\$") and Renminbi ("RMB"). The Group is not exposed to material foreign exchange risk because HK\$ is pegged with US\$. The Group also conducts appropriate hedging activities when it is exposed to material exchange risk in RMB. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The foreign exchange risk is daily managed and monitored by the treasury and finance department.

42. 金融風險管理(續)

市場風險(續)

價格敏感度分析(續)

該敏感度分析不具代表性，原因是年末的風險不能反映全年的風險。

本集團所持金融產品及衍生金融工具列為向客戶銷售的已發行權益類衍生產品及用於對沖目的。其並無承受重大風險，因為有關風險已相應轉移客戶或進行適當對沖或緩和。

此外，孖展客戶的孖展抵押品的資產質素會於市場嚴重下滑時惡化。情景分析及壓力測試乃按個別客戶基準定期進行。

外匯風險

外匯風險指影響本集團財務業績及其現金流量的外幣匯率變動的風險。

本集團的外匯風險主要來自其槓桿式外匯買賣及經紀業務以及本集團以港元以外貨幣為單位的交易。

就槓桿外匯經紀業務而言，本集團透過與外部對手方的背對背交易對沖大多數客戶的倉位。本集團對其倉位採納嚴格監控，以最小化其外匯風險。

本集團的主要業務以港元、美元(「美元」)及人民幣(「人民幣」)交易及列賬。由於港元與美元掛鈎，故本集團並無面臨重大外匯風險。本集團亦於其面臨重大的人民幣外匯風險時採取適當的對沖活動。其他外幣風險相對於其總資產及負債所承接者相對較低。外匯風險由庫務及財務部每日管理及監督。

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42. Financial risk management *(continued)*

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the treasury department maintains flexibility in funding by maintaining available committed credit facilities from the banks.

Sources of liquidity are daily reviewed by treasury department to ensure the availability of sufficient liquid funds to meet all obligations.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows in strict compliance with statutory requirements. This is achieved by monitoring the liquidity position of the individual companies within the Group on a daily basis to ensure the availability of sufficient liquid funds to meet all obligations and compliance with the statutory requirements such as the Hong Kong Securities and Futures (Financial Resources) Rules.

42. 金融風險管理 *(續)*

流動資金風險

審慎的流動資金風險管理包括維持充足的現金，透過已承諾信貸融資的足夠額度備有資金，及有能力減少市場持倉。由於相關業務的多變性質，庫務部致力透過已承諾的可用銀行信貸融資維持資金的靈活性。

庫務部每日審計流動資金來源，以確保可獲得充足流動資金，履行所有責任。

管理層根據預期現金流量監控本集團的流動資金儲備(包括未提取借款融資)及現金及現金等價物的滾存預測，以嚴格遵守法定要求。為達到此目的，本集團需要每日監控旗下公司的流動資金狀況，以確保能夠取得充足的流動資金履行所有責任，並符合有關法定要求(如香港證券及期貨(財政資源)規則)。

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42. Financial risk management (continued)

Liquidity risk (continued)

The following tables summarise the maturity profile of the Group's financial liabilities, based on the contractual and undiscounted cash flows:

As at 31 December 2020

		Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
		一個月內	一至三個月	十二個月	一至五年	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Liabilities	負債					
Accounts payable	應付款項	22,783,232	—	—	—	22,783,232
Bank borrowings	銀行借款	7,677,534	300,649	1,764,305	—	9,742,488
Lease liabilities	租賃負債	2,233	4,466	12,452	7,404	26,555
Debt securities in issue	已發行債務證券	26,665,472	1,592,447	7,940,383	11,843,094	48,041,396
Financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債	6,666,260	—	—	—	6,666,260
Obligations under repurchase agreements	回購協議的債項	12,873,451	4,109,181	413,531	—	17,396,163
		76,668,182	6,006,743	10,130,671	11,850,498	104,656,094
Off-balance sheet items	資產負債表外項目					
Underwriting obligations	承銷承諾	5,178	—	—	—	5,178
Capital commitments	資本承擔	17,772	—	—	—	17,772
		22,950	—	—	—	22,950
Derivative cash flows	衍生現金流量					
Derivative financial instruments settled on a gross basis	按總額結算的衍生金融工具					
Total inflows	總流入	861,532	1,900,121	9,625,996	4,018,074	16,405,723
Total outflows	總流出	(805,173)	(1,827,880)	(9,015,513)	(4,091,667)	(15,740,233)
		56,359	72,241	610,483	(73,593)	(665,490)

42. 金融風險管理(續)

流動資金風險(續)

根據合約及未貼現現金流量，下表概述本集團金融負債的到期情況：

於2020年12月31日

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42. Financial risk management (continued)

Liquidity risk (continued)
As at 31 December 2019

42. 金融風險管理(續)

流動資金風險(續)
於2019年12月31日

		Up to 1 month	1 to 3 months	3 to 12 months 三至 十二個月	1 to 5 years	Total
		一個月內	一至三個月	十二個月	一至五年	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Liabilities	負債					
Accounts payable	應付款項	14,587,372	–	–	–	14,587,372
Interest bearing borrowings	計息借款	9,257,999	942,296	1,035,534	24,804	11,260,633
Debt securities in issue	已發行債務證券	22,772,919	768,727	2,318,374	7,710,607	33,570,627
Financial liabilities at fair value through profit or loss	按公平值計入損益的金融負債	6,810,580	–	–	–	6,810,580
Obligations under repurchase agreements	回購協議的債項	14,730,933	3,117,760	403,931	–	18,252,624
		68,159,803	4,828,783	3,757,839	7,735,411	84,481,836
Off-balance sheet items	資產負債表外項目					
Underwriting obligations	承銷承諾	6,075	–	–	–	6,075
Capital commitments	資本承擔	6,180	–	–	–	6,180
		12,255	–	–	–	12,255
Derivative cash flows	衍生現金流量					
Derivative financial instruments settled on a gross basis	按總額結算的衍生金融工具					
Total inflows	總流入	2,004,907	837,896	5,970,010	2,373,481	11,186,294
Total outflows	總流出	(1,988,973)	(850,522)	(6,208,759)	(2,460,907)	(11,509,161)
		15,934	(12,626)	(238,749)	(87,426)	(322,867)

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42. Financial risk management (continued)

Fair values of financial assets and liabilities

Financial instruments not measured at fair value

At the end of the reporting period, the fair values of the Group's financial assets and liabilities not measured at fair value were not materially different from their carrying amount due to their short term nature.

Financial instruments measured at fair value

Group's valuation process

The fair values of financial assets in Level 1 and Level 2 are measured by reference to quoted market prices and brokers' quotes, respectively. The Group has engaged an independent professionally qualified valuer, International Valuation Limited, to perform the valuation of financial instruments in Level 3 for financial reporting purposes. These valuation reports are sent to the finance department and the Audit Committee for discussion at least twice per annum, which is in line with the Group's reporting dates.

At each financial year end, the finance department reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3. Changes in fair values of financial assets in Levels 2 and 3 are analysed at each reporting date.

42. 金融風險管理(續)

金融資產及負債的公平值

並非按公平值計量的金融工具

於報告期間結束時，本集團並非按公平值計量的金融資產及負債的公平值因該等資產及負債的短期性質而與其賬面值無重大差異。

按公平值計量的金融工具

本集團的估值流程

第1級及第2級金融資產的公平值乃分別參考市場報價及經紀報價計量。本集團已委聘獨立專業合資格估值師國際評估有限公司對第3級金融工具進行估值，以作財務申報目的。該等估值報告將每年至少兩次(與本集團的報告日期一致)呈送予財務部及審核委員會，以供討論。

於各財政年度末，財務部審閱所有用於計量第3級金融工具公平值的重大無法觀察參數及估值調整。第2級及第3級金融資產的公平值變動於各報告日期進行分析。

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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2020

42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級

下表闡明本集團金融工具的公平值計量等級：

按公平值計量的資產：

於2020年12月31日

		Fair value measurement using 採用以下各項的公平值計量			Total
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大可 觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Non-current	非流動				
Financial assets held for trading and investments	持作買賣及投資金融資產				
– Unlisted fixed income securities	– 非上市固定收益證券	–	5,878,878	–	5,878,878
– Unlisted convertible securities	– 非上市可換股證券	–	–	195,758	195,758
– Unlisted equity securities	– 非上市股本證券	–	–	730,985	730,985
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產				
– Financial products	– 金融產品	309,887	4,149,699	5,711,354	10,170,940
		309,887	10,028,577	6,638,097	16,976,561
Current	流動				
Financial assets held for trading and investments	持作買賣及投資的金融資產				
– Listed equity securities	– 上市股本證券	1,439,070	–	–	1,439,070
– Listed debt securities	– 上市債務證券	–	15,683,053	–	15,683,053
– Unlisted fixed income securities	– 非上市固定收益證券	–	5,261,345	–	5,261,345
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產				
– Unlisted fund investments	– 非上市基金投資	–	1,986,769	–	1,986,769
– Other financial instruments	– 其他金融工具	–	225,618	–	225,618
– Financial products	– 金融產品	1,928,282	25,558,371	1,854,496	29,341,149
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益的金融資產				
– Unlisted debt securities	– 非上市債務證券	–	105,574	–	105,574
Derivative financial instruments	衍生金融工具	–	1,261,354	–	1,261,354
		3,367,352	50,082,084	1,854,496	55,303,932
		3,677,239	60,110,661	8,492,593	72,280,493

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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

As at 31 December 2019

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

於2019年12月31日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大可 觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Non-current	非流動				
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產				
– Unlisted fixed income securities	– 非上市固定收益證券	–	1,594,507	–	1,594,507
– Financial products	– 金融產品	367,710	1,117,294	4,782,781	6,267,785
		367,710	2,711,801	4,782,781	7,862,292
Current	流動				
Financial assets held for trading	持作買賣金融資產				
– Listed equity securities	– 上市股本證券	710,798	–	–	710,798
– Listed fixed income securities	– 上市固定收益證券	–	14,065,739	–	14,065,739
– Unlisted fixed income securities	– 非上市固定收益證券	–	2,493,982	–	2,493,982
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產				
– Listed fund investments	– 上市基金投資	2,783	–	–	2,783
– Unlisted fund investments	– 非上市基金投資	–	1,758,316	–	1,758,316
– Other financial instruments	– 其他金融工具	–	250,731	–	250,731
– Unlisted convertible promissory note	– 非上市可換股承兌票據	–	–	4,298	4,298
– Financial products	– 金融產品	4,339,137	25,181,242	2,321,880	31,842,259
Derivative financial instruments	衍生金融工具	–	155,652	–	155,652
		5,052,718	43,905,662	2,326,178	51,284,558
		5,420,428	46,617,463	7,108,959	59,146,850

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31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2020

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的負債：

於2020年12月31日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大可 觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Non-current	非流動				
Debt securities in issue designated at fair value through profit and loss	指定按公平值計入損益的已發行債務證券	—	(4,311,695)	(5,981,835)	(10,293,530)
		—	(4,311,695)	(5,981,835)	(10,293,530)
Current	流動				
Debt securities in issue designated at fair value through profit and loss	指定按公平值計入損益的已發行債務證券	—	(20,424,131)	(1,854,497)	(22,278,628)
Financial liabilities held for trading	持作買賣金融負債				
– Listed equity securities	– 上市股本證券	(263,722)	—	—	(263,722)
– Listed debt securities	– 上市債務證券	—	(2,956,878)	—	(2,956,878)
Financial liabilities designated at fair value through profit or loss	指定按公平值計入損益的金融負債				
– Financial products	– 金融產品	—	(2,968,586)	—	(2,968,586)
– Third-party interest in consolidated investment funds	– 納入合併投資基金的第三方權益	—	(477,074)	—	(477,074)
Derivative financial instruments	衍生金融工具	—	(862,429)	—	(862,429)
		(263,722)	(27,689,098)	(1,854,497)	(29,807,317)
		(263,722)	(32,000,793)	(7,836,332)	(40,100,847)

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31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value: (continued)

As at 31 December 2019

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

按公平值計量的負債:(續)

於2019年12月31日

		Fair value measurement using 採用以下各項的公平值計量			
		Quoted prices in active markets (Level 1) 活躍 市場報價 (第1級) HK\$'000 千港元	Significant observable inputs (Level 2) 重大可 觀察參數 (第2級) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大無法 觀察參數 (第3級) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Non-current	非流動				
Debt securities in issue designated at fair value through profit and loss	指定按公平值計入損益的已發行債務證券	–	(1,009,692)	(5,114,328)	(6,124,020)
Current	流動				
Debt securities in issue designated at fair value through profit and loss	指定按公平值計入損益的已發行債務證券	–	(18,369,478)	(2,321,880)	(20,691,358)
Financial liabilities held for trading	持作買賣金融負債				
– Listed equity securities	– 上市股本證券	(20,472)	–	–	(20,472)
– Listed debt securities	– 上市債務證券	–	(2,200,728)	–	(2,200,728)
– Other financial instruments	– 其他金融工具	–	(55,386)	–	(55,386)
Financial liabilities designated at fair value through profit or loss	指定按公平值計入損益的金融負債				
– Financial products	– 金融產品	–	(4,103,810)	–	(4,103,810)
– Third-party interest in consolidated investment funds	– 納入合併投資基金的第三方權益	–	(430,184)	–	(430,184)
Derivative financial instruments	衍生金融工具	–	(149,851)	–	(149,851)
		(20,472)	(25,309,437)	(2,321,880)	(27,651,789)
		(20,472)	(26,319,129)	(7,436,208)	(33,775,809)

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31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(a) Financial instruments in Level 1

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market prices used for financial assets and financial liabilities held by the Group are the current bid price and the current ask price.

(b) Financial instruments in Level 2

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs used in the valuation for financial instruments are observable, the financial instruments are included in Level 2.

If one or more of the significant inputs are not based on observable market data, the financial instrument is included in Level 3.

42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)
公平值等級(續)

(a) 第1級金融工具

於活躍市場買賣的金融工具公平值根據報告期末的市場報價計算。活躍的市場指可即時及定期從交易所、交易商、或經紀取得報價的市場，而該等報價反映按公平基準進行的實際及定期發生的市場交易。本集團所持金融資產及金融負債所用的市場報價為當時的買盤價及賣盤價。

(b) 第2級金融工具

並非於活躍市場(例如場外市場)買賣的金融工具公平值乃使用估值技術釐定。該等估值技術盡可能採用可觀察市場數據(如有)，盡量不依賴實體的特定估計。如金融工具估值所用的所有重大參數均為可觀察參數，該金融工具列入第2級。

倘有一個或多個重大參數並非以可觀察市場數據為基準，該金融工具列入第3級。

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31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3

The following table presents the changes in Level 3 financial instruments for the years ended 31 December 2020 and 2019.

Level 3 financial assets

For the year ended 31 December 2020

		Unlisted equity securities (note 20) 非上市 股本證券 (附註20) HK\$'000 千港元	Unlisted convertible promissory note (note 20) 非上市可換 股承兌票據 (附註20) HK\$'000 千港元	Unlisted convertible securities (note 20) 非上市 可換股證券 (附註20) HK\$'000 千港元	Financial products (note 20) 金融產品 (附註20) HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2020	於2020年1月1日	—	4,298	—	7,104,661	7,108,959
Purchases	購買	730,985	—	195,758	161,827	1,088,570
Disposal	出售	—	(4,298)	—	(91,854)	(96,152)
Transfer to level 2 (note)	轉入第2級(附註)	—	—	—	(695,734)	(695,734)
Net gain recognised in profit or loss	於損益內確認的收益淨額	—	—	—	1,086,950	1,086,950
At 31 December 2020	於2020年12月31日	730,985	—	195,758	7,565,850	8,492,593

Note: The shares of the investee company were linked to American Depository Receipts listed in the New York Stock Exchange during the year, thus the fair value of the investment was based on quoted market price.

42. 金融風險管理(續)

金融資產及負債的公平值(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具

下表呈列截至2020年及2019年12月31日止年度，第3級金融工具的變動。

第3級金融資產

截至2020年12月31日止年度

附註：被投資公司股份乃與年內在紐約證券交易所上市的美國存託憑證有關，因此該投資的公平值乃基於所報市價。

Notes to Financial Statements

財務報表附註

31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

Level 3 financial assets (continued)

For the year ended 31 December 2019

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

第3級金融資產(續)

截至2019年12月31日止年度

		Unlisted convertible promissory note (note 20) 非上市可換股 承兌票據 (附註20) HK\$'000 千港元	Financial products (note 20) 金融產品 (附註20) HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019	於2019年1月1日	23,847	8,218,681	8,242,528
Purchases	購買	—	1,199,111	1,199,111
Disposal	出售	—	(294,000)	(294,000)
Receipt on maturity	到期時收取	(19,579)	—	(19,579)
Transfer to level 1	轉入第1級	—	(38,268)	(38,268)
Accrued interest income	應計利息收入	53	—	53
Net loss recognised in profit or loss	於損益內確認的虧損 淨額	(23)	(1,980,863)	(1,980,886)
At 31 December 2019	於2019年12月31日	4,298	7,104,661	7,108,959

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財務報表附註

31 December 2020
2020年12月31日

42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

Level 3 financial liabilities

For the year ended 31 December 2020

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

第3級金融負債

截至2020年12月31日止年度

		Financial products (note 28)	Debt securities in issue (note 27)	Total
		金融產品 (附註28)	已發行 債務證券 (附註27)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2020	於2020年1月1日	—	7,436,208	7,436,208
Issuance	發行	—	57,271	57,271
Transfer to level 2 (note)	轉入第2級(附註)	—	(695,732)	(695,732)
Redemption on maturity	於到期時贖回	—	(48,760)	(48,760)
Net loss recognised in profit or loss	於損益確認的虧損淨額	—	1,087,345	1,087,345
At 31 December 2020	於2020年12月31日	—	7,836,332	7,836,332

Note: The structured note issued was related to an investment on a pre-IPO company. The shares of the investee company were linked to American Depository Receipts listed in the New York Stock Exchange during the year, thus the fair value of the investment was based on quoted market price.

附註：已發行結構性票據有關於一家首次公開發售前公司的投資。被投資公司股份乃與年內在紐約證券交易所上市的美國存託憑證有關，因此該投資的公平值乃基於所報市價。

Notes to Financial Statements

財務報表附註

31 December 2020
2020年12月31日

42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

Level 3 financial liabilities (continued)

For the year ended 31 December 2019

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

第3級金融負債(續)

截至2019年12月31日止年度

		Financial products (note 28) 金融產品 (附註28) HK\$'000 千港元	Debt securities in issue (note 27) 已發行債務證券 (附註27) HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019	於2019年1月1日	32,095	8,633,629	8,665,724
Issuance	發行	–	4,286,560	4,286,560
Transfer to level 1	轉入第1級	–	(38,060)	(38,060)
Redemption on maturity	於到期時贖回	(32,095)	(3,449,821)	(3,481,916)
Net gain recognised in profit or loss	於損益確認的收益淨額	–	(1,996,100)	(1,996,100)
At 31 December 2019	於2019年12月31日	–	7,436,208	7,436,208

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2020 and 2019:

下文為金融工具於2020年及2019年12月31日估值的重大無法觀察參數概要：

31 December 2020

2020年12月31日

	Valuation technique 估值技術	Significant unobservable input 重大無法觀察參數	Average 平均	Sensitivity of the fair value to the input 公平值對參數的敏感度
Unlisted equity securities 非上市股本證券	Recent transaction 最近交易	N/A 不適用	N/A 不適用	N/A 不適用
Unlisted convertible securities 非上市可換股證券	Recent transaction 最近交易	N/A 不適用	N/A 不適用	N/A 不適用
Financial products 金融產品	Net asset value 資產淨值	N/A 不適用	N/A 不適用	N/A 不適用
Debt securities in issue 已發行債務證券	Net asset value 資產淨值	N/A 不適用	N/A 不適用	N/A 不適用

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31 December 2020
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42. Financial risk management (continued)

Fair values of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

(c) Financial instruments in Level 3 (continued)

31 December 2019

42. 金融風險管理(續)

金融資產及負債的公平值
(續)

按公平值計量的金融工具(續)

公平值等級(續)

(c) 第3級金融工具(續)

2019年12月31日

	Valuation technique 估值技術	Significant unobservable input 重大無法觀察參數	Average 平均	Sensitivity of the fair value to the input 公平值對參數的敏感度
Financial products 金融產品	Market approach 市場法	Pricing multiples of market comparable companies used to determine the estimated equity value of the Project Company: – Price to earnings multiple 用於釐定項目公司估計股權價值 的市場可資比較公司的定價 倍數： – 市盈率	7.8	10% increase or decrease in the underlying stock price, the fair value would be increased by HK\$70 million or decreased by HK\$70 million, respectively. 相關股價上升或降低10%，公平 值將分別增加70百萬港元或減 少70百萬港元。
Financial products 金融產品	Net asset value 資產淨值	N/A 不適用	N/A 不適用	N/A 不適用
Unlisted convertible promissory note 非上市可換股承兌 票據	Discount cash flows 貼現現金流量	Discount rate 貼現率	12%	10% increase or decrease in the discount rate, the fair value would be increased by HK\$33,000 or decreased by HK\$33,000, respectively. 當貼現率增加或減少10%，公平值 將會分別增加33,000港元或 減少33,000港元。
Debt securities in issue 已發行債務證券	Market approach 市場法	Pricing multiples of market comparable companies used to determine the estimated equity value of the Project Company: – Price to earnings multiple 用於釐定項目公司估計股權價值 的市場可資比較公司的定價 倍數： – 市盈率	7.8	10% increase or decrease in the underlying stock price, the fair value would be increased by HK\$70 million or decreased by HK\$70 million, respectively. 相關股價上升或降低10%，公平 值將分別增加70百萬港元或減 少70百萬港元。
Debt securities in issue 已發行債務證券	Net asset value 資產淨值	N/A 不適用	N/A 不適用	N/A 不適用

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42. Financial risk management (continued)

Capital management

The Group's objectives for managing capital, which represent a broader concept than the "equity" on the face of the statement of financial position, are:

- to comply with the capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules for its subsidiaries which are licensed corporations;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth; and
- to maintain a strong capital base to support the development of its business.

The liquid capital is monitored daily by each individual licensed subsidiary's management based on the Securities and Futures (Financial Resources) Rules. The required information is filed with the SFC on a timely basis. The SFC requires each licensed corporation to maintain a level of required liquid capital which is the higher of the floor requirement ranging from HK\$0.1 million to HK\$15 million and 5% of the aggregate of its adjusted liabilities and clients' margin. All licensed corporations within the Group complied with their required liquid capital during the years ended 31 December 2020 and 2019.

A subsidiary of the Company is a member of the Hong Kong Confederation of Insurance Brokers and is required to maintain a minimum net asset value of HK\$0.1 million at all times. Two subsidiaries of the Company are registered with the Monetary Authority of Singapore and are required to maintain a minimum base capital requirement of SG\$250,000 and SG\$1,000,000 at all times, respectively.

The capital of the Group mainly comprises its total equity.

42. 金融風險管理(續)

資本管理

本集團資本管理的目標概念比財務狀況表的「權益」更為廣闊，即：

- 就本身為持牌法團的附屬公司而言，符合香港證券及期貨(財政資源)規則的資本規定；
- 保障本集團持續經營的能力，以繼續為股東提供回報及為其他持份者提供利益；
- 維持本集團的穩定及發展；及
- 維持穩固的資本基礎，以支持其業務的發展。

各持牌附屬公司的管理層根據證券及期貨(財政資源)規則每天監控流動資金，並按時向證監會提呈所需資料。證監會規定，各持牌法團須保持所需流動資本水平為介乎0.1百萬港元至15百萬港元的最低要求及其經調整負債及客戶保證金總和的5%兩者中的較高者。於截至2020年及2019年12月31日止年度，本集團旗下所有持牌法團均符合所需流動資金水平規定。

本公司一家附屬公司是香港保險顧問聯會成員及須在所有時候維持最低資產淨值0.1百萬港元。本公司兩家附屬公司在新加坡金融管理局(Monetary Authority of Singapore)登記及須在所有時候分別維持最低基本資本規定250,000新加坡元及1,000,000新加坡元。

本集團的資本主要包括其權益總額。

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財務報表附註

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43. Offsetting financial assets and financial liabilities

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (CNS) money obligations receivable and trade payables with HKSCC and it intends to settle on a net basis as accounts receivable from or accounts payable to the Stock Exchange. The net amount of CNS money obligations receivable or payable with HKSCC and the guarantee fund placed in HKSCC do not meet the criteria for offsetting in the financial statements and the Group does not intend to settle the balances on a net basis.

43. 抵銷金融資產與金融負債

本集團目前擁有合法可執行權利抵銷與香港結算的持續淨額交收(持續淨額交收)應收賬與交易應付款項，並擬按淨額基準作為應收或應付聯交所賬款結算。與香港結算的持續淨額交收應收賬或應付賬的淨額及存放於香港結算的保證基金並不符合於財務報表內抵銷的標準，本集團不擬按淨額基準結算有關結餘。

		Gross amount of recognised financial assets/ (liabilities)	Gross amount of recognised financial liabilities/ (assets)	Net amounts of financial assets/ (liabilities) reflected in the financial statements	Related amounts not set off in the statement of financial position	Net
		已確認金融資產/(負債)總額	抵銷已確認金融(資產)/負債總額	呈列於財務報表的金融資產/(負債)淨額	尚未於財務狀況表抵銷的有關金額	淨額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2020	於2020年12月31日					
Financial assets	金融資產					
Accounts receivable arising from brokerage	經紀業務應收款項					
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	6,385,553	(4,743,631)	1,641,922	–	1,641,922
Loans and advances to customers	給予客戶的貸款及墊款	15,604,244	–	15,604,244	(15,214,093)	390,151
Financial liabilities	金融負債					
Accounts payable arising from brokerage	經紀業務應付款項					
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	(6,108,930)	4,743,631	(1,365,299)	–	(1,365,299)
As at 31 December 2019	於2019年12月31日					
Financial assets	金融資產					
Accounts receivable arising from brokerage	經紀業務應收款項					
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	3,105,263	(1,739,867)	1,365,396	–	1,365,396
Loans and advances to customers	給予客戶的貸款及墊款	11,715,902	–	11,715,902	(11,253,415)	462,487
Financial liabilities	金融負債					
Accounts payable arising from brokerage	經紀業務應付款項					
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	(2,485,479)	1,739,867	(745,612)	–	(745,612)

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43. Offsetting financial assets and financial liabilities (continued)

The tables below reconcile the "net amount of financial assets/(liabilities) presented in the statement of financial position", as set out above, to the amounts presented in the statement of financial position.

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Net amount of accounts receivable arising from brokerage after offsetting as stated above	上文所述抵銷後經紀業務應收款項淨額		
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	1,641,922	1,365,396
Accounts receivable other than the Stock Exchange and other clearing houses	聯交所及其他結算所以外的應收款項	4,003,106	2,792,531
Less: Loss allowance	減：虧損撥備	(6,231)	(6,906)
Accounts receivables in the statement of financial position	財務狀況表內應收款項	5,638,797	4,151,021
Net amount of accounts payable arising from brokerage after offsetting as stated above	上文所述抵銷後經紀業務應付款項淨額		
– the Stock Exchange and other clearing houses	– 聯交所及其他結算所	1,365,299	745,612
Accounts payables other than the Stock Exchange and other clearing houses	聯交所及其他結算所以外的應付款項	21,417,933	13,841,760
Accounts payables in the statement of financial position	財務狀況表內應付款項	22,783,232	14,587,372

The "net amounts of financial assets/(liabilities) reflected in the financial statements", as set out above, is included in "accounts receivable and accounts payable arising from brokerage – the Stock Exchange and other clearing houses" in notes 18 and 24 to the financial statements, respectively.

43. 抵銷金融資產與金融負債 (續)

下表對上文所載的「於財務狀況表呈報的金融資產／(負債)淨額」與財務狀況表呈報的金額進行對賬。

上文所載的「於財務報表反映的金融資產／(負債)淨額」分別包括在財務報表附註18及24的「經紀業務應收款項及應付款項 – 聯交所及其他結算所」。

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44. Business combination

On 6 December 2019, the Company, acquired 50.97% interest in IVS for a consideration of approximately HK\$128,975,000. IVS is listed in the Hanoi Stock Exchange in Vietnam and is engaged in securities dealing and broking and margin financing business. The goodwill of HK\$20,473,000 arising from the acquisition is attributable to trading rights and technical know-how for trading in the Vietnam market.

Goodwill recognised from this acquisition is non-deductible for income tax purpose. The goodwill was not impaired during the year.

The Group incurred transaction costs of HK\$2,758,000 in relation to this acquisition. The transaction costs have been expensed and included in other operating expenses in the consolidated statement of profit or loss.

The fair value of identifiable assets and liabilities of IVS as at the date of acquisition were as follows:

44. 業務合併

於2019年12月6日，本公司收購IVS的50.97%權益，代價為約128,975,000港元。IVS於越南河內證券交易所上市，從事證券交易、經紀及孖展融資業務。該收購事項所產生商譽20,473,000港元乃歸因於越南市場交易的交易權及專業知識。

該收購事項確認的商譽不可抵扣所得稅。商譽於年內並未減值。

本集團就該收購事項產生交易成本2,758,000港元。交易成本已支銷，並計入綜合損益表中的其他經營開支。

於收購事項當日，IVS的可識別資產及負債的公平值如下：

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	4,174
Statutory deposits	法定存款	2,292
Loan and advance to customers	給予客戶的貸款及墊款	49,354
Accounts receivable	應收款項	22
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,640
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	3,318
Restricted cash	受限制現金	128,975
Client trust bank balances	客戶信託銀行結餘	24,449
Cash and bank balances	現金及銀行結餘	27,172
Accounts payable	應付款項	(24,352)
Other payables and accrued liabilities	其他應付款項及應計負債	(4,186)
Total net identifiable assets at fair value	以公平值列賬的可識別淨資產總額	212,858
Non-controlling interests	非控股權益	(104,356)
		108,502
Goodwill on acquisition	收購事項產生的商譽	20,473
Consideration paid in cash	以現金支付的代價	128,975

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44. Business combination (continued)

The fair value of the loan and advance to customers as at the date of acquisition amounted to HK\$49,354,000. The gross contractual amount of loan and advance to customers was HK\$49,379,000, of which HK\$25,000 ECL was provided.

The fair value of non-controlling interest in IVS as at the date of acquisition was estimated as the non-controlling interest's proportionate share of the IVS's net identifiable assets.

IVS generated revenue of HK\$14.8 million and contributed a loss of HK\$17.1 million since the acquisition date.

An analysis of the cash flow in respect of the acquisition of the subsidiary is as follows:

		HK\$'000 千港元
Cash consideration	現金代價	(128,975)
Cash and bank balances of the subsidiary	附屬公司的現金及銀行結餘	27,172
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動現金流的現金及現金等價物流出淨額	(101,803)
Transaction costs of the acquisition included in cash flows from operating activities	計入經營活動現金流的收購事項交易成本	(2,758)
		(104,561)

44. 業務合併(續)

於收購日期，給予客戶的貸款及墊款的公平值為49,354,000港元。給予客戶的貸款及墊款的總合約金額為49,379,000港元，其中計提25,000港元的預期信用損失。

於收購日期，IVS非控股權益的公平值估計為非控股權益在IVS可識別資產淨額中所佔的比例份額。

自收購日期起，IVS產生收入14.8百萬港元及造成虧損17.1百萬港元。

收購附屬公司的現金流分析如下：

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45. Statement of financial position of the Company 45. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

有關本公司於報告期末的財務狀況表的資料如下：

		2020 2020年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	投資附屬公司	7,812,698	7,823,934
Deferred tax assets	遞延稅項資產	1	1
		7,812,699	7,823,935
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	8,821	10,413
Amount due from subsidiaries	應收附屬公司款項	19,682,414	6,537,278
Cash and cash equivalents	現金及現金等價物	11,273	4,020
Total current assets	流動資產總額	19,702,508	6,551,711
Current liabilities	流動負債		
Accounts payable	應付款項	—	(29)
Accrued liabilities	應計負債	(121,551)	(71,371)
Debt securities in issue	已發行債務證券	(14,650,768)	(4,372,507)
— At amortised cost	— 按攤銷成本	(11,626,675)	(3,446,273)
— Designated at fair value through profit or loss	— 指定按公平值計入損益	(3,024,093)	(926,234)
Tax payable	應付稅項	(1,311)	(2,299)
Total current liabilities	流動負債總額	(14,773,630)	(4,446,206)
Net current assets	流動資產淨值	4,928,878	2,105,505
Non-current liabilities	非流動負債		
Debt securities in issue	已發行債務證券	(1,744,655)	(1,555,874)
— At amortised cost	— 按攤銷成本	(1,549,564)	(1,555,874)
— Designated at fair value through profit or loss	— 指定按公平值計入損益	(195,091)	—
		(1,744,655)	(1,555,874)
Net assets	資產淨值	10,996,922	8,373,566

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45. Statement of financial position of the Company (continued) 45. 本公司財務狀況表(續)

		2020	2019
		2020年	2019年
		HK\$'000	HK\$'000
		千港元	千港元
Equity	權益		
Share capital	股本	10,899,780	8,116,887
Currency translation reserve	貨幣換算儲備	187	187
Share-based compensation reserve	以股份為基礎補償儲備	41,606	56,089
– Share option reserve (note)	– 購股權儲備 (附註)	32,521	30,513
– Share award reserve (note)	– 股份獎勵儲備 (附註)	9,085	25,576
Shares held under the share award scheme (note)	股份獎勵計劃項下持有的股份(附註)	(30,672)	(73,058)
Retained profits (note)	保留溢利(附註)	86,021	273,461
Total equity	權益總額	10,996,922	8,373,566

Dr. YIM Fung
閻峰博士
Director
董事

Mr. LI Guangjie
李光杰先生
Director
董事

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45. Statement of financial position of the Company (continued) 45. 本公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司儲備概要如下：

		Currency translation reserve	Share option reserve	Share award reserve	Share held under the share award scheme	Retained profits	Total
		貨幣換算儲備	購股權儲備	股份獎勵儲備	股份獎勵計劃項下持有的股份	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
As at 1 January 2019	於2019年1月1日	—	37,816	28,370	(142,051)	281,710	205,845
Total comprehensive income for the year	年內全面收益總額	187	—	—	—	488,820	489,007
Perpetual securities distribution	永續證券分派	—	—	—	—	(7,316)	(7,316)
Perpetual securities repurchase	永續證券購回	—	—	—	—	(12,916)	(12,916)
Recognition of equity-settled share-based payments (notes 32 and 33)	確認以權益結算以股份為基礎的付款(附註32及33)	—	6,798	57,325	—	—	64,123
Purchases of shares held under the share award scheme (notes 33 and 34)	購買股份獎勵計劃項下持有的股份(附註33及34)	—	—	—	(4,004)	—	(4,004)
Vesting of shares for the share award scheme (notes 33 and 34)	股份獎勵計劃歸屬股份(附註33及34)	—	—	(60,119)	72,997	(16,632)	(3,754)
Transfer of share option reserve upon the forfeiture of share options	購股權失效而轉讓購股權儲備	—	(14,101)	—	—	14,101	—
Final dividend paid for 2018 (note 10)	支付2018年末期股息(附註10)	—	—	—	—	(152,995)	(152,995)
Interim dividend paid for 2019 (note 10)	支付2019年中期股息(附註10)	—	—	—	—	(321,311)	(321,311)
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	187	30,513	25,576	(73,058)	273,461	256,679
Total comprehensive income for the year	年內全面收益總額	—	—	—	—	356,046	356,046
Shares repurchased (note 31)	購回股份(附註31)	—	—	—	—	(19,903)	(19,903)
Recognition of equity-settled share-based payments (notes 32 and 33)	確認以權益結算以股份為基礎的付款(附註32及33)	—	6,239	19,223	—	—	25,462
Vesting of shares for the share award scheme (notes 33 and 34)	股份獎勵計劃歸屬股份(附註33及34)	—	—	(35,714)	42,386	(9,469)	(2,797)
Shares issued upon exercise of share options under the share option scheme (note 32)	購股權計劃項下行使購股權而發行的股份(附註32)	—	(983)	—	—	—	(983)
Transfer of share option reserve upon the forfeiture of share options	購股權失效而轉讓購股權儲備	—	(3,248)	—	—	3,248	—
Final dividend paid for 2019 (note 10)	支付2019年末期股息(附註10)	—	—	—	—	(191,628)	(191,628)
Interim dividend paid for 2020 (note 10)	支付2020年中期股息(附註10)	—	—	—	—	(325,734)	(325,734)
At 31 December 2020	於2020年12月31日	187	32,521	9,085	(30,672)	86,021	97,141



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